

STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2021/22 BUDGET FOR THE SECOND QUARTER & MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

1. PURPOSE

The purpose of the report is for Council to consider and note the statement of financial performance and the implementation of the 2021/22 budget for the second quarter & mid-year budget and performance assessment report for the period ended 31 December 2021.

2. AUTHORITY

Buffalo City Metropolitan Council.

3. LEGAL / STATUTORY REQUIREMENTS

3.1. The Constitution of the Republic of South Africa, 1996

3.2. Municipal Finance Management Act No 56, 2003 Chapter 7, Section 52, 54, 71 & 72

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 72, of the Municipal Finance Management Act No. 56, 2003, Chapter 8, the accounting officer of the municipality must, by 25 January of each year, -

a) assess the performance of the municipality during the first half of the financial year, taking into account—

(i) the monthly statements referred to in section 71 for the first half of the financial year;

(ii) the municipality's 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;

- (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- b) submit a report on such assessment to—
- (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury.

In terms of Section 52 (d) of the Municipal Finance Management Act No 56, 2003 Chapter 7, *“the Mayor must within 30 (thirty) days of the end of each quarter, submit a report to Council on the implementation of the budget and the financial state of affairs of the Municipality”*.

According to the Municipal Budget Reporting and Regulations (MBRR), 2009, *“the monthly budget statement of a municipality must be in a format specified in Schedule C and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of S168(1) of the Act”* (MFMA).

This report follows the legislative requirements of the Municipal Budget and Reporting Regulations (Schedule C format).

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PART 1: IN-YEAR REPORT

5. EXECUTIVE MAYOR'S REPORT/COMMENTS

In terms of the legislative requirements placed on myself as an Executive Mayor, in terms of S54 (1):

- (i) I have considered the report and found it to be a fair reflection of the financial affairs of the institution.
- (ii) The approved budget has been implemented in accordance with the service delivery and budget implementation plan.
- (iii) There are currently no changes to the service delivery and budget implementation plan; however, the changes will be considered during the mid-year adjustment budget period.
- (iv) The monthly budget statements (S71 reports) are prepared by the Accounting Officer and submitted to the office of the Executive Mayor within 10 working days of the new month.
- (v) The S71 reports for the first six months of this financial year have been considered in the preparation of this assessment report.
- (vi) In terms of the mid-year performance report the City finds its self, performing in a financially challenging environment due to the global Covid-19 pandemic. Covid-19 pandemic continues to pressurise the City's revenue capacity in terms of debt collection. Rising unemployment is affecting consumer's ability to pay their municipal accounts which is evident in the low collection ratio reported for the period under review. The Covid-19 pandemic requires the City to enforce strict financial discipline in order to weather the financial storm that is being caused by the pandemic to the City's finances.

6. **RESOLUTIONS**

It is recommended that:

- (i) Council **CONSIDERS** and **NOTES** the report on the statement of financial performance and the implementation of the 2021/22 budget for the second quarter & mid-year budget and performance assessment report for the period ended 31 December 2021 in terms of Section 52 and 72 of the MFMA including supporting documentation attached as Annexure A to G.
- (ii) Council **NOTES** the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 15 and 16 respectively of this report.
- (iii) Council **NOTES** the year to date collection rate for the period ended 31 December 2021 of 67.40%.

X. PAKATI

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANDILE SIHLAHLA/ NS

DATE

7. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 DECEMBER 2021

7.1. Dashboard / Performance Summary

Table 1: Performance Summary

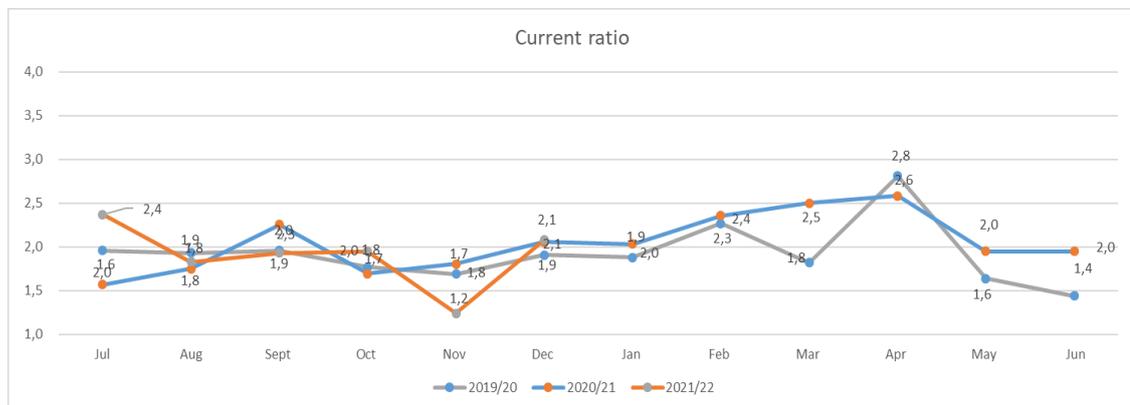
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 4 537 018 402	Bank Balance	R 388 284 274
Expenditure	(R 4 429 573 858)	Call investments (excl. int.)	R 479 283 417
Operating surplus before Transfers and Subsidies Recognised – Capital	R 107 444 544	Cash and cash equivalents	R 867 567 691
Transfers and Subsidies Recognised – Capital	R 160 515 533	<i>Account Payables</i>	<i>(R 659 449 771)</i>
Surplus After Capital Transfers	R 267 960 077	<i>Unspent conditional grants</i>	<i>(R 425 058 034)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 952 022 995)</i>
Total debtors' book (incl. impairment)	R 4 753 788 353	Possible cash deficit should there be no revenue collection made	(R 1 168 963 109)
Total debtors - Government	R 128 312 986		
Total debtors - Business	R 1 444 449 570	Total Long-term loans	R 211 178 611
Total debtors - Households	R 3 181 025 797	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 420 791 543
REPAIRS AND MAINTENANCE		Electricity	(R 357 245 329)
2020/2021: Exp.= 206,98 m, which is 52% of budget of R399.03 m	2021/2022: Exp.= 185.22 m, which is 45% of budget of R408.25 m	Refuse	R 104 447 418
		Sewerage	R 94 601 066
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
<u>2020/2021: Exp. as a % of Adjusted Budget of R2.04b:</u> Exp. (excl. vat) = R526.30 mil % exp. (Excl. vat) :26% Exp. (incl. vat) = R563.72 mil % exp. (incl. vat): 28%	<u>2021/2022: Exp. as a % of Adjusted Budget of R2.01b:</u> Exp. (excl. vat) = R498.38 mil % exp. (Excl. vat) :25% Exp. (incl. vat) = R518.12 mil % exp. (incl. vat): 26%	<u>2020/2021: Exp. as a % of Adjusted Budget of R377,79m:</u> Exp. (excl. vat) = R122.46 mil % exp. (excl. vat): 32% Exp. (incl. vat) = R128.73 mil % exp. (incl. vat): 34%	<u>2021/2022: Exp. as a % of Adjusted Budget of R411,79m:</u> Exp. (excl. vat) = R104.27 mil % exp. (excl. vat): 25% Exp. (incl. vat) = R107.62 mil % exp. (incl. vat): 26%
FINANCIAL		HUMAN RESOURCES	
Operating surplus before Capital Transfers	R 267 960 077	Total staff complement	5 540
Debtors' collection ratio	67.40%	Staff Appointments	8
YTD Grants and subsidies: recognized – Capital	R 160 515 533	Staff Terminations	25
Creditor's payment days	20 days	Number of funded vacant posts (under recruitment process)	532
Current ratio	2.08:1	Total overtime paid (YTD)	R 75 114 520
Total Debt to Revenue	3,05%	Allowances and benefits – Councillors (YTD)	R 32 092 603
Capital Charges to Operating Expenditure	0,75%	Salary bill – Officials (YTD)	R 1 257 992 851
Cost coverage ratio	1 month	Workforce costs as a % of expenditure	29.12%

7.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 2.08:1 which indicates the ability of municipality's current assets to cover its current liabilities. This is within the norm of 1.5-2:1. The City can easily meet its immediate obligations, however, the stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position. This ratio denotes that the City can meet its short-term liabilities.

The graph below shows comparison of the current ratio for the current financial year and the two previous financial years.

Figure 1: Current Ratio

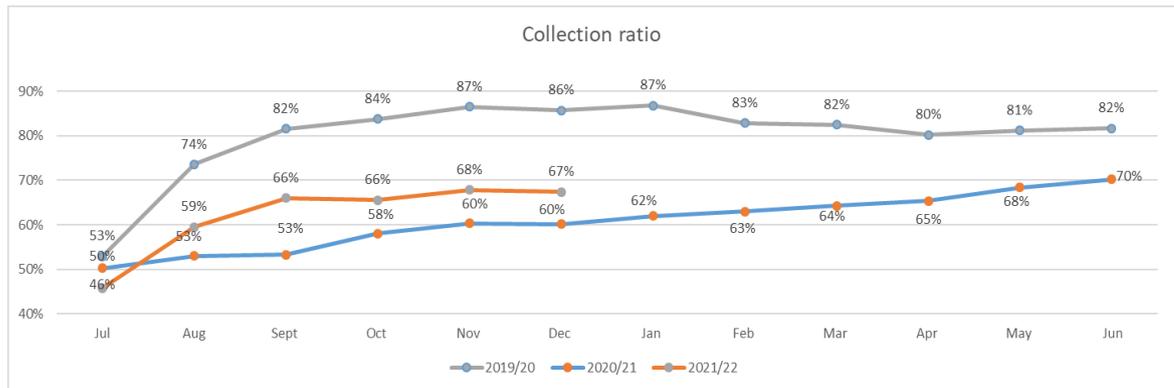


7.3. Collection Rate and Outstanding Debtors

The year-to-date collection rate as at 31 December 2021 is 67.40% (2020/21: 60.08%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has decreased by 0.43% from last month where 67.83% was achieved for the period ended 30 November 2021. Refer to section 9.1 for further details.

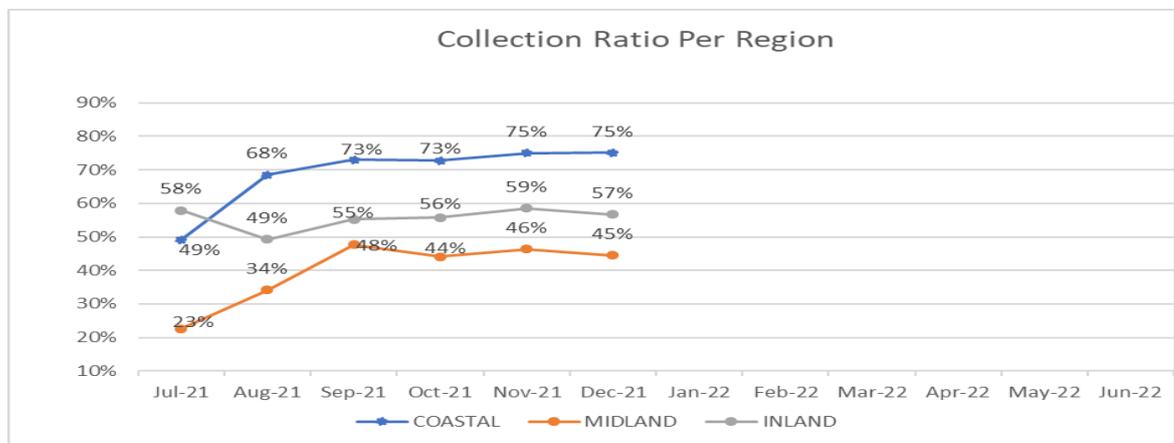
The graph below shows comparison of the monthly collection ratio for the current financial year and the two previous financial years.

Figure 2: Collection Ratio



The graph below shows comparison of the monthly collection ratio per region for the current financial year. The year-to-date collection rate as at 31 December 2021 per region is as follows: Coastal 75.09%, Midland 44.52% Inland 56.76%.

Figure 3: Collection Ratio Per Region



Total gross debtors' book (including current accounts) as at 31 December 2021 amounts to R4.75 billion (2020/21: R3.92 billion). Households: R3.18 billion, Business: R1.44 billion and Government: R128.31 million.

Refer to section 9.1 of the report for details on debtors' management. The debtors' age analysis report is reflected on Annexure B – SC3.

7.4. Capital Expenditure

BCMM has spent 26% (R518.12 million, inclusive of reclaimed vat) of its 2021/22 adjusted capital budget of R2.01 billion as at 31 December 2021. This reflects a decline when compared to the same period in the previous financial year where 28% (R563.72 million, inclusive of reclaimed vat) of the adjusted capital budget of R2.04 billion was spent. However, it is expected that expenditure will improve in the second half of the financial year as major projects have since moved from planning to implementation stage. (Refer to Section 15 for further details).

A detailed schedule of the capital projects expenditure is outlined in **Annexure E**.

7.5. Operating Projects

The Metro has spent 26% (R107.62 million, inclusive of reclaimed vat) of its 2021/22 adjusted operating projects budget of R411.80 million as at 31 December 2021. This reflects a decline when compared to the same period in the previous financial year where 34% (R128.73 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R377.79 million was spent. However, it is expected that expenditure will improve in the second half of the financial year as major projects have since moved from planning to implementation stage. (Refer to Section 16 for further details).

A detailed schedule of the operating projects expenditure is outlined in **Annexure D**.

7.6. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 30% (R242.92 million, inclusive of reclaimed vat) of its 2021/22 approved conditional grants budget of R811.70 billion as at 31 December 2021. This reflects a decline when compared to the same period in the previous financial year where 38% (R399.76 million, inclusive of reclaimed vat) of conditional grants budget of R1.09 billion was spent. However, it is expected that expenditure will improve in the second half of the financial year as major projects have since moved from planning to implementation stage. (Refer to Section 12.1 for further details).

7.7. Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 December 2021 is R867.57 million made up of cash at the primary bank account amounting to R388.28 million and call investment deposits of R479.28 million. This funding is invested with various financial institutions in compliance with the MFMA.

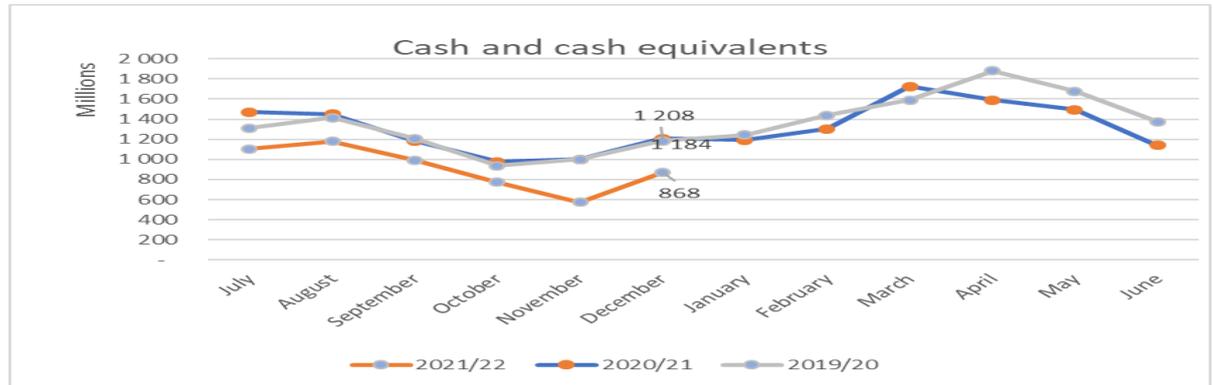
The City's cash reserves have decreased over the past few years due to the City vigorously investing in its asset renewal and upgrading program that is funded by its own funding. This is an indication of the City's commitment in addressing the ageing infrastructure and ensuring that cash reserves are re-invested into infrastructure assets. The decrease in cash reserves is also caused by the non-achievement of the targeted collection rate of 85%. Refer to Section 8.4.5 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown.

The cost coverage ratio of the City is 1 month. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 1 time, which is within the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the City's cash and cash equivalent reserve is decreasing due to decline in collection rate. There has also been high capital investment that is funded by internally generated funds.

The City has since decreased its capital investment from internally generated funds and is in the process of securing long-term loans to fund crucial capital projects. The City's funding mix will be continuously monitored in line with the cash flow position.

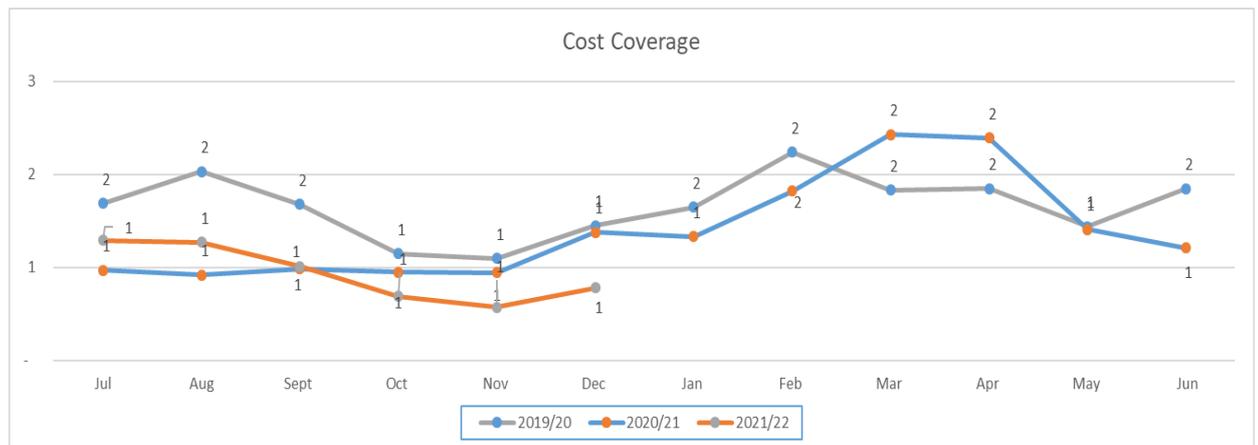
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

Figure 4: Cash and Cash Equivalents



The graph below shows comparison of the monthly cost coverage for the current financial year and the two previous financial years.

Figure 5: Cost Coverage



7.8. Outstanding Creditors

The creditors payment period for the reporting period (31 December 2021) is 20 days, this shows that the Metro is paying its creditors within 30 days as stipulated by the MFMA. Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 10 for details.

7.9. Long-Term Debt Profile

The total long-term borrowings of the municipality as at 31 December 2021 amounts to R211.18 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 31 December 2021 is 0.75%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 3.05% as at 31 December 2021, this indicates the extent of total borrowings (short- and long-term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The outcome is below the National Treasury set ceiling of 45%. Both of the above financial indicators and recent positive credit rating issued by Global Credit Ratings Agency on 31 March 2021 reflect that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects. The loan for the East London Sewer Diversion tunnel was approved by council in the prior years. BCMM is also in the process of taking up additional loans in relation to water and sanitation projects, which will improve the funding mix of the City. However, due to weak economic performance as well as a weak collection rate, the process for additional loans is undertaken with caution.

7.10. Performance by Trading Service - Electricity

The electricity service has achieved an operating deficit of R 357 245 329 for the period ended 31 December 2021. The following are the factors that contributed to the deficit.

- i. The Metro has high electricity losses which account for R0.20 for every kWh sold.
- ii. Increase in meter tampering and illegal connections into the BCMM Electrical Grid.
- iii. The move by more affluent consumers off grid or alternative energy sources.
- iv. The City is using revaluation model to value its infrastructure assets which results in huge depreciation cost for the Metro's network assets.

Remedial action to address loss of revenue from electricity services:

- i. The installation of Smart Electricity Metering will assist in curbing illegal connections / tampering.
- ii. Electrification of informal areas is currently being implemented in suitable informal settlements to reduce illegal connections.
- iii. Investigating alternative ways to provide non-grid solutions to informal areas with potential support from Department of Energy (DoE).
- iv. Revenue protection services performs raids through collaborations with other law enforcement agencies (SAPS, Metro law enforcement & Department of Justice).

8.2 Monthly Budget Statement – Financial Performance (standard classification)

The table below is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification.

Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification)

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		3 016 488	3 121 485	3 121 866	494 341	1 804 942	1 896 649	(91 707)	-5%	3 121 866
Executive and council		31 399	30 377	30 377	3 570	15 331	20 342	(5 011)	-25%	30 377
Finance and administration		2 985 088	3 091 108	3 091 489	490 771	1 789 611	1 876 307	(86 697)	-5%	3 091 489
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		679 485	642 764	723 242	40 833	151 684	354 872	(203 188)	-57%	723 242
Community and social services		26 858	33 233	33 233	162	4 317	16 617	(12 299)	-74%	33 233
Sport and recreation		1 100	10 782	10 782	288	1 124	5 391	(4 267)	-79%	10 782
Public safety		182 627	206 645	206 645	26 833	91 809	89 839	1 970	2%	206 645
Housing		468 827	392 070	472 548	13 550	54 403	243 008	(188 605)	-78%	472 548
Health		73	35	35	-	31	17	14	78%	35
<i>Economic and environmental services</i>		553 660	392 121	393 484	43 086	121 714	202 993	(81 279)	-40%	393 484
Planning and development		287 160	225 123	226 486	16 000	73 230	135 484	(62 254)	-46%	226 486
Road transport		266 257	166 998	166 998	27 086	48 484	67 509	(19 026)	-28%	166 998
Environmental protection		243	-	-	-	0	-	0	#DIV/0!	-
<i>Trading services</i>		4 664 916	4 703 226	4 703 226	552 281	2 598 015	2 522 620	75 394	3%	4 703 226
Energy sources		2 039 214	2 467 771	2 467 771	195 263	1 129 136	1 284 324	(155 188)	-12%	2 467 771
Water management		1 457 580	1 077 420	1 077 420	185 951	827 606	626 578	201 028	32%	1 077 420
Waste water management		654 124	623 622	623 622	85 838	327 284	344 512	(17 227)	-5%	623 622
Waste management		513 998	534 413	534 413	85 230	313 988	267 207	46 781	18%	534 413
<i>Other</i>	4	51 266	108 213	108 213	8 418	21 179	55 396	(34 217)	-62%	108 213
Total Revenue - Functional	2	8 965 816	8 967 810	9 050 032	1 138 959	4 697 534	5 032 530	(334 997)	-7%	9 050 032
Expenditure - Functional										
<i>Governance and administration</i>		1 580 214	1 667 677	1 668 057	131 919	836 263	846 355	(10 092)	-1%	1 668 057
Executive and council		416 534	422 139	422 139	32 039	211 168	215 099	(3 931)	-2%	422 139
Finance and administration		1 154 112	1 231 507	1 231 888	99 125	620 086	624 204	(4 118)	-1%	1 231 888
Internal audit		9 568	14 031	14 031	755	5 009	7 052	(2 043)	-29%	14 031
<i>Community and public safety</i>		1 074 901	1 258 280	1 338 758	107 519	584 834	664 302	(79 468)	-12%	1 338 758
Community and social services		166 950	166 543	166 543	17 005	89 213	83 280	5 933	7%	166 543
Sport and recreation		351 045	439 276	439 276	38 866	206 030	219 639	(13 609)	-6%	439 276
Public safety		468 151	461 918	461 918	39 477	219 478	230 410	(10 932)	-5%	461 918
Housing		44 176	147 616	228 094	7 973	46 520	109 509	(62 989)	-58%	228 094
Health		44 579	42 927	42 927	4 198	23 593	21 464	2 129	10%	42 927
<i>Economic and environmental services</i>		1 199 351	851 646	853 009	125 881	594 052	425 470	168 582	40%	853 009
Planning and development		367 065	334 190	335 552	38 898	154 708	167 726	(13 017)	-8%	335 552
Road transport		802 440	517 456	517 456	86 982	439 344	257 745	181 599	70%	517 456
Environmental protection		29 846	-	-	-	-	-	-	-	-
<i>Trading services</i>		4 340 603	4 303 537	4 303 537	353 406	2 359 917	2 227 004	132 913	6%	4 303 537
Energy sources		2 258 868	2 809 519	2 809 519	205 572	1 508 883	1 478 763	30 120	2%	2 809 519
Water management		1 208 253	725 390	725 390	67 435	410 034	364 112	45 922	13%	725 390
Waste water management		410 269	352 025	352 025	41 444	228 913	175 827	53 086	30%	352 025
Waste management		463 213	416 603	416 603	38 954	212 087	208 302	3 785	2%	416 603
<i>Other</i>		106 775	150 605	150 605	6 416	54 507	77 836	(23 329)	-30%	150 605
Total Expenditure - Functional	3	8 301 844	8 231 745	8 313 966	725 141	4 429 574	4 240 968	188 606	4%	8 313 966
Surplus/ (Deficit) for the year		663 972	736 066	736 066	413 818	267 960	791 563	(523 603)	-66%	736 066

8.3 Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote)

The table below shows budgeted financial performance in relation to the revenue and expenditure by vote as well as the operating surplus or deficit for the City.

Table 4: C3: Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote)

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		442	-	381	-	10	173	(163)	-94,1%	381
Vote 02 - Directorate - Municipal Manager		31 520	29 673	29 673	3 570	15 339	20 150	(4 811)	-23,9%	29 673
Vote 03 - Directorate - Human Settlement		468 827	392 070	472 548	13 550	54 403	243 008	(188 605)	-77,6%	472 548
Vote 04 - Directorate - Chief Financial Officer		2 915 858	3 046 979	3 046 979	488 973	1 776 494	1 851 750	(75 256)	-4,1%	3 046 979
Vote 05 - Directorate - Corporate Services		11 216	11 205	11 205	633	5 219	7 949	(2 730)	-34,3%	11 205
Vote 06 - Directorate - Infrastructure Services		4 417 176	4 335 812	4 335 812	494 137	2 332 511	2 322 923	9 588	0,4%	4 335 812
Vote 07 - Directorate - Spatial Planning And Development		210 464	110 826	110 826	3 306	21 766	45 287	(23 521)	-51,9%	110 826
Vote 08 - Directorate - Health / Public Safety & Emergency Services		182 700	206 645	206 645	26 833	91 809	89 839	1 970	2,2%	206 645
Vote 09 - Directorate - Municipal Services		542 199	-	-	2 831	4 001	-	4 001	0,0%	-
Vote 10 - Directorate - Economic Development & Agencies		185 414	256 138	257 501	22 277	80 523	162 220	(81 697)	-50,4%	257 501
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		-	534 448	534 448	85 232	316 812	267 224	49 589	18,6%	534 448
Vote 12 - Directorate - Sport, Recreation & Community Development		-	44 015	44 015	(2 383)	(1 353)	22 008	(23 361)	-106,1%	44 015
Total Revenue by Vote	2	8 965 816	8 967 810	9 050 032	1 138 959	4 697 534	5 032 530	(334 997)	-6,7%	9 050 032
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		281 388	284 844	285 225	22 479	127 481	144 114	(16 633)	-11,5%	285 225
Vote 02 - Directorate - Municipal Manager		136 201	147 650	147 650	10 999	81 527	74 531	6 995	9,4%	147 650
Vote 03 - Directorate - Human Settlement		44 176	147 616	228 094	7 973	46 520	109 509	(62 989)	-57,5%	228 094
Vote 04 - Directorate - Chief Financial Officer		679 917	831 804	831 804	54 871	371 699	420 231	(48 532)	-11,5%	831 804
Vote 05 - Directorate - Corporate Services		245 516	225 588	225 588	18 431	132 386	116 576	15 810	13,6%	225 588
Vote 06 - Directorate - Infrastructure Services		4 788 366	4 486 420	4 486 420	414 398	2 642 652	2 318 692	323 960	14,0%	4 486 420
Vote 07 - Directorate - Spatial Planning And Development		364 131	283 225	283 225	32 013	164 541	143 062	21 479	15,0%	283 225
Vote 08 - Directorate - Health / Public Safety & Emergency Services		517 919	467 715	467 715	39 998	222 902	233 316	(10 414)	-4,5%	467 715
Vote 09 - Directorate - Municipal Services		1 005 865	55 193	-	228	1 589	0	1 589	31531193,8%	-
Vote 10 - Directorate - Economic Development & Agencies		238 365	297 331	298 693	25 477	112 369	151 158	(38 790)	-25,7%	298 693
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		-	536 456	591 650	54 270	294 204	295 826	(1 621)	-0,5%	591 650
Vote 12 - Directorate - Sport, Recreation & Community Development		-	467 902	467 902	44 005	231 705	233 953	(2 248)	-1,0%	467 902
Total Expenditure by Vote	2	8 301 844	8 231 745	8 313 966	725 141	4 429 574	4 240 968	188 606	4,4%	8 313 966
Surplus/ (Deficit) for the year	2	663 972	736 066	736 066	413 818	267 960	791 563	(523 603)	-66,1%	736 066

8.4 Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 December 2021.

Table 5: C4: Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 Decem										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		1 589 415	1 834 764	1 834 764	132 726	948 412	1 012 354	(63 942)	-6%	1 834 764
Service charges - electricity revenue		1 948 603	2 367 669	2 367 669	167 955	1 079 420	1 221 406	(141 986)	-12%	2 367 669
Service charges - water revenue		1 214 597	795 708	795 708	118 352	671 639	446 084	225 555	51%	795 708
Service charges - sanitation revenue		420 119	447 060	447 060	36 436	236 339	229 743	6 596	3%	447 060
Service charges - refuse revenue		354 026	367 954	367 954	31 910	193 536	183 977	9 559	5%	367 954
Rental of facilities and equipment		24 222	20 959	20 959	1 717	10 407	10 183	224	2%	20 959
Interest earned - external investments		41 289	36 490	36 490	140	14 953	18 435	(3 482)	-19%	36 490
Interest earned - outstanding debtors		119 421	109 696	109 696	15 344	74 600	43 812	30 788	70%	109 696
Fines, penalties and forfeits		16 659	21 407	21 407	932	5 102	9 939	(4 837)	-49%	21 407
Licences and permits		12 411	18 835	18 835	1 747	6 131	8 041	(1 910)	-24%	18 835
Agency services		31 910	43 070	43 070	3 369	7 271	18 038	(10 766)	-60%	43 070
Transfers and subsidies		1 328 218	1 301 395	1 383 617	336 662	761 597	973 093	(211 496)	-22%	1 383 617
Other revenue		748 330	869 105	869 105	228 754	527 546	551 736	(24 190)	-4%	869 105
Gains		34 408	-	-	-	65	-	65	0%	-
Total Revenue (excluding capital transfers and contributions)		7 883 628	8 234 112	8 316 333	1 076 045	4 537 018	4 726 840	(189 822)	-4%	8 316 333

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 Decem

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		2 501 193	2 536 210	2 536 210	225 087	1 257 993	1 262 695	(4 702)	0%	2 536 210
Remuneration of councillors		63 813	76 550	76 550	5 721	32 093	37 202	(5 110)	-14%	76 550
Debt impairment		926 950	871 973	871 973	72 664	435 987	435 987	(0)	0%	871 973
Depreciation & asset impairment		1 400 197	649 173	649 173	140 537	806 886	327 206	479 680	147%	649 173
Finance charges		25 757	59 936	59 936	1 810	10 979	31 130	(20 151)	-65%	59 936
Bulk purchases - electricity		1 631 905	2 010 261	2 010 261	122 730	1 019 778	1 080 160	(60 382)	-6%	2 010 261
Inventory consumed		327 917	436 115	436 115	35 161	176 277	217 808	(41 532)	-19%	436 115
Contracted services		721 453	901 377	983 307	79 839	350 275	479 438	(129 163)	-27%	983 307
Transfers and subsidies		104 912	161 059	161 059	4 390	50 238	83 548	(33 310)	-40%	161 059
Other expenditure		548 907	529 092	529 383	37 201	289 069	285 794	3 275	1%	529 383
Losses		22 212	-	-	-	-	-	-		-
Total Expenditure		8 275 217	8 231 745	8 313 966	725 141	4 429 574	4 240 968	188 606	4%	8 313 966
Surplus/(Deficit)		(391 588)	2 367	2 367	350 904	107 445	485 873	(378 428)	(0)	2 367
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 070 973	733 699	733 699	50 576	126 211	305 690	(179 479)	(0)	733 699
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		1 178	-	-	12 338	34 304	-	34 304	-	-
Transfers and subsidies - capital (in-kind - all)		10 036	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		690 599	736 066	736 066	413 818	267 960	791 563			736 066
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		690 599	736 066	736 066	413 818	267 960	791 563			736 066
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		690 599	736 066	736 066	413 818	267 960	791 563			736 066
Share of surplus/ (deficit) of associate		(26 628)	-	-	-	-	-			-
Surplus/ (Deficit) for the year		663 972	736 066	736 066	413 818	267 960	791 563			736 066

8.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

The explanation below pertains to all variances in excess of 10%.

8.4.1.1 Service charges - electricity revenue

The Electricity Service Charge has realised less revenue than projected due to the following:

- i. The continued drive by Eskom to reduce electricity consumption.
- ii. The move by more affluent consumers to off grid or alternative energy sources.
- iii. Increase in meter tampering and illegal connections into the BCMM Electrical Grid.
- iv. None and slow operations by the business sector due to Covid-19 lockdown.

8.4.1.2 Service charges - water revenue

Over performance is caused by the following:

- i. The increase in the water billing is as a result of actual readings obtained and processed which resulted in the reversal of interim accounts whereby the actual consumption exceeded the interim consumption.
- ii. The increase is also attributed to the implementation of the Punitive Tariffs at level 3, which applies to consumption over 20kl per month per meter.
- iii. Water leaks which are not reported or fixed by consumers in time thus resulting in inflated billing values, as these attract punitive tariffs.

8.4.1.3 Interested earned – external investments

The decrease in cash reserves that is mainly caused by the low collection rate when compared to the set target is having a negative impact on interest earned on external investments.

8.4.1.4 Interest earned – outstanding debtors

The variance is as a result of the debtor's book that is increasing due to non-payment of debtors. The increase in debtors results in an increase in interest charges, despite credit control action being implemented.

8.4.1.5 Fines, penalties and forfeits

The material variance in Fines & Penalties is caused by the following factors:

- (i) Traffic fines court related matters were placed on hold during level 5-2 whereby courts were only dealing with urgent matters which did not include traffic matters (offenders on the court roll who are to appear in court), warrants that cannot be executed and summonses that cannot be placed on the court roll.
- (ii) Covid-19 has adversely affected the payments of fines due to regulations in place in terms of social distancing, etc. however fines are still not being paid although there are other means of payment such as, easy pay and Online Banking.
- (iii) After a certain period, the notices for summonses/warrants are struck off the court roll in line with Public Prosecutions guidelines.
- (iv) Process servers not fully functional as the limitations of Covid-19 regulations to serve summonses on offenders is problematic.
- (v) Fines reductions due to the Covid-19 pandemic which has placed financial strain on the offenders who are unable to afford to pay their fines due to unemployment and retrenchment. Cognizance should be noted due to the complexity of the indicator, it must be noted that the Traffic Services is bound and guided by Directives of Public Prosecutions (DPP) as well as Legislation in terms of traffic offences issued, every effort is made in terms of notifying offenders of outstanding fines.

8.4.1.6 Licences and Permits

- (i) The department is not yet fully operational due to the COVID-19 restrictions. This means that less public is allowed to enter the building at a given time. Department is currently using the appointment system where the public are given a date and time to come in and renew/apply for their driver's licences/learners and Professional Driving Permits (PrDP's) to ensure compliance with the COVID-19 regulations.
- (ii) The number of learners in a class was reduced in order to ensure that the COVID-19 regulations were complied with.

(iii) The closure of the traffic offices for decontamination meant that many appointments had to be re-scheduled.

8.4.1.7 Agency services

Under collection or decrease in revenue can be attributed to the fact that vehicle licences can be renewed at the Post Office and the Provincial Department of Transport directly. Members of the public generally go to the closest convenient point in order to pay which may not always be BCMM. It must further be noted that certain Banks now offer the same services. Due to the Covid-19 restrictions the department is unable to cater to a large public, further, to be noted as well is the disruptions in operations as buildings are being closed on a regular basis for decontamination.

8.4.1.8 Transfers and subsidies

The underperformance is caused by grant revenue which has not yet been recognized. Revenue on grants can only be recognized when conditions are met.

8.4.1.9 Remuneration of Councillors

The variance in Remuneration of councillors is due to the annual increase that has not been implemented for the current financial year.

8.4.1.10 Depreciation & asset impairment

The variance is due to the fact that the City is using Revaluation Model to value its infrastructure assets which increases the asset base from year to year and result to a huge depreciation charge per year. The other acceptable model is the Cost model and on the cost model the value of the assets remain the same as the purchase price. The change of valuation model from the Revaluation Model to the cost model is still under investigation to identify the gains and losses with all the possible audit risks. This process is a very lengthy process which dates back as far as 2010 financial year.

8.4.1.11 Finance charges

BCMM is securing new loan funding, to date these new loans have not been activated, therefore no drawdown on the funds. This results in expenditure incurred on finance charges being less than the year-to-date budget.

8.4.1.12 Inventory consumed

Under expenditure on other materials can be attributed to the slow start of the financial year. It is expected that the expenditure will increase in the following months as operations progress.

8.4.1.13 Contracted services

Under performance on contracted services can be attributed to the following:

- i. Operating projects – Major projects were still at the planning stage, expenditure is expected to improve as these have since moved to the implementation stage.

8.4.1.14 Transfers and subsidies

The variance on transfers and grants can be attributed to delays in the implementation of ward initiative programme as a result of consultations that first have to be held in order to determine programs and projects to be implemented in the various wards.

8.4.2 Repairs and maintenance

Table 6 below reflects that as at 31 December 2021, the repairs and maintenance expenditure is 45% of the budget of R408.25 million (2020/21: 52%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2021/2022</u> <u>Annual</u> <u>Budget</u> R	<u>2021/2022</u> <u>Annual</u> <u>Expenditure</u> R	<u>2021/2022</u> <u>Variance</u> R	<u>2021/2022</u> <u>% of</u> <u>Budget</u> %
Directorate of Executive Support Services	3 191 861	289 882	2 901 979	9%
Directorate of The City Manager	263 229	16 636	246 593	6%
Directorate of Corporate Services	8 642 398	2 802 490	5 839 908	32%
Directorate of Development & Spatial Planning	18 874 582	8 077 308	10 797 274	43%
Directorate of Economic Development & Agencies	1 776 916	569 399	1 207 517	32%
Directorate of Finance	2 735 861	1 206 164	1 529 697	44%
Directorate of Health / Public Safety & Emergency Services	5 978 617	1 157 957	4 820 660	19%
Directorate of Human Settlement	519 159	171 596	347 563	33%
Directorate of Infrastructure Services	336 411 713	155 127 187	181 284 526	46%
<i>Electricity</i>	135 487 955	68 076 762	21 494 691	50%
<i>Water</i>	40 267 163	17 629 455	2 493 747	44%
<i>Sanitation</i>	35 664 033	13 644 215	279 255	38%
<i>Other</i>	124 992 562	55 776 756	69 215 806	45%
Directorate of Solid Waste, Environmental & Health Management	15 028 392	6 299 075	8 729 317	
Directorate of Sport, Recreation & Community Developmental Services	14 827 707	9 503 987	5 323 720	64%
TOTAL	408 250 435	185 221 681	223 028 754	45%

The repairs and maintenance budget of the Metro is not within the recommended National Treasury norm of 8% as the percentage of Property Plant and Equipment. The main challenge in achieving the 8% is the use of the revaluation model to value Property Plant and Equipment. The Metro's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing assets capital programme.

In the current financial year, the metro has allocated R1.11 billion in the upgrading and renewal programme that complements the repairs and maintenance. Refer to Annexure B: SC13b (Capital expenditure on renewal of existing assets by) and SC13e (Capital expenditure on upgrading of existing assets by asset class).

8.4.3 Capital Expenditure excluding vat (municipal vote, standard classification and funding)

The table below reflects the Metro's capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification and funding sources.

Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M06 December)										
Vote Description	Ref	2020/21	Budget Year 2021/22							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		480	3 800	6 387	–	2 801	2 806	(5)	0%	6 387
Vote 02 - Directorate - Municipal Manager		89	4 969	7 980	–	32	3 905	(3 873)	-99%	7 980
Vote 03 - Directorate - Human Settlement		433 952	292 385	292 385	23 329	51 337	146 193	(94 856)	-65%	292 385
Vote 04 - Directorate - Chief Financial Officer		112 064	254 515	281 420	55 417	97 819	137 752	(39 933)	-29%	281 420
Vote 05 - Directorate - Corporate Services		10 638	12 082	20 539	–	1 477	9 434	(7 957)	-84%	20 539
Vote 06 - Directorate - Infrastructure Services		663 463	932 660	1 012 710	88 904	254 441	502 547	(248 107)	-49%	1 012 710
Vote 07 - Directorate - Spatial Planning And Development		143 363	110 118	124 728	6 416	23 420	61 562	(38 143)	-62%	124 728
Vote 08 - Directorate - Health / Public Safety & Emergency Services		22 932	22 000	39 487	991	3 793	17 722	(13 929)	-79%	39 487
Vote 09 - Directorate - Municipal Services		76 063	–	–	–	–	–	–	–	–
Vote 10 - Directorate - Economic Development & Agencies		128 308	123 700	147 293	6 708	35 114	69 191	(34 077)	-49%	147 293
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		–	23 862	28 601	87	2 738	14 085	(11 347)	-81%	28 601
Vote 12 - Directorate - Sport, Recreation & Community Development		–	23 500	46 197	5 751	25 407	22 067	3 340	15%	46 197
Total Capital Multi-year expenditure	4,7	1 591 352	1 803 592	2 007 726	187 602	498 377	987 264	(488 887)	-50%	2 007 726
Total Capital Expenditure		1 591 352	1 803 592	2 007 726	187 602	498 377	987 264	(488 887)	-50%	2 007 726
Capital Expenditure - Functional Classification										
Governance and administration		170 418	328 367	378 691	56 728	105 343	184 515	(79 173)	-43%	378 691
Executive and council		9 500	10 930	20 913	–	4 309	9 414	(5 105)	-54%	20 913
Finance and administration		160 919	317 437	357 777	56 728	101 033	175 101	(74 068)	-42%	357 777
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		488 865	343 900	384 311	30 157	82 341	189 092	(106 751)	-56%	384 311
Community and social services		20 665	14 800	17 016	659	10 422	8 407	2 014	24%	17 016
Sport and recreation		16 687	10 900	33 540	5 302	17 049	15 741	1 308	8%	33 540
Public safety		17 180	20 700	36 028	868	2 178	16 091	(13 913)	-86%	36 028
Housing		433 952	292 385	292 385	23 329	51 337	146 193	(94 856)	-65%	292 385
Health		380	5 115	5 343	–	1 356	2 661	(1 305)	-49%	5 343
Economic and environmental services		490 251	421 608	506 154	70 259	178 552	249 234	(70 682)	-28%	506 154
Planning and development		131 920	83 318	88 564	5 142	20 606	44 043	(23 437)	-53%	88 564
Road transport		358 331	338 290	417 590	65 117	157 946	205 190	(47 245)	-23%	417 590
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		314 748	587 217	592 478	23 788	97 316	295 831	(198 515)	-67%	592 478
Energy sources		120 908	123 420	124 170	7 556	55 892	61 882	(5 990)	-10%	124 170
Water management		78 202	121 543	121 543	9 137	27 818	60 772	(32 954)	-54%	121 543
Waste water management		71 555	324 406	324 406	7 094	12 673	162 203	(149 530)	-92%	324 406
Waste management		44 082	17 847	22 358	–	933	10 974	(10 041)	-91%	22 358
Other		127 070	122 500	146 093	6 671	34 825	68 591	(33 766)	-49%	146 093
Total Capital Expenditure - Functional Classification	3	1 591 352	1 803 592	2 007 726	187 602	498 377	987 264	(488 887)	-50%	2 007 726
Funded by:										
National Government		970 986	732 499	732 499	62 107	175 173	366 250	(191 077)	-52%	732 499
Provincial Government		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	37	182	–	182	0%	–
Transfers recognised - capital		970 986	732 499	732 499	62 145	175 355	366 250	(190 895)	-52%	732 499
Borrowing	6	3 079	369 714	369 714	756	2 764	184 857	(182 093)	-99%	369 714
Internally generated funds		617 287	701 379	905 513	124 701	320 258	436 157	(115 899)	-27%	905 513
Total Capital Funding		1 591 352	1 803 592	2 007 726	187 602	498 377	987 264	(488 887)	-50%	2 007 726

8.4.4 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R24.17 billion as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position -						
Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		250 776	80 172	80 172	388 284	80 172
Call investment deposits		894 632	1 230 745	1 026 610	479 283	1 026 610
Consumer debtors		2 222 580	1 498 419	1 498 419	2 831 594	1 498 419
Other debtors		6 257 777	612 860	612 860	6 578 651	612 860
Current portion of long-term receivables		176	–	–	176	–
Inventory		37 026	40 366	40 366	43 265	40 366
Total current assets		9 662 966	3 462 562	3 258 427	10 321 253	3 258 427
Non current assets						
Long-term receivables		(15 820)	–	–	(15 820)	–
Investments						
Investment property		436 049	419 941	419 941	436 049	419 941
Investments in Associate		676 448	755 757	755 757	676 448	755 757
Property, plant and equipment		22 266 256	21 391 504	21 596 316	21 958 088	21 596 316
Biological						
Intangible		12 412	20 266	14 966	12 072	14 966
Other non-current assets		50 513	52 483	57 106	50 513	57 106
Total non current assets		23 425 859	22 639 951	22 844 086	23 117 351	22 844 086
TOTAL ASSETS		33 088 825	26 102 513	26 102 513	33 438 603	26 102 513
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		45 191	50 892	50 892	47 133	50 892
Consumer deposits		82 216	69 607	69 607	88 114	69 607
Trade and other payables		7 640 673	1 271 039	1 271 039	7 757 396	1 271 039
Provisions		348 905	319 404	319 404	346 911	319 404
Total current liabilities		8 116 984	1 710 942	1 710 942	8 239 555	1 710 942
Non current liabilities						
Borrowing		188 094	451 974	451 974	164 145	451 974
Provisions		884 267	793 754	793 754	867 492	793 754
Total non current liabilities		1 072 361	1 245 728	1 245 728	1 031 637	1 245 728
TOTAL LIABILITIES		9 189 345	2 956 670	2 956 670	9 271 192	2 956 670
NET ASSETS	2	23 899 480	23 145 843	23 145 843	24 167 411	23 145 843
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		11 604 161	13 378 003	13 378 003	11 872 093	13 378 003
Reserves		12 295 319	9 767 840	9 767 840	12 295 319	9 767 840
TOTAL COMMUNITY WEALTH/EQUITY	2	23 899 480	23 145 843	23 145 843	24 167 411	23 145 843

8.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net decrease of R271.05 million, resulting in cash and cash equivalents closing balance of R867.57 million as at 31 December 2021.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M06 December										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		1 589 415	1 577 897	1 577 897	96 264	703 676	788 949	(85 272)	-11%	1 577 897
Service charges		3 937 345	3 421 416	3 421 416	224 919	1 436 929	1 710 708	(273 779)	-16%	3 421 416
Other revenue		(623 308)	1 059 170	1 059 170	214 734	534 672	483 722	50 950	11%	1 059 170
Transfers and Subsidies - Operational		1 206 249	1 301 395	1 301 395	345 897	767 100	691 808	75 291	11%	1 301 395
Transfers and Subsidies - Capital		1 069 736	733 699	733 699	124 926	397 833	366 849	30 984	8%	733 699
Interest		160 710	36 490	36 490	140	14 953	65 414	(50 461)	-77%	36 490
Dividends		-			-	-	-	-		
Payments										
Suppliers and employees		(5 753 843)	(6 489 604)	(6 571 826)	(507 613)	(3 544 981)	(3 285 913)	259 068	-8%	(6 571 826)
Finance charges		(25 757)	(59 936)	(59 936)	(2 993)	(11 169)	(29 968)	(18 799)	63%	(59 936)
Transfers and Grants		(104 708)	(161 059)	(161 059)	(4 390)	(50 238)	(80 529)	(30 291)	38%	(161 059)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 455 838	1 419 468	1 337 247	491 885	248 775	711 041	462 266	65%	1 337 247
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		36 769	-	-	-	65	-	65	0%	-
Decrease (increase) in non-current receivables		-			-	-	-	-		
Decrease (increase) in non-current investments					-	-	-	-		
Payments										
Capital assets		(1 666 515)	(1 803 592)	(1 803 592)	(187 602)	(498 377)	(1 003 863)	(505 486)	50%	(1 803 592)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 629 746)	(1 803 592)	(1 803 592)	(187 602)	(498 312)	(1 003 863)	(505 551)	50%	(1 803 592)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans					-	-		-		
Borrowing long term/refinancing			369 714	369 714	-	-	184 857	(184 857)	-100%	369 714
Increase (decrease) in consumer deposits			12 609	-	-	491	-	491	0%	-
Payments										
Repayment of borrowing		(54 396)	(50 892)	(50 892)	(10 672)	(22 006)	(25 446)	(3 440)	14%	(50 892)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(54 396)	331 431	318 822	(10 672)	(21 515)	159 411	180 926	113%	318 822
NET INCREASE/ (DECREASE) IN CASH HELD		(228 303)	(52 692)	(147 523)	293 611	(271 053)	(133 412)			(147 523)
Cash/cash equivalents at beginning:		1 373 711	1 549 607	1 345 472	-	1 138 620				
Cash/cash equivalents at month/year end:		1 145 407	1 496 915	1 197 950		867 568	(133 412)			(147 523)

PART 2: SUPPORTING **DOCUMENTATION**

9. DEBTOR'S MANAGEMENT

The debtor analysis below (table 10) provides an age analysis summary by revenue source and customer category for the total debtors.

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	258 532	103 895	85 392	79 041	91 975	72 049	297 415	575 961	1 564 260	1 116 441		9 890
Trade and Other Receivables from Exchange Transactions - Electricity	1300	150 892	26 634	21 438	16 388	11 611	11 067	63 417	134 610	436 057	237 093		28 763
Receivables from Non-exchange Transactions - Property Rates	1400	192 007	85 297	37 681	36 767	24 271	27 324	138 322	523 984	1 065 653	750 668		22 351
Receivables from Exchange Transactions - Waste Water Management	1500	51 568	15 063	15 842	9 295	7 900	7 169	37 106	204 080	348 024	265 550		5 588
Receivables from Exchange Transactions - Waste Management	1600	48 083	15 257	15 855	12 401	11 225	10 100	52 654	293 030	458 605	379 410		4 599
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	30	30	30		
Interest on Arrear Debtor Accounts	1810	32 246	11 682	11 142	10 399	9 479	10 180	55 393	363 730	504 252	449 182		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	23 646	10 541	12 350	9 564	6 946	5 352	30 000	278 508	376 907	330 370		1 473
Total By Income Source	2000	756 974	268 371	199 700	173 855	163 408	143 242	674 306	2 373 933	4 753 788	3 528 744	-	72 664
2020/21 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	32 365	40 680	6 232	6 262	4 093	2 056	6 461	30 163	128 313	49 036		-
Commercial	2300	286 736	67 225	51 836	43 035	28 456	34 870	198 687	733 606	1 444 450	1 038 653		-
Households	2400	437 873	160 466	141 633	124 558	130 859	106 316	469 158	1 610 163	3 181 026	2 441 055		72 664
Other	2500	-	-	-	-	-	-	-	-	-	-		-
Total By Customer Group	2600	756 974	268 371	199 700	173 855	163 408	143 242	674 306	2 373 933	4 753 788	3 528 744	-	72 664

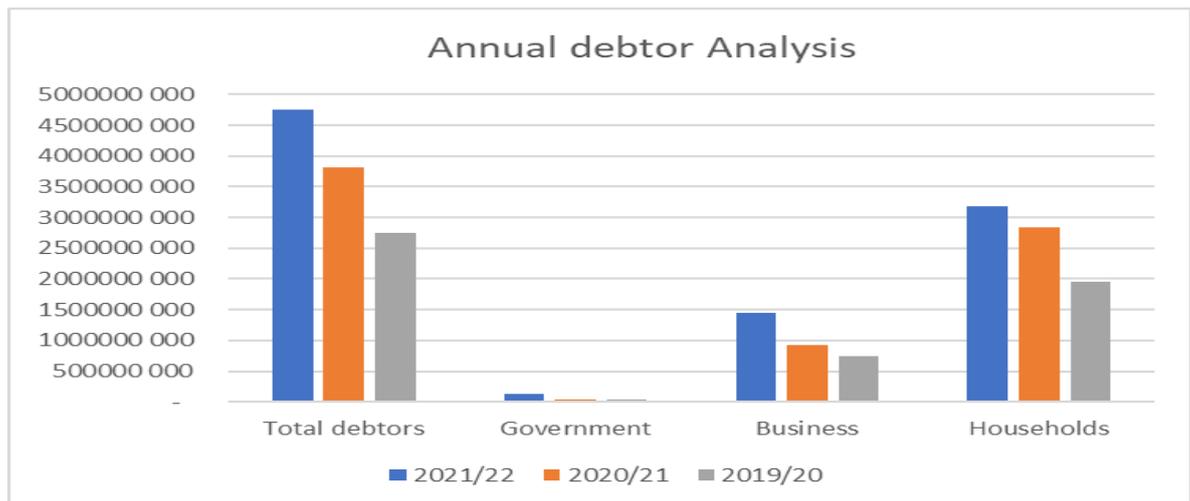
9.1. Additional debtors' information

The total debtors' book, which includes all charges excluding VAT, amounted to R4,753,788,353 as at 31 December 2021 which is an increase of R161,142,127 over the amount of R4,592,464,226 as at 30 November 2021.

During the month, Credit control action and debt collection action commenced. Pre-termination notices were sent to all customers due for disconnection/blocking. For those debtors who did not respond, electricity supply was either blocked or disconnected. This relates to residential and non-residential customers. Registered Indigent Debtors who are in arrears remain on the partial block type (60/40).

The graph below shows comparison of annual movements in debtors of the 3-year period.

Figure 6: Debtors age analysis over the 3-year period



9.2. Debtor's Age Analysis.

9.2.1. Age Analysis by income source.

Table 11 below details debtors age analysis by income source as at 31 December 2021. It also provides comparison with the previous month (30 November 2021) which indicates an increase from R 4.59 billion to R 4.75 billion.

Table 11: Debtor's Age Analysis by Income Source Comparison

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR DECEMBER 2021	TOTAL FOR NOVEMBER 2021
CURRENT	137 185 685	36 635 870	118 637 838	133 386 019	31 530 015	10 173 350	467 548 778	498 883 343
30 DAYS	65 609 398	22 580 841	41 950 223	132 779 477	20 104 761	6 400 183	289 424 883	304 807 046
60 DAYS	89 310 337	18 124 226	32 304 591	107 047 229	16 456 416	5 127 733	268 370 532	215 049 244
90 DAYS	41 492 057	17 592 024	30 246 817	88 437 879	17 026 024	4 905 091	199 699 892	184 311 198
120 DAYS TO 360 DAYS	255 843 975	75 330 871	129 620 599	562 651 326	96 042 463	35 322 269	1 154 811 502	1 101 416 398
YEAR 2	227 765 490	94 831 123	102 501 269	353 680 591	115 102 543	44 883 941	938 764 956	882 411 001
YEAR 3	125 124 133	40 092 148	49 186 686	60 329 886	48 129 150	30 969 864	353 831 867	344 901 917
YEAR 4	88 977 690	32 577 205	30 041 529	60 575 455	39 866 664	20 908 124	272 946 668	268 252 964
YEAR 5	51 161 023	26 454 795	24 687 721	56 288 954	31 573 953	25 808 036	215 974 481	211 140 234
YEAR 5+	144 593 268	90 158 600	36 341 451	131 949 185	116 982 880	72 389 410	592 414 794	581 290 882
TOTAL	1 227 063 056	454 377 702	595 518 724	1 687 126 002	532 814 868	256 888 001	4 753 788 353	4 592 464 226

9.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 31 December 2021. It also reflects the percentage split per category with domestic consumers having the highest share followed by business. Please note that the financial system is not able to produce a collection ratio per category, however the collection ratio is reported on total debtors.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	210 388 374	124 006 335	116 684 803	101 811 945	2 248 806 818	2 801 698 275	59
Indigent	46 179 397	53 193 367	42 948 962	39 224 537	186 098 566	367 644 829	8
Business	190 205 024	96 530 585	67 225 079	51 835 517	1 038 653 364	1 444 449 570	30
Government	18 389 501	13 975 941	40 679 562	6 231 789	49 036 192	128 312 986	3
Municipal Staff*	2 304 039	1 679 235	814 620	578 971	5 968 547	11 345 411	0
Councillors*	82 441	39 422	17 507	17 133	180 779	337 283	0
Total	467 548 778	289 424 884	268 370 533	199 699 893	3 528 744 266	4 753 788 353	100

Note*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are received the payment is allocated to the oldest ageing category. In terms of the accounting treatment of the amounts received, within the financial system the amounts are allocated against the oldest debt first resulting in the outstanding balance as reflected in the above table.

During the month of December 2021 a total of R2,089,128.20 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,515,479.06
Arrears Receipts	<u>R 573,649.14</u>
Total Receipts	<u>R 2 089,128.20</u>

9.2.3. Government Accounts

The total outstanding amount owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 December 2021 amounted to R128,312,986 and this is an increase of R8,521,671 as compared to November 2021.

It must also be noted that Government departments do not settle their accounts by the due date and often pay after month-end, resulting in the accounts being unpaid at the time of reporting. Where applicable services are still being disconnected to recover the debt.

The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 December 2021.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	VALUE AS AT 31 DECEMBER 2021	VALUE AS AT 30 NOVEMBER 2021	DIFFERENCE
National Department Of Public Works	11 790 243	17 066 344	28 856 587	21 839 886	7 016 700
Provincial Department Of Public Works	39 831 211	11 947 138	51 778 348	56 218 469	(4 440 120)
Department of Education	-	18 276 395	18 276 395	16 792 081	1 484 314
Department of Health	-	24 324 788	24 324 788	20 080 312	4 244 475
Department of Social Development	-	992 679	992 679	739 863	252 816
Department of Transport	-	70 623	70 623	88 364	(17 742)
Department of Agriculture	-	60 959	60 959	70 393	(9 434)
Department of Nature Conservation	-	12 534	12 534	12 546	(12)
Department of Human Settlements	-	2 161 854	2 161 854	2 231 610	(69 756)
Sport, Recreation, Arts and Culture	-	154 505	154 505	133 282	21 223
Department of Labour - UIF Services	-	22 426	22 426	22 426	-
Members of Provincial Legislature	-	517 102	517 102	493 349	23 754
Department of Water Affairs	-	2 557	2 557	2 557	-
Department of Rural Development and Land Reform	-	1 081 630	1 081 630	1 066 177	15 453
TOTAL	51 621 454	76 691 532	128 312 986	119 791 315	8 521 671

10. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. The creditors payment is 20 days; this shows that the Metro is paying its creditors within 30 days as stipulated by the MFMA.

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2021/22									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	143 465								143 465	123 401
Bulk Water	0200	21 805								21 805	19 603
PAYE deductions	0300	36 711								36 711	31 060
VAT (output less input)	0400	-								-	
Pensions / Retirement deductions	0500	33 939								33 939	32 958
Loan repayments	0600	13 665								13 665	25 722
Trade Creditors	0700	18 557								18 557	39 930
Auditor General	0800	4 317								4 317	2 838
Other	0900	386 990								386 990	339 382
Total By Customer Type	1000	659 450	-	-	-	-	-	-	-	659 450	614 893

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in December 2021.

Table 15: Payments made to the 20 highest paid creditors – December 2021

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				143 465 109	143 465 109	143 465 109
VODACOM				59 548 868	59 548 868	59 548 868
WBHO CONSTRUCTION/MAKALI JV				26 540 164	26 540 164	26 540 164
AMATOLA WATER				21 805 483	21 805 483	21 805 483
HOUSING DEVELOPMENT AGENCY				12 708 159	12 708 159	12 708 159
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				10 904 248	10 904 248	10 904 248
EZULUWENI CONSTRUCTION (PTY) LTD				10 613 562	10 613 562	10 613 562
MVEZO PLANT & CIVILS CC				9 527 840	9 527 840	9 527 840
DESIGNER LIGHTING (PTY) LTD				9 097 033	9 097 033	9 097 033
IMVUSA TRADING 415 CC				8 913 028	8 913 028	8 913 028
LUQAQAMBO CIVILS CONSTRUCTION CC				7 406 310	7 406 310	7 406 310
TSHIYA INFRASTRUCTURE DEVELOPMENT				6 954 581	6 954 581	6 954 581
EYA BANTU PROFFESIONAL SERVICES CC				6 726 867	6 726 867	6 726 867
CZAR CONSTRUCTION				5 506 855	5 506 855	5 506 855
EASTERN CAPE DEPARTMENT OF HUMAN SETTLEMENT				5 165 515	5 165 515	5 165 515
NLG GROUP CC				4 194 699	4 194 699	4 194 699
MINTIRHO BUSINESS ENTERPRISE CC				4 011 250	4 011 250	4 011 250
C & M FASTNERS CC				3 981 803	3 981 803	3 981 803
SAFIKA CONSTRUCTION CC				3 929 595	3 929 595	3 929 595
MANYOBO GROUP CC				3 614 249	3 614 249	3 614 249
TOTAL	-	-	-	364 615 219	364 615 219	364 615 219

11. INVESTMENT PORTFOLIO ANALYSIS

The investment portfolio analysis detailed in table 16 below includes information of the institution where funds are invested, period of investment, type of investment and accrued interest for the month.

Table 16: SC5 Monthly Budget Statement – investment portfolio

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
R thousands														
Municipality														
Absa 4094793455		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	319	3	320	–	2
Absa 4094798489		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	3 001	51	–	–	3 052
Absa 4094793968		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	194	3	–	–	197
Rand Merchant Bank X021904913		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	19 866	339	–	–	20 204
Stanlib 552 200 137		Call Account	Call Account	Yes	Variable	4.18	0		Call Account	11	0	–	–	12
Nedbank 03/7881532939/000041		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	1 124	19	–	–	1 143
Nedbank 03/7881532939/000108		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	92	2	–	–	93
Absa 4094789157		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	969	17	–	–	985
Nedbank 03/7881532939/000110		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	331	6	–	–	336
Absa 4094790083		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	1 300	22	–	–	1 322
Stanlib 552 200 133		Call Account	Call Account	Yes	Variable	4.18	0		Call Account	781	12	443	–	349
Stanlib 700 475 605		Call Account	Call Account	Yes	Variable	4.18	0		Call Account	97	26	97	2 500	2 525
Nedbank 03/7881532939/000128		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	135 667	1 596	101 013	–	36 249
Rand Merchant Bank RRB1722008		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	43 944	749	–	–	44 693
Standard 76586/442745		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	97 263	919	83 000	–	15 182
Absa 4094790211		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	157 956	1 526	130 941	–	28 542
Rand Merchant Bank KLN2720020		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	4 091	70	–	–	4 160
Stanlib 552 200 140		Call Account	Call Account	Yes	Variable	4.18	0		Call Account	190	4	–	–	194
Absa 4094793895		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	504	9	–	–	513
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	3	0	–	–	3

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
Nedbank 03/7881532939/000133		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	860	15	-	-	875
Nedbank 03/7881532939/000134		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	39 444	321	39 400	-	365
Rand Merchant Bank KLN8UJ0005		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	3 455	59	-	-	3 514
Standard 76586/524914		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	4 297	73	-	-	4 371
Nedbank 03/7881532939/000136		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	3	0	-	-	3
Rand Merchant Bank GBS1S70006		Fixed Deposit	Fixed Deposit	Yes	Fixed	3,63	0		04/08/2021	98 955	333	99 288	-	0
Nedbank 03/7881532939/000143		Fixed Deposit	Fixed Deposit	Yes	Fixed	4,21	0		23/09/2021	63 369	614	63 982	-	-
Standard 76586/551390		Fixed Deposit	Fixed Deposit	Yes	Fixed	4,25	0		23/09/2021	51 847	507	52 354	-	-
Nedbank - 03/7881532939/000144		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	-	47	-	4 703	4 750
Nedbank - 03/7881532939/000145		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	-	30	-	2 980	3 010
Standard - 76586/553472		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	-	51	-	5 102	5 152
Standard - 76586/553471		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	-	101	-	10 191	10 292
Absa - 4101937017		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	-	709	-	66 565	67 274
Stanlib - 552200136		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	-	65	-	5 393	5 458
Nedbank - 03/7881532939/000146		Fixed Deposit	Fixed Deposit	Yes	Fixed	4,2	0		07/01/2022	-	633	-	63 997	64 630
Standard - 76586/553966		Fixed Deposit	Fixed Deposit	Yes	Fixed	4,48	0		07/01/2022	-	552	-	52 354	52 906
Rand Merchant Bank X021904910		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	19 551	333	-	-	19 885
Stanlib 552 200 130		Call Account	Call Account	Yes	Variable	4,18	0		Call Account	18 487	317	18 000	-	805
Stanlib 552 200 132		Call Account	Call Account	Yes	Variable	4,18	0		Call Account	1 450	30	-	-	1 480
Standard 76586/442736		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	3 244	55	-	-	3 300
Stanlib 552 200 131		Call Account	Call Account	Yes	Variable	4,18	0		Call Account	11 626	243	-	-	11 869
Rand Merchant Bank X021904579		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	5 211	89	-	-	5 300
Nedbank 03/7881532939/000101		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	2 415	41	-	-	2 456
Absa 4094793536		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	20 691	353	-	-	21 044
Absa 4094789872		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	17 429	246	16 000	-	1 674
Standard 76586/442741		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	15 191	259	-	-	15 450
Standard 76586/442744		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	37 618	529	35 000	-	3 147
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	3 227	55	-	-	3 282
Nedbank 03/7881532939/000129		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	5 364	91	-	-	5 456
Standard 76586/442738		Call Account	Call Account	Yes	Variable	3,55	0		Call Account	3 195	54	-	-	3 250
Municipality sub-total										894 632	12 176	639 839	213 785	480 753
Entities														
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2									894 632	12 176	639 839	213 785	480 753

12. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Transfers and grants receipts per allocation or grant is provided in the table below. Further details on grants expenditure performance (inclusive of vat) are detailed in section 12.1 below.

Table 17: SC6 Monthly Budget Statement – transfers and grants receipts

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		26 557	79 355	1 016 016	315 555	717 198	717 198	–	0,0%	1 016 016
Energy Efficiency And Demand Side Management Grant		6 300	8 941	–	–	–	–	–	–	–
Equitable Share		–	–	936 811	312 270	702 608	702 608	–	0,0%	936 811
Expanded Public Works Programme Integrated Grant		8 449	7 300	7 300	3 285	5 110	5 110	–	0,0%	7 300
Infrastructure Skills Development Grant		10 808	10 500	10 350	–	5 500	5 500	–	0,0%	10 350
Local Government Financial Management Grant		1 000	1 000	1 000	–	1 000	1 000	–	0,0%	1 000
Metro Informal Settlements Partnership Grant		–	6 873	6 873	–	–	–	–	–	6 873
Programme And Project Preparation Support Grant		–	–	8 941	–	2 980	2 980	–	0,0%	8 941
Public Transport Network Grant		–	44 741	–	–	–	–	–	–	–
Urban Settlement Development Grant		–	–	44 741	–	–	–	–	–	44 741
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	114 952	195 430	15 870	15 870	86 122	(70 252)	-81,6%	195 430
Dsrac		–	15 870	15 870	15 870	15 870	–	15 870	–	15 870
Infrastructure Grant		–	–	–	–	–	–	–	–	–
Transitional Grant		–	99 082	179 560	–	–	86 122	(86 122)	-100,0%	179 560
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		475	1 107 088	170 808	14 472	34 032	51 904	(17 873)	-34,4%	170 808
Eastern Cape Arts Council		–	–	–	–	–	–	–	–	–
European Union		–	36 568	36 568	14 472	15 685	18 284	(2 599)	-14,2%	36 568
Local Government Water And Related Service Seta		–	–	22	–	–	9	(9)	-100,0%	22
Parent Municipality		–	–	133 837	–	18 347	33 459	(15 112)	-45,2%	133 837
Unsp. City Of Oldenburg		475	125 409	–	–	–	–	–	–	–
Unsp. Glasgow Partnshp		–	945 111	–	–	–	–	–	–	–
Unsp. Salaida/Galve		–	–	381	–	–	152	(152)	-100,0%	381
Total Operating Transfers and Grants	5	27 032	1 301 395	1 382 254	345 897	767 100	855 224	(88 125)	-10,3%	1 382 254
Capital Transfers and Grants										
National Government:		905 339	733 699	732 499	124 926	397 982	397 982	–	0,0%	732 499
Energy Efficiency and Demand Side Management Grant		–	–	9 000	–	6 000	6 000	–	0,0%	9 000
Infrastructure Skills Development Grant		–	–	150	–	–	–	–	–	150
Integrated City Development Grant		8 218	–	–	–	–	–	–	–	–
Metro Informal Settlements Partnership Grant		–	259 385	259 385	–	133 130	133 130	–	0,0%	259 385
Neighbourhood Development Partnership Grant		10 000	9 000	9 000	–	9 000	9 000	–	0,0%	9 000
Rural Road Asset Management Systems Grant		–	10 350	–	–	–	–	–	–	–
Urban Settlement Development Grant		887 121	454 964	454 964	124 926	249 852	249 852	–	0,0%	454 964
Provincial Government:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	1 200	–	(149)	300	(449)	-149,6%	1 200
[insert description]		–	–	–	–	–	–	–	–	–
Parent Municipality		–	–	1 200	–	(149)	300	(449)	-149,6%	1 200
Total Capital Transfers and Grants	5	905 339	733 699	733 699	124 926	397 833	398 282	(449)	-0,1%	733 699
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	932 371	2 035 094	2 115 953	470 823	1 164 933	1 253 506	(88 573)	-7,1%	2 115 953

12.1. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 30% (R242.92 million, inclusive of reclaimed vat) of its 2021/22 approved conditional grants budget of R811.70 billion as at 31 December 2021. This reflects a decline when compared to the same period in the previous financial year where 38% (R399.76 million, inclusive of reclaimed vat) of conditional grants budget of R1.09 billion was spent. However, it is expected that expenditure will improve in the second half of the financial year as major projects have since moved from planning to implementation stage.

Table 18 below reflects the year-to-date expenditure on 2021/2022 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

<u>Funding/Grant</u>	<u>2021/22 Approved Budget</u>	<u>YTD Expenditure (vat) R</u>	<u>YTD Variance (vat incl.) R</u>	<u>% Expenditure (vat incl.)</u>
Finance Management Grant	1 000 000	281 094	718 906	28%
Energy Efficiency Demand Side Management Grant	9 000 000	6 593 344	2 406 656	73%
Infrastructure Skills Development Grant	10 500 000	3 909 560	6 590 440	37%
Urban Settlement Development Grant	499 705 000	192 608 101	307 096 899	39%
Neighborhood Development Partnership Grant	9 000 000	39 215	8 960 785	0%
Informal Settlement Upgrading Partnership Grant	266 258 000	32 189 356	234 068 644	12%
Expanded Public Works Programme Grant	7 300 000	7 292 181	7 819	100%
Programme and Project Preparation Support Grant (PPPSG)	8 941 000	6 645	8 934 355	0%
TOTAL	811 704 000	242 919 496	568 784 504	30%

Comments on performance of programmes that are implemented by the above funding are detailed below.

Details of the projects that are implemented by each grant are reflected in both Annexure D and E.

Also refer to section 15.1 of the report on measures to improve expenditure performance.

12.1.1. FINANCE MANAGEMENT GRANT (FMG)

There are currently four (4) interns serving on the internship programme. The interns are being remunerated accordingly. A recruitment process is underway for four (4) additional interns, as the target for the current financial year is to have at least eight (8) interns. The new interns will be enrolled in several training programmes upon appointment which will see an improvement in expenditure.

12.1.2. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

The recruitment of two new Land Survey interns was delayed due to scarcity of credible applicants. The appointment of a mentor for Land Survey interns is still outstanding due to non-appointment of interns. Recruitment of new interns will resume during the third quarter, leading to possible appointment of new mentors for the interns.

12.1.3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

Spatial Planning and Development

a) Bridge Designs & Implementation:

Procurement of contractors for Ncera / New Hope Pedestrian crossings (connecting Villages Ncera 1 and 4) and Ndevana were completed during September 2021. Construction of the Ncera / New Hope Pedestrian crossings commenced on 6 October 2021 and the Ndevana Crossing will commence during the month of January 2022 once contractual issues are finalized.

b) Qumza Highway:

The Tender for Phase 1 was advertised on 17 September 2021 and closed on 19 October 2021. The project is currently at Bid Evaluation Stage. Expenditure will occur once a contractor has been appointed.

c) Sleeper Site Road:

Phase 2 Tender Closed on the 03 August 2021 and is currently at Bid Evaluation Stage. Phase 3 of the Project is currently at Design Stage. Expenditure is expected to improve once the contractor has been appointed for the construction of Phase 2.

Infrastructure Services

a) Electricity

Contractor for Reeston Phase 3 Electrification has been appointed. Order for materials will to commence Mid-January and delivery is expected to take between 6 to 8 weeks. Expenditure is expected to reflect during the third quarter.

b) Water and Sanitation

Low expenditure can be attributed to the fact that there first had to be project preparation and readiness aligned to procurement processes. However, most projects are now at implementation stage and expenditure is expected to improve during the third quarter.

Economic Development & Agencies

a) Hydroponics Projects

Contractor has been appointed for construction of Hydroponics in Ndevana Village and a site has been established however work has not yet commenced. The fencing of the tunnels is complete and construction of tunnels is underway. The project is progressing well through the use of the annual contractors.

b) Revitalization of Industrial Areas

The project is being implemented by the Eastern Cape Development Corporation (ECDC) on behalf of the Metro as per Memorandum of Understanding (MOU). Funds have been transferred to ECDC for the construction of Roads Infrastructure, installation of water pumps at Dimbaza Industrial Park. The remaining balance will be transferred to another project in the third quarter of the financial year.

c) SMME Incubation: Sekunjalo Skills Development Centre

The department has submitted specifications for the procurement of equipment for the culinary incubator project. Once all the Bid stages have progressed and the service provider has been appointed to supply, deliver and install required equipment expenditure will improve. Also underway is the Refurbishments of the Sekunjalo Skills

Development Centre which is currently awaiting quotation from the Service Provider that will do the refurbishment.

Human Settlements

The low expenditure can be attributed to the following:

- December shut down period by contractors.
- Changes that were made to the ward Project Steering Committees (PSC) which delayed most projects under implementation.
- Land invasion which delays most projects under implementation.

Expenditure is expected to improve during the third quarter as contractors as set to be back on site mid-January 2022.

12.1.4. NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

The consultant for Billie Road Project is in progress with design work. Expenditure is expected to be incurred as soon as the design work has been completed. The annual contractors for the remaining sidewalks for Toyana Road will be starting construction work this year and the electrical subcontractor for Toyana Road is in progress.

12.1.5. INFORMAL SETTLEMENT UPGRADING PARTNERSHIP GRANT (ISUPG)

Spatial Planning and Development

The Land Acquisition process is currently at different levels such as acquisition, transfer/ registration, signing of the Deed of sale and negotiation stage with private owners and State Owned Entities. Expenditure will gradually reflect as the negotiation process for the different Land Parcels are finalised and Deeds of sale are signed.

Infrastructure Services

a) Roads

The department is currently busy with assessment for roads and storm water of informal settlements. The requisitions will be prepared and submitted once the assessment is completed. Thereafter work will commence.

b) Water and Sanitation

Low expenditure can be attributed to the fact that there first had to be project preparation and readiness aligned to procurement processes. However, most projects are now at implementation stage and expenditure is expected to improve during the third quarter.

Economic Development & Agencies

a) Agri-Village

The concept has been developed and a site in Berlin has been identified. A requisition has been submitted for the procurement of the Hydroponics which is the first phase for Agri-Village.

b) Fort Jackson Junction Hub

The budget for the Fort Jackson Junction Hub project will be re-directed to the Agri-village project as the City is struggling to conclude the issue of land with the Department of Land Reform even though the City has submitted all the information that was required by the Department.

Human Settlements

The low expenditure can be attributed to the December shut down period by contractors as well as changes that were made to the ward Project Steering Committees (PSC) which hindered most projects under implementation. Expenditure is expected to improve during the third quarter as contractors as set to be back on site mid-January 2022.

12.1.6. PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)

Most of the projects under the pogramme are still in the early stages of the procurement stage. The projects are still awaiting for the appointment of service providers. Expenditure will pick up as soon as appointments are made.

13. COUNCILLOR AND EMPLOYEE BENEFITS

13.1. Councillor and Employees Benefits Summary

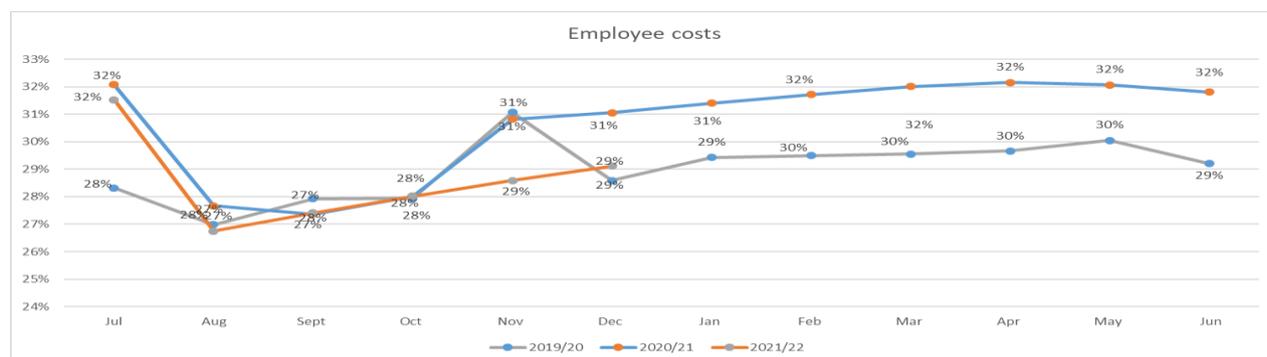
Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 29.12%. This is within the norm of 25% - 40%.

Table 19: SC8 Monthly Budget Statement – Councillor, Board Members and Staff Benefits

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		35 923	47 524	47 524	3 185	18 129	23 092	(4 963)	-21%	47 524
Pension and UIF Contributions		4 257	4 769	4 769	178	1 757	2 317	(561)	-24%	4 769
Medical Aid Contributions		2 490	2 311	2 311	85	962	1 124	(162)	-14%	2 311
Motor Vehicle Allowance								-		
Cellphone Allowance		4 048	3 129	3 129	525	2 070	1 521	549	36%	3 129
Housing Allowances		2 596	2 712	2 712	1 292	3 374	1 318	2 056	156%	2 712
Other benefits and allowances		14 499	16 104	16 104	457	5 801	7 831	(2 030)	-26%	16 104
Sub Total - Councillors		63 813	76 550	76 550	5 721	32 093	37 202	(5 110)	-14%	76 550
% increase	4		20,0%	20,0%						20,0%
Senior Managers of the Municipality										
Basic Salaries and Wages		10 863	13 179	13 179	960	5 760	6 556	(796)	-12%	13 179
Pension and UIF Contributions		1 858	2 271	2 271	182	1 058	1 130	(72)	-6%	2 271
Medical Aid Contributions		315	396	396	28	170	197	(27)	-14%	396
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		2 296	2 788	2 788	204	1 225	1 387	(162)	-12%	2 788
Cellphone Allowance		284	353	353	25	152	176	(24)	-13%	353
Housing Allowances		2 703	3 141	3 141	219	1 350	1 562	(212)	-14%	3 141
Other benefits and allowances		72	92	92	7	38	46	(8)	-18%	92
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2							-		
Sub Total - Senior Managers of Municipality		18 390	22 220	22 220	1 625	9 752	11 053	(1 301)	-12%	22 220
% increase	4		20,8%	20,8%						20,8%
Other Municipal Staff										
Basic Salaries and Wages		1 458 485	1 580 835	1 580 835	145 673	800 078	787 042	13 035	2%	1 580 835
Pension and UIF Contributions		286 564	281 797	281 797	24 891	153 722	140 290	13 432	10%	281 797
Medical Aid Contributions		110 672	136 039	136 039	9 213	55 777	67 727	(11 949)	-18%	136 039
Overtime		156 216	145 793	145 793	12 860	75 115	72 589	2 526	3%	145 793
Performance Bonus		121 700	120 126	120 126	12 905	66 098	59 811	6 288	11%	120 126
Motor Vehicle Allowance		34 599	36 774	36 774	3 137	18 912	18 286	626	3%	36 774
Cellphone Allowance		4 486	4 387	4 387	360	2 142	2 182	(40)	-2%	4 387
Housing Allowances		7 780	14 148	14 148	696	4 135	7 040	(2 906)	-41%	14 148
Other benefits and allowances		81 641	81 927	81 927	7 187	42 786	40 750	2 036	5%	81 927
Payments in lieu of leave		58 427	2 907	2 907	-	122	1 453	(1 331)	-92%	2 907
Long service awards		31 421	31 333	31 333	2 898	17 300	15 598	1 703	11%	31 333
Post-retirement benefit obligations	2	102 399	47 316	47 316	0	0	23 658	(23 658)	-100%	47 316
Sub Total - Other Municipal Staff		2 454 392	2 483 383	2 483 383	219 820	1 236 188	1 236 427	(239)	0%	2 483 383
% increase	4		1,2%	1,2%						1,2%
TOTAL MANAGERS AND STAFF		2 501 193	2 536 210	2 536 210	225 087	1 257 993	1 262 695	(3 777)	0%	2 536 210

The graph below shows the workforce costs as a percentage of total expenditure for the current financial year and the two previous financial years.

Figure 7: Workforce (Employee) Costs



13.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 December 2021. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 December 2021.

Table 20: Overtime per Directorate

Directorate Overtime	2021/2022 Annual Budget R	2021/2022 YTD Budget R	2021/2022 YTD Expenditure R	2021/2022 YTD Variance R	2021/2022 % of YTD Budget %
Directorate of Executive Support Services	1 914 181	953 007	2 069 344	(1 116 336)	217%
Directorate of The City Manager	728 999	362 945	517 683	(154 739)	143%
Directorate of Corporate Services	970 915	483 386	385 631	97 756	80%
Directorate of Spatial Planning & Development	345 926	172 225	367 784	(195 559)	214%
Directorate of Economic Development & Agencies	628 946	313 131	242 993	70 139	78%
Directorate of Finance	5 565 114	2 770 686	2 471 221	299 465	89%
Directorate of Health / Public Safety & Emergency Services	42 367 458	21 093 357	22 740 810	(1 647 453)	108%
Directorate Of Human Settlement	0	0	-2 000	2 000	0%
Directorate of Infrastructure Services	46 941 405	23 370 574	26 615 048	(3 244 474)	114%
<i>Electricity</i>	17 103 106	8 515 071	8 907 752	(392 681)	105%
<i>Water</i>	13 701 382	6 821 465	8 730 286	(1 908 821)	128%
<i>Sanitation</i>	14 462 481	7 200 391	8 128 888	(928 496)	113%
<i>Other</i>	1 674 436	833 646	848 122	(14 476)	102%
Directorate of Solid Waste, Environmental & Health Management	36 363 536	18 104 203	13 619 300	4 484 903	75%
Directorate of Sport, Recreation & Community Development	9 966 943	4 962 211	6 086 706	(1 124 495)	123%
Total	145 793 423	72 585 726	75 114 520	(2 528 794)	103%

The total overtime payment for the months of October 2021, November 2021 and December 2021 is reflected below. There was an increase in the total payment of overtime between October 2021 and November 2021 of R46 662 and a decrease in the total payment of overtime between November 2021 and December 2021 of R127 923.

Table 21: Overtime Per Cost Centre: October 2021 – December 2021

OVERTIME PER COST CENTRE

		October 2021 Amount	November 2021 Amount	December 2021 Amount
	DIRECTORATE -EXECUTIVE SUPPORT SERVICES			
0523	IDP & BUDGET INTEGRATION	-	15 769.64	5 563.48
0524	GIS	-	2 115.48	
0532	OFFICE OF THE CHIEF WHIP	11 648.81	-	-
0533	OFFICE OF THE DEPUTY EXECUTIVE MAYOR	168 686.85	176 708.03	89 668.50
0534	OFFICE OF THE EXECUTIVE MAYOR	99 602.33	124 374.61	52 304.23
0535	OFFICE OF THE SPEAKER	122 545.85	111 845.01	800.04
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	30 616.89	31 015.44	3 343.67
		433 100.73	461 828.21	151 679.92
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	61 385.53	58 360.65	75 507.47
		61 385.53	58 360.65	75 507.47
	DIRECTORATE OF CORPORATE SERVICES			
1512	ADMINISTRATIVE & CORPORATE SUPPORT	12 210.84	-	609.82
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	31 633.76	2 726.27	14 243.89
1514	INFORMATION / TECHNOLOGY & SUPPORT	9 792.37	44 611.11	10 257.88
1521	COVID 19 DISASTER MANAGEMENT, HR PERFORMANCE & DEVELOPMENT	8 011.92	12 905.34	21 117.90
1531	HUMAN RESOURCES MANAGEMENT	99.51	22 706.82	-
1536	ORGANISATIONAL DEVELOPMENT	-500.00	-500.00	-500.00
		61 248.40	82 449.54	45 729.49
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2014	GEOMATICS	7 668.39	-	-
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	518.93	-	748.65
2037	TRAFFIC MANAGEMENT & SAFETY	22 919.15	19 798.76	-
2521	TOURISM / ARTS / CULTURE & HERITAGE	-	24 000.27	-
		31 106.47	43 799.03	748.65

		October 2021 Amount	November 2021 Amount	December 2021 Amount
	DIRECTORATE OF FINANCE			
3005	OFFICE OF THE HOD OF FINANCE	3 182.92	-	-
3033	PAYROLL & BENEFITS	-	4 630.43	-
3051	REVENUE MANAGEMENT	77.93	-	-
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	69.71	-	-
3053	COASTAL REVENUE MANAGEMENT	80 828.11	64 523.74	221 389.95
3054	CUSTOMER RELATIONS (CALL CENTRE)	162 508.11	230 716.89	233 324.95
3055	INLAND REVENUE MANAGEMENT	45 269.56	55 729.18	129 686.84
3056	MIDLAND REVENUE MANAGEMENT	28 229.39	6 884.21	103 894.59
3057	RATES & VALUATIONS	-	2 891.68	-
3061	STRATEGY & OPERATIONS	1 884.76	457.07	-
3071	SUPPLY CHAIN MANAGEMENT	1 953.83	1 166.73	916.34
		324 004.32	366 999.93	689 212.67
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	8022.26	11005.31	9333.27
3513	FIRE & RESCUE	579986.59	567036.39	573822.81
3532	LAW ENFORCEMENT SERVICES	1 688 966.82	1 556 015.83	1552416.20
3533	TRAFFIC SERVICES	4 704.14	353 780.11	372 817.85
3533	TRAFFIC SERVICES	533 615.22	3 470.25	4 142.42
		2 815 295.03	2 491 307.89	2 512 532.55
	DIRECTORATE OF HUMAN SETTLEMENT			
4011	HOUSING DELIVERY & IMPLEMENTATION	(400.00)	(400.00)	(400.00)
		(400.00)	(400.00)	(400.00)
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	23 364.50	14 906.92	21 391.75
4511	ELECTRICAL & ENERGY SERVICES	2 446.16	3 462.70	3 565.04
4512	CUSTOMER SERVICES & REVENUE PROTECTION	101 159.14	122 689.95	117 721.21
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	1 549.12	1 800.09	1 700.09
4514	ELECTRICAL DISTRIBUTION	1 405 802.64	1 670 230.34	1 267 980.91
4521	ROADS / PIU & CONSTRUCTION	-	-	2 460.32
4522	CONSTRUCTION	4 975.55	4 916.69	4 410.01
4524	ROADS	29 884.12	57 878.58	40 163.51
4532	SANITATION	1 368 783.57	1 042 338.24	1 314 098.44
4535	WATER SERVICES	1 228 884.04	1 326 925.32	1 582 687.77
4542	FLEET SERVICES & PLANT	24 099.09	13 047.94	16 215.48
4543	WORKSHOPS	79 503.70	61 724.63	81 091.79
		4 270 451.63	4 319 921.40	4 453 486.32

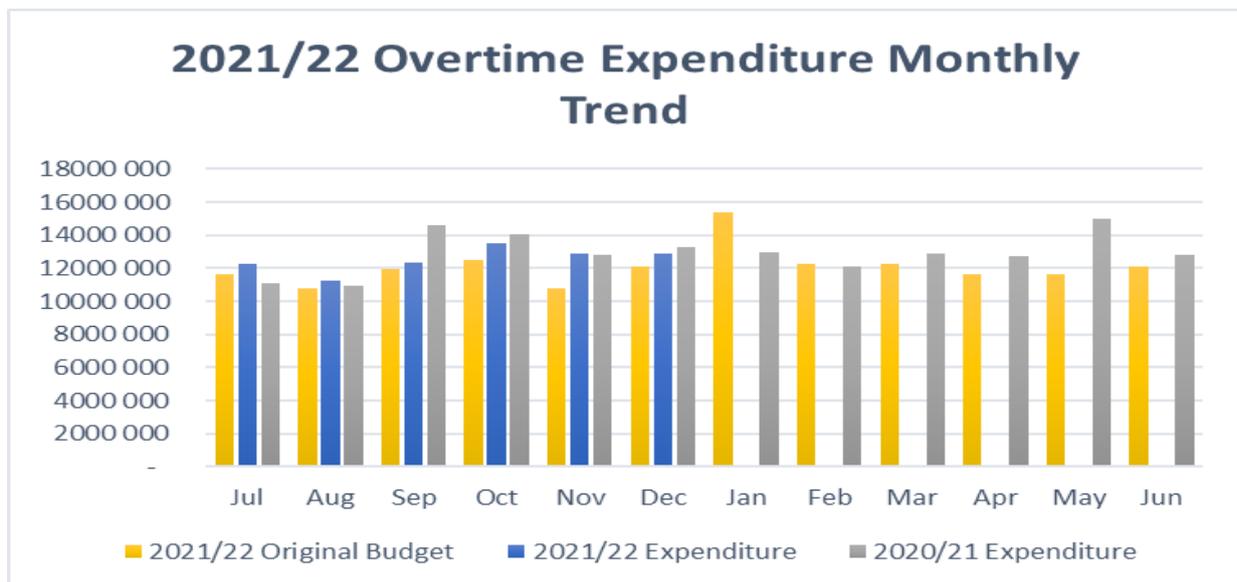
		October 2021 Amount	November 2021 Amount	December 2021 Amount
	DIRECTORATE OF MUNICIPAL SERVICES			
5024	PARKS: COASTAL	-	-	1 220.52
5032	CLEANSING & REFUSE REMOVAL: COASTAL	14 364.14	14 364.58	10 861.99
		14 364.14	14 364.58	12 082.51
	DIRECTORATE OF SOLID WASTE, ENVIRONMENTAL & HEALTH MANAGEMENT			
5505	OFFICE OF THE HOD SOLID WASTE & ENVIROMENT	166.06	-	2 888.69
5511	GENERAL MANAGER'S OFFICE	5 410.01	6 925.64	8 992.06
5512	WASTE REMOVAL & CLEANSING (COASTAL)	1 288 637.88	1 363 945.36	1 368 364.17
5517	LANDFILL & TRANSFER STATIONS	80 432.40	90 888.09	98 747.51
5523	COASTAL BEACHES & NATURE MANAGEMENT	237 196.28	193 946.71	149 961.28
5524	GRASS CUTTING & VEGETATION CONTROL	130 214.07	164 645.70	149 007.10
5533	MUNICIPAL HEALTH SERVICES	16 209.61	36 020.58	9 654.85
		1 758 266.31	1 856 372.08	1 787 615.66
	DIRECORATE OF SPORT, RECREATION & COMMUNITY DEVELOPMENT			
6005	OFFICE OF THE DIRECTOR OF SPORT ,RECREATION & COMMUNITY DEVELOPMENT	204.59	-	4 416.23
6011	GM OFFICE	23 618.84	42 955.94	32 908.28
6012	LIBRARIES	11 091.07	19 855.84	27 339.70
6013	HALLS	204 362.59	238 003.96	206 680.60
6014	ZOO & AQUARIUM	142 729.80	156 284.36	138 864.20
6022	PARKS (COASTAL)	1 021.70	27 591.68	36 700.25
6023	CEMETERIES (COASTAL)	161 562.04	158 079.21	129 960.98
6024	PARKS (MIDLAND)	5 829.02	5 213.28	1 214.12
6025	CEMETERIES (MIDLAND)	97 257.60	92 523.73	14 926.70
6026	PARKS (INLAND)	9 340.18	10 968.24	6 098.60
6027	CEMETERIES (INLAND)	102 737.93	92 240.94	69 903.43
6031	GM OFFICE	18.90	-	-
6032	FACILITIES	39 432.62	77 122.21	131 210.07
6033	SWIMMING POOLS	209 179.65	209 518.71	166 799.75
6034	RESORTS MANAGEMENT	76 103.42	74 612.98	76 833.57
		1 084 489.95	1 204 971.08	1 043 856.48
	TOTAL OVERTIME	10 853 312.51	10 899 974.39	10 772 051.72

The measures that have been put in place to reduce overtime are the following:

- a) Employees are not permitted to work more than ten (10) hours overtime per week – this is in line with the Basic Conditions of Employment Act.
- b) All planned overtime is capped at forty (40) hours per month - this is in line with the Basic Conditions of Employment Act.
- c) All emergency overtime to be signed and approved by Heads of Directorates to ensure accountability and emphasis on control measures.
- d) Further to the above, an in-depth study to be undertaken on the overtime work in comparison to the service delivery need, available staff complement and allocated overtime budget.

The graph below shows the overtime expenditure monthly trend for the current financial year compared to prior year

Figure 8: Overtime Expenditure Monthly Trend



13.2.1. Comments on Overtime

a) Directorate of Executive Support Services

The planned and emergency nature of tasks within the Political Offices contribute to excessive hours of work. Overtime incurred is also due to Inter-departmental and Inter-Governmental Relation programmes.

b) Directorate of The City Manager

The nature of tasks within City Manager's office contribute to excessive hours of work.

c) Directorate of Spatial Planning & Development

Emergency overtime was carried out by the Traffic Management & Safety Department because of traffic signals that needed to be fixed throughout the Metro as a result of them not working or needed to be replaced due to them being damaged. Another factor that adds to the excessive overtime is as a result of shift allowances for bus drivers who previously never received their shift allowances, are now receiving their shift allowance and have been backpaid.

d) Directorate of Health / Public Safety & Emergency Services

Structured overtime is compulsory compensation payable as a result of the requirements to work on Sundays and Public Holidays as part of a shift system.

These include but not limited to:

- a) Security Guards working longer hours due to the fact that there are installations which require security & safeguarding.
- b) The inspection of damages caused by strong winds, fires and floods.

e) Directorate of Infrastructure Services

- i. Roads – All overtime for clearing of storm water channels / drains and road maintenance were done due to emergencies in various areas such as Coastal, Midland and Inland.
- ii. Sanitation – The Sanitation Department is an Essential Service department, compelled in terms of legislative framework to always ensure that maintenance teams are available on standby on a 24hr basis each day. Similarly, the department operates 15 wastewater treatment works, which must be manned by staff on a 24hr basis, on a shift basis. Staff shortages at treatment works result in increased overtime. Covid-19 compliance also has an added impact.
- iii. Water - Overtime expenditure is due to emergency callouts for burst pipes, water leaks, water outages and replacement of shift workers at water treatment works and pump stations.

iv. Mechanical Workshop - Overtime is mainly caused by call outs by departments for either mechanical breakdown, tyre punctures, vehicles getting stuck and accidents.

f) Directorate of Sport, Recreation & Community Development

The Zoo and Aquarium are open 7 days a week and staff are required at the facility to ensure the captive animals are cared for correctly. Halls and Libraries Overtime is linked to hall usage which is also operational for 7 days a week. Cemeteries burials and cremations conducted over weekends due to religious beliefs and cultural customs.

13.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift payment for the months of October 2021, November 2021 and December 2021. There was a decrease in the total payment between October 2021 and November 2021 of R53 877 and a decrease in the total payment between November 2021 and December 2021 of R841 766.

Table 22: Standby & Shift Allowance per Directorate

	October 2021 Amount	November 2021 Amount	December 2021 Amount
Directorate of Executive Support Services	10 180	10 547	7 641
Directorate of the City Manager	1 938	2 155	4 547
Directorate of Corporate Services	7 047	13 973	1 712
Directorate of Spatial Planning & Development	45 985	22 763	488
Directorate Economic Development & Agencies	-	-	1 861
Directorate of Finance	9 084	11 059	11 682
Directorate of Health/Public Safety & Emergency Services	722 898	693 290	681 902
Directorate of Infrastructure Services	937 081	859 965	203 195
Directorate of Solid Waste, Environmental & Health	394 159	461 615	356 035
Directorate of Sport, Recreation & Community Development	36 333	35 463	-
TOTAL	2 164 706	2 110 829	1 269 064

13.4. Cost of Temporary Staff

Table 23 below reflects the total payment of Temporary Staff for the months of October 2021, November 2021 and December 2021. There was a decrease in the total payment between October 2021 and November 2021 of R574 505 and an increase in the total payment between November 2021 and December 2021 of R619 977.

Table 23: Temporary Staff per Directorate

	October 2021 Amount	November 2021 Amount	December 2021 Amount
Directorate of Executive Support Services	315 488	263 250	388 455
Directorate of the City Manager	15 917	38 395	45 489
Directorate of Corporate Services	2 059 825	1 781 721	2 081 154
Directorate of Finance	120 648	195 040	154 361
Directorate of Health/Public Safety & Emergency Services	15 721	7 556	-
Directorate of Infrastructure Services	1 098 950	878 347	1 079 680
Directorate of Solid Waste, Environment & Health Man	332 254	219 988	255 136
TOTAL	3 958 803	3 384 298	4 004 275

13.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year-to-date budget of R 37.20 million less the year-to-date expenditure of R32.09 million leaves a variance of R 5.11 million.

Table 24: Councillors Costs**Councillors Allowances and Benefits**

Councillors Allowances And Benefits	2021/2022 Annual Budget R	2021/2022 YTD Budget R	2021/2022 YTD Expenditure R	2021/2022 Variance R	2021/2022 Variance %
Councillors Allowances	50 653 025	24 616 888	20 198 775	4 418 113	17,95
Housing Allowance	2 712 058	1 318 034	3 374 222	-2 056 188	0,00
Medical Aid Allowance	2 311 140	1 123 192	961 690	161 502	14,38
Pension Allowance	4 769 083	2 317 729	1 756 717	561 012	24,21
Travel Allowance	16 104 299	7 826 536	5 801 199	2 025 337	25,88
Total	76 549 605	37 202 379	32 092 603	5 109 776	13,74

14. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R57.86 million (39%) of its 2021/2022 adjusted operating budget of R148,09 million. A detailed analysis of the entity's performance for month ended 31 December 2021 is outlined in the attached **Annexure F**.

Table 25: Monthly Budget Statement – summary of municipal entity

Buffalo City Development Agency - Table F2 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	2019/20	Current Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Interest earned - external investments	488	467	467	48	316	236	80	33,8%	467
Agency services	6 799	4 000	4 000	987	2 729	1 675	1 053	62,9%	4 000
Transfers and subsidies	125 436	133 859	135 221	486	1 112	100 236	(99 124)	-98,9%	135 221
Other revenue	189	8 399	8 399	-	21 081	4 197	16 884	402,3%	8 399
Gains	(3)	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	132 909	146 725	148 088	1 521	25 237	106 344	(81 107)	-76,3%	148 088
Expenditure By Type									
Employee related costs	28 411	30 607	30 607	3 642	12 053	15 215	(3 162)	-20,8%	30 607
Depreciation & asset impairment	1 181	995	995	87	432	542	(110)	-20,3%	995
Finance charges	0	4	4	0	0	2	(2)	-100,0%	4
Other materials	556	727	727	38	229	361	(132)	-36,5%	727
Contracted services	95 442	106 138	107 500	14 559	41 464	52 629	(11 165)	-21,2%	107 500
Transfers and subsidies	203	-	-	-	39	-	39	0,0%	-
Other expenditure	5 783	8 255	8 255	736	3 645	4 574	(929)	-20,3%	8 255
Losses	13	-	-	-	-	-	-	-	-
Total Expenditure	131 590	146 725	148 088	19 061	57 861	73 322	(15 461)	-21,1%	148 088
Surplus/(Deficit)									
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1 238	1 200	1 200	-	-	479	(479)	-100,0%	1 200
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Transfers and subsidies - capital (in-kind - all))	-	-	-	12 338	34 106	-	34 106	0,0%	-
Surplus/(Deficit) before taxation	2 557	1 200	1 200	(5 202)	1 482	33 501	(32 019)	-95,6%	1 200
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 557	1 200	1 200	(5 202)	1 482	33 501	(32 019)		1 200

15. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 26% (R518.12 million, inclusive of reclaimed vat) of its 2021/22 adjusted capital budget of R2.01 billion as at 31 December 2021. This reflects a decline when compared to the same period in the previous financial year where 28% (R563.72 million, inclusive of reclaimed vat) of the adjusted capital budget of R2.04 billion was spent. However, it is expected that expenditure will improve in the second half of the financial year as major projects have since moved from planning to implementation stage.

Refer to Annexure A – C5 for the breakdown per municipal vote standard classification & funding; Annexure B – SC14 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset.

A detailed schedule of the capital projects expenditure is outlined in **Annexure E**.

Table 26 below reflects capital expenditure performance per source of funding.

Table 26: Capital Expenditure per Funding Source against Budget

Funding	2021/2022 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Own Funding	701 378 735	251 552 662	449 826 073	36%
Own Funding C/O	204 134 633	68 887 560	135 247 073	34%
Loan	369 714 278	2 764 428	366 949 850	1%
TOTAL OWN FUNDING	1 275 227 645	323 204 650	952 022 995	25%
Urban Settlement Development Grant	454 963 850	157 401 384	297 562 466	35%
Informal Settlements Upgrading Partnership Grant	259 384 750	30 884 950	228 499 800	12%
Energy Efficiency Demand Side Management Grant	9 000 000	6 593 344	2 406 656	73%
Neighbourhood Development Partnership Grant	9 000 000	39 215	8 960 785	0%
Infrastructure Skills Development Grant	150 000	0	150 000	0%
TOTAL GRANTS	732 498 600	194 918 894	537 579 706	27%
TOTAL CAPITAL BUDGET	2 007 726 245	518 123 544	1 489 602 701	26%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

Services	2021/2022 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	46 601 743	25 800 869	20 800 874	55%
Electricity	123 670 178	58 274 747	65 395 431	47%
Human Settlements	291 884 750	53 682 305	238 202 445	18%
Local Economic Development	145 592 724	35 252 737	110 339 988	24%
Other: BCMM Fleet	25 000 000	111 900	24 888 100	0%
Public Safety	49 042 998	5 043 188	43 999 810	10%
Roads	417 589 874	167 582 953	250 006 922	40%
Spatial Planning	44 910 462	3 109 636	41 800 826	7%
Support Services	321 057 831	103 021 043	218 036 788	32%
Transport Planning	79 317 852	21 638 696	57 679 156	27%
Waste Management	17 108 045	932 887	16 175 158	5%
Waste Water	320 376 378	13 765 732	306 610 646	4%
Water	125 573 410	29 906 853	95 666 557	24%
TOTAL - PER SERVICE	2 007 726 245	518 123 544	1 489 602 701	26%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2021/2022 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	6 386 978	2 801 094	3 585 885	44%
City Manager's Office	7 980 066	31 655	7 948 411	0%
Corporate Services	20 538 910	1 476 675	19 062 235	7%
Spatial Planning & Development	124 728 314	24 853 653	99 874 661	20%
Economic Development & Agencies	94 730 167	13 599 905	81 130 262	14%
Finance Services	276 420 009	97 811 369	178 608 640	35%
Health/Public Safety & Emergency Services	39 486 519	3 792 990	35 693 530	10%
Human Settlements	292 384 750	53 682 305	238 702 445	18%
Infrastructure Services	1 012 709 840	269 865 202	742 844 638	27%
Sports, Recreation & Community Development	46 297 199	25 493 519	20 803 680	55%
Solid Waste & Environmental Management	28 500 935	2 650 748	25 850 187	9%
TOTAL DIRECTORATES	1 950 163 688	496 059 115	1 454 104 573	25%
Asset Replacements	5 000 000	7 517	4 992 483	0%
BCMDA Projects	52 562 557	22 056 912	30 505 645	42%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	2 007 726 245	518 123 544	1 489 602 701	26%

The capital programme performance by month is tabulated in table 29 below (exclusive of Vat).

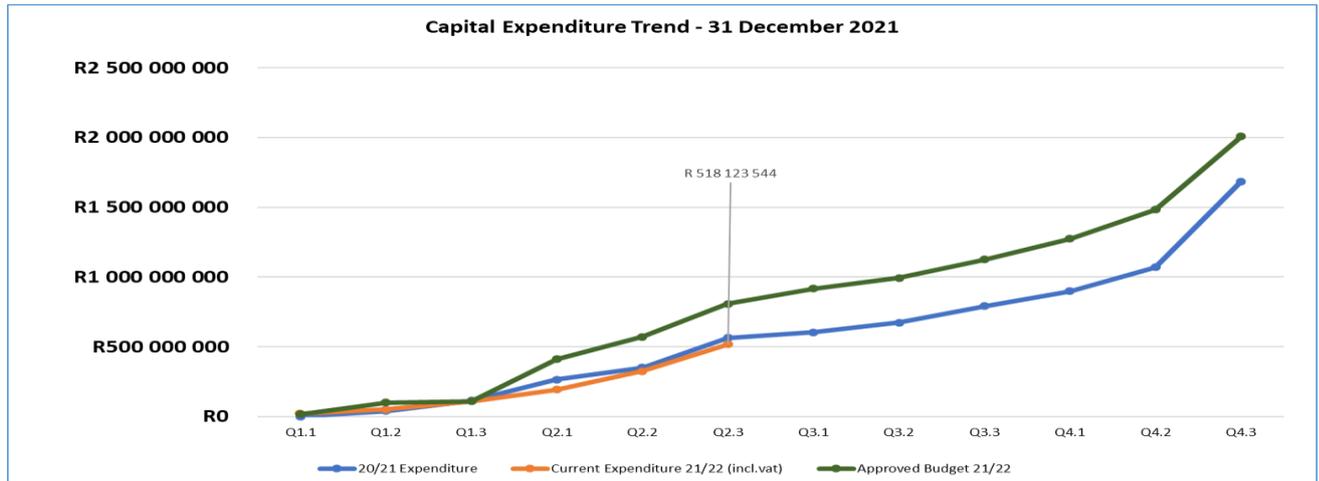
Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M06 December

Month	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	166	150 299	150 258	20 467	20 467	150 258	129 791	86,4%	1%
August	35 886	150 299	166 346	31 182	51 649	316 604	264 954	83,7%	3%
September	68 098	150 299	166 903	54 489	106 139	483 507	377 368	78,0%	6%
October	141 619	150 299	167 366	77 552	183 691	650 872	467 181	71,8%	10%
November	78 952	150 299	167 739	127 084	310 775	818 612	507 836	62,0%	17%
December	201 581	150 299	168 652	187 602	498 377	987 264	488 887	49,5%	28%
January	35 957	150 299	167 981	–	–	1 155 245	–	–	–
February	64 149	150 299	167 194	–	–	1 322 439	–	–	–
March	110 651	150 299	168 239	–	–	1 490 678	–	–	–
April	104 368	150 299	172 036	–	–	1 662 714	–	–	–
May	162 139	150 299	170 227	–	–	1 832 941	–	–	–
June	587 786	150 299	174 786	–	–	2 007 726	–	–	–
Total Capital expenditure	1 591 352	1 803 592	2 007 726	498 377					

The graph below shows the capital expenditure trend inclusive of reclaimed vat for the current financial year and the previous financial year.

Figure 9: Capital Expenditure Trend



15.1. Strategies that have been put in place to improve expenditure

The City continues to implement intervention measures to improve the City's spending performance. As a tool to monitor the

performance of each bid committee, weekly reports are submitted to the City Manager on the sitting of bid committees to assist in early identification of challenges and poor performance by the committees. The above assists the City Manager to come up with prompt interventions and remedial actions, the following has been implemented as part of the remedial action:

- a) Continuous restructuring of bid committees to ensure effectiveness and efficiency. Additional members have been appointed to address the problem of non-sitting of committees as a result of meetings failing to meet the required quorum.
- b) All bid committee members have been taken through formal training in an effort to:
 - I. Improve the turnaround in processing of bids at committees.
 - II. Improve quality of bid specifications which in turn makes evaluation swifter and reduce the rate of withdrawn tenders due to incorrect specification.
 - III. Reduce the rate of litigations that are a result of incorrect evaluation and award due to poor specifications.
- c) This seeks to achieve the envisaged target of three months for the procurement process from initiation to the award of an open bid.
- d) Reconfiguration of processes at the Supply Chain Management unit are also underway to improve all procurement related activities. SCM is compiling weekly register of all requisitions submitted by Directorates and this process will help to address the challenges of missing requisitions or requisitions not captured timeously causing unnecessary procurement delays.
- e) All committee meetings are required to sit at least once a week to ensure that there is no backlog.
- f) There is a capital spending committee that has been set by the Executive Mayor which is composed of Mayoral Committee Members and Heads of Directorates; its purpose is to monitor capital expenditure performance.

16. OTHER SUPPORTING DOCUMENTS

16.1. Operating Projects Expenditure

The Metro has spent 26% (R107.62 million, inclusive of reclaimed vat) of its 2021/22 adjusted operating projects budget of R411.80 million as at 31 December 2021. This reflects a decline when compared to the same period in the previous financial year where 34% (R128.73 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R377.79 million was spent. However, it is expected that expenditure will improve in the second half of the financial year as major projects have since moved from planning to implementation stage.

A detailed schedule of the operating projects expenditure is outlined in **Annexure D**. Also refer to section 14.1 above of the report on measures that are implemented to improve expenditure.

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

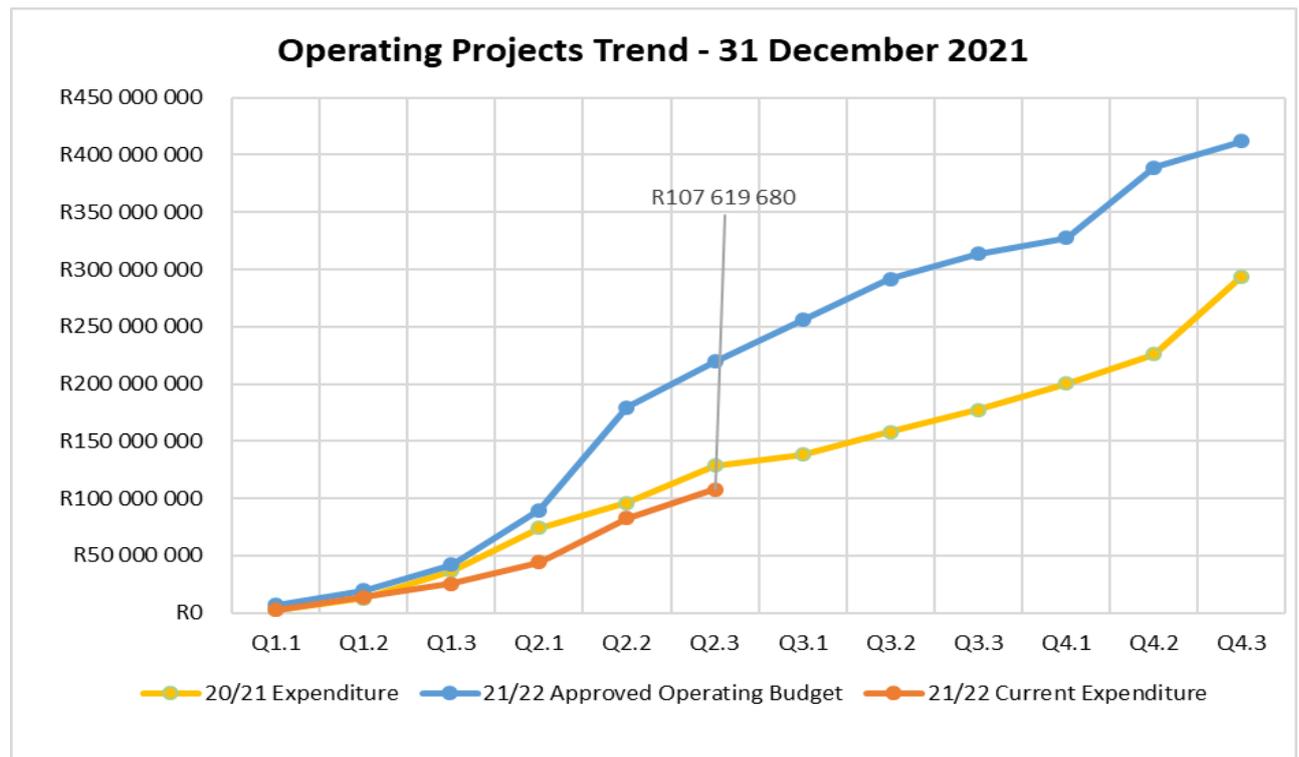
Directorate	<u>2021/2022 Adjusted Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Variance (incl. VAT)</u>	<u>% Expenditure (incl. vat)</u>
Executive Support Services	52 208 017	18 121 432	34 086 584	35%
City Manager's Office	45 634 400	21 368 855	24 265 545	47%
Corporate Services	11 350 000	4 010 153	7 339 847	35%
Spatial Planning & Development	10 323 250	2 121 971	8 201 279	21%
Economic Development & Agencies	5 650 000	1 331 773	4 318 227	24%
Finance Services	46 371 684	4 050 183	42 321 501	9%
Health/Public Safety & Emergency Services	2 200 000	0	2 200 000	0%
Human Settlements	180 859 912	23 329 896	157 530 016	13%
Infrastructure Services	45 500 000	31 304 122	14 195 878	69%
Sports , Recreation & Community Development	1 500 000	0	1 500 000	0%
Solid Waste & Environmental Management	10 200 000	1 981 296	8 218 704	19%
TOTAL PER DIRECTORATE	411 797 263	107 619 681	304 177 582	26%

Table 31: Operating Projects Per Funding Source

Funding	2021/2022 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Total Own Funding	152 651 094	36 278 900	116 372 194	24%
Urban Settlement Development Grant	44 741 150	35 206 717	9 534 433	79%
Finance Management Grant	1 000 000	281 094	718 906	28%
Informal Settlements Upgrading Partnership Grant	6 873 250	1 304 406	5 568 845	19%
Infrastructure Skills Development Grant	10 350 000	3 909 560	6 440 440	38%
Programme And Project Preparation Support Grant (PPPSG)	8 941 000	6 645	8 934 355	0%
Expanded Public Works Programme	7 300 000	7 292 181	7 819	100%
Human Settlements Development Grant	99 082 000	8 309 307	90 772 693	8%
Human Settlements Development Grant c/o	80 477 912	15 020 589	65 457 323	19%
Salaida	380 857	10 283	370 574	3%
TOTAL PER FUNDING SOURCE	259 146 169	71 340 781	187 805 388	28%
TOTAL OPERATING PROJECTS	411 797 263	107 619 681	304 177 582	26%

The graph below shows the operating projects expenditure trend for the current financial year and the previous financial year.

Figure 10: Operating Projects Expenditure Trend



17. COST CONTAINMENT MEASURES

The cost containment policy of BCMM was approved by council on 29 June 2020 with effect from 01 July 2020. In terms of regulation 15(1) of the cost containment regulations, the disclosure of cost containment measures applied by the municipality and municipal entity must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.

Table 32 below compares expenditure incurred on cost containment items per quarter and total savings realised for the quarter under review.

Table 32: Cost Containment Quarterly Report

Measures	Cost Containment In-Year Report			
	2021/2022 Budget	Q2 October - December		Savings realised when compared to YTD budget
		21/22 YTD Budget	21/22 Expenditure	
Catering	4 523 011	2 261 506	1 218 895	1 042 611
Use of Consultants	73 458 270	36 729 135	30 431 225	6 297 910
Travel & Subsistence and Accommodation	7 475 216	3 737 608	3 741 096	(3 488)
Entertainment	1 797 854	898 927	832 246	66 681
Advertising, Publication & Marketing	11 118 577	5 559 289	8 239 402	(2 680 113)
Sponsorships and Events	17 791 944	8 895 972	9 723 915	(827 943)
Total	116 164 872	58 082 436	54 186 778	3 895 658

18. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP is a management, implementation and monitoring tool which assists the Executive Mayor, Councillors, Accounting Officer, Senior Managers and the community with the realisation of Municipality's strategic objectives as contained in the Integrated Development Plan (IDP). It also seeks to ensure monitoring and execution of the budget, performance of senior management and the achievement of the service delivery objectives set by Council. SDBIP enhances the principle of democratic and accountable local government as enshrined in section 152 of the Constitution. The SDBIP should therefore contain information that pertains to performance indicators, service delivery targets as well as measurement source. The SDBIP for the 2021/2022 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM.

The BCMM 2021/2022 Service Delivery Targets and Performance Indicators as well as actual performance achieved during second quarter and mid-term are attached as Annexure G1 and Annexure G2.

Below is the summary of the 2nd quarter SDBIP performance per directorate.

18.1. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - SECOND QUARTER 2021/2022 PER DIRECTORATE

i. Executive Support Services

The Executive Support Services Directorate has set 6 Key Performance Indicators. The total number of KPI's achieved is 2, not achieved is 3 and not for reporting in this quarter is 1. Therefore, the overall Second Quarter Performance for Executive Support Services is 40%.

ii. Human Settlements

The Human Settlements Directorate has set 6 Key Performance Indicators on their SDBIP. The total of KPI's achieved is 3 and not achieved is 3. Therefore, the overall Second Quarter Performance for Human Settlements is 50%.

iii. Directorate of Finance

The Directorate of Finance has set 20 KPI's on their SDBIP. The total number of KPI's achieved is 13, not achieved is 6 and not for reporting for this quarter is 1. Therefore, the overall Second Quarter Performance for Directorate of Finance is 68%.

iv. Corporate Services

The Corporate Services Directorate has set 13 KPI's. The total number of KPI's achieved is 7 and not achieved is 6. Therefore, the overall Second Quarter Performance for Corporate Services is 54%.

v. Infrastructure Services

The Directorate of Infrastructure Services has set 28 KPI's. The total number of KPI's achieved is 8, not achieved is 4 and not for reporting for this quarter is 16. Therefore, the overall Second Quarter Performance for Infrastructure Services is 67%.

vi. Spatial Planning and Development

The Directorate of Spatial Planning and Development has set 13 KPI's. The total number of KPI's achieved is 5, not achieved is 6 and not for reporting for this quarter is 2. Therefore, the overall Second Quarter Performance for Spatial Planning and Development is standing at 45 %.

vii. Economic Development and Agencies

The Directorate of Economic Development & Agencies has set 9 KPI's on their SDBIP. The total number of KPI's achieved is 6, not achieved is 1 and not for reporting is 2. Therefore, the overall Second Quarter Performance for Economic Development & Agencies is standing at 86%.

viii. Health/Public Safety and Emergency Services

The Directorate of Health/Public Safety and Emergency Services has set 9 KPI's. The total number of KPI's achieved is 3, not achieved in this quarter is 3 and not for reporting for this quarter is 3. Therefore, the overall Second Quarter Performance for Health/Public Safety and Emergency Services is standing at 50%.

ix. Solid Waste and Environmental Management

The Directorate of Solid Waste and Environmental Management has set 7 KPI's. The total number of KPI's achieved is 1, not achieved is 2 and not for reporting in this quarter is 4. Therefore, the overall Second Quarter Performance for Municipal Services is 33%.

X. Sport, Recreation and Community Development

The Directorate of Sport, Recreation and Community Development has set 11 KPI's. The total number of KPI's achieved is 4, not achieved is 3 and not for reporting in this quarter is 4. Therefore, the overall Second Quarter Performance for Sport, Recreation and Community Development is 57%.

The overall institutional performance for the second quarter is **58%**. The above information is summarized in the table below.

Table 33: Summary of BCMM Second Quarter Performance per Directorate

Directorates	Total no. of KPI(s)	No. of KPI(s) achieved	No. of KPI's not achieved	Not for reporting this quarter	Second Quarter % of KPI's achieved
Executive Support Services	6	2	3	1	40 %
Human Settlements	6	3	3	0	50%
Directorate of Finance	20	13	6	1	68%
Corporate Services	13	7	6	0	54%
Infrastructure Services	28	8	4	16	67%
Spatial Planning & Development	13	5	6	2	45%
Economic Development and Agencies	9	6	1	2	86%
Health/Public Safety and Emergency Services	9	3	3	3	50%
Solid Waste and Environmental Management	7	1	2	4	33%
Sport, Recreation And Community Development	11	4	3	4	57%
Total	122	52	37	33	58%

18.1.1. SUMMARY AND ANALYSIS

Human Settlements, Infrastructure Services, Finance Services, Sport, Recreation and Community Development, Corporate Services, Health and Public Safety, Economic Development and Agencies have recorded performance above the average of 50% during the second quarter 2021/2022. Directorate of Solid Waste and Environmental Management, Executive Support Services and Spatial Planning and Development are the only directorates that have performed below 50%. The overall performance of the institution for **2021/2022 Second Quarter is 58%**.

18.2. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - MID-TERM 2021/2022 PER DIRECTORATE

i. Executive Support Services

The Executive Support Services Directorate has set 6 Key Performance Indicators. The total number of KPI's achieved is 3 and not achieved is 3. Therefore, the overall mid-term Performance for Executive Support Services is **50%**.

ii. Human Settlements

The Human Settlements Directorate has set 6 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 3, not achieved is 3. Therefore, the overall mid-term Performance for Human Settlements is **50%**.

iii. Directorate of Finance

The Directorate of Finance has set 20 KPI's on their SDBIP. The total number of KPI's achieved is 13, not achieved is 6 and not for reporting during the mid-term is 1. Therefore, the overall mid-term Performance for Directorate of Finance is **68%**.

iv. Corporate Services

The Corporate Services Directorate has set 13 KPI's. The total number of KPI's achieved is 7 and not achieved is 6. Therefore, the overall mid-term Performance for Corporate Services is **54%**.

v. Infrastructure Services

The Directorate of Infrastructure Services has set 28 KPI's. The total number of KPI's achieved is 9, not achieved is 3 and not for reporting during mid-term is 16. Therefore, the overall mid-term Performance for Infrastructure Services is **75%**.

vi. Spatial Planning and Development

The Directorate of Spatial Planning and Development has set 13 KPI's. The total number of KPI's achieved is 5, not achieved is 6 and not for reporting during the mid-term is 2. Therefore, the overall mid-term Performance for Spatial Planning and Development is **45%**.

vii. Economic Development and Agencies

The Directorate of Economic Development & Agencies has set 9 KPI's on their SDBIP. The total number of KPI's achieved is 8 and not achieved is 1. Therefore, the overall mid-term Performance for Economic Development & Agencies is **89%**.

viii. Health/Public Safety and Emergency Services

The Directorate of Health/Public Safety and Emergency Services has set 9 KPI's. The total number of KPI's achieved is 5, not achieved is 3 and not for reporting during mid-term is 1. Therefore, the overall mid-term Performance for Health/Public Safety and Emergency Services is **63%**.

ix. Solid Waste and Environmental Management

The Directorate has set 7 KPI's. The total number of KPI's achieved is 1, not achieved is 3 and not for reporting during mid-term is 3. Therefore, the overall mid-term Performance for Solid Waste and Environmental Management is **25%**.

x. Sport, Recreation and Community Development

The Directorate of Sport, Recreation and Community Development has set 11 KPI's. The total number of KPI's achieved is 4, not achieved is 6 and not for reporting in this quarter is 1. Therefore, the overall Second Quarter Performance for Sport, Recreation and Community Development is 40%.

The overall institutional performance for the mid-term is **59%**. The above information is summarized in the table below as follows:

Table 34: Summary of BCMM Mid-Term Performance per Directorate

Directorates	Total no. of KPI(s)	No. of KPI(s) achieved	No. of KPI's not achieved	Not for reporting during mid-term	Mid-term % of KPI's achieved
Executive Support Services	6	3	3	0	50%
Human Settlements	6	3	3	0	50%
Directorate of Finance	20	13	6	1	68%
Corporate Services	13	7	6	0	54%
Infrastructure Services	28	9	3	16	75%
Spatial Planning & Development	13	5	6	2	45%
Economic Development and Agencies	9	8	1	0	89%
Health/Public Safety and Emergency Services	9	5	3	1	63%
Solid Waste and Environmental Management	7	1	3	3	25%
Sport, Recreation and Community Development	11	4	6	1	40%
Total	122	58	40	24	59%

18.2.1. SUMMARY AND ANALYSIS

Human Settlements, Infrastructure Services, Finance Services, Corporate Services, Executive Support Services, Health and Public Safety, Economic Development and Agencies have recorded performance above the average of 50% during the mid-term 2021/2022. Directorate of Solid Waste and Environmental Management, Sport, Recreation and Community Development, and Spatial Planning and Development are the only directorates that have performed below 50%. The overall performance of the institution for **2021/2022 Mid-Term is 59%**.

19. MID YEAR ADJUSTMENT BUDGET FOR THE 2021/2022 FINANCIAL YEAR

The performance report will be analysed in terms of its revenue projections and expenditure categories which will culminate in the mid-year adjustment budget to be tabled in a Council meeting in February 2022 in terms of S28 of the MFMA.

20. PAST YEAR'S ANNUAL REPORT AND PROGRESS MADE ON RESOLVING PROBLEMS IDENTIFIED IN THE ANNUAL REPORT

1. The Metro's 2020/21 Annual Report will be tabled at Council by 26 January 2022.
2. The 2021 Audit is still in progress. The Audit Report will be tabled at Council once the Audit is finalised.
3. Problems identified as well as progress made in resolving the identified problems are detailed in the Annual Report and those that relate to Auditor-General's Report of 2020/21 will be addressed once the Audit has been finalised.

21. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, Andile Sihlahla, City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The quarterly report on the implementation of the budget and financial state of affairs of the municipality (Section 52d Report)

for the period ending **December 2021** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality

Signature:

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Annexure B

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Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report

Annexure G 1

Second Quarter Service Delivery and Budget Implementation Plan 2021/2022

Annexure G 2

Mid-Term Service Delivery and Budget Implementation Plan 2021/2022