CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

DATE: 01 OCTOBER 2025

REPORT TO: EXECUTIVE MAYOR

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1. ITEM NUMBER

2. SUBJECT

SUPPLY CHAIN MANAGEMENT:
REPORT FOR THE PERIOD 1 JULY 2025 TO 30 SEPTEMBER 2025

VERSKAFFINGSKETTINGBESTUUR:
VERSLAG VIR DIE TYDPERK 1 JULIE 2025 TOT 30 SEPTEMBER 2025

ULAWULO LOBONELELO NGENKONZO YOKUTHENGA NOKUTHENGISA IIMPAHLA ZEZIKO:
INGXELO ESUSELA KWISSITHUBA SOMHLA WOKU-1 JULAYI 2025 UKUYA KOWAMA-30 SEPTEMBER 2025

3. DELEGATED AUTHORITY

In terms of delegation

This report is for

☐ **Committee name** :

☑ The Executive Mayor

☐ Council

4. DISCUSSION

Clause 9 of the City's Supply Chain Management Policy (SCM Policy) related to Section 117 of the Municipal Finance Management Act (MFMA) provides that a City Councillor may not be a member of a bid committee or any other committee evaluating or approving quotations or bids (tenders), nor may a City Councillor attend such a meeting as an observer.

However, Clause 10 of this policy mentions that Council has an oversight role to ensure that the City Manager implement the City's SCM Policy.

John Laing Smale

Clause 11 records that the Executive Mayor must provide general political guidance over the fiscal and financial affairs of the City and must monitor and oversee the exercise of responsibilities assigned to the City Manager and Chief Financial Officer in terms of the MFMA.

In accordance with Clause 12 of our SCM Policy, the City Manager must submit quarterly reports within 10 days to the Executive Mayor and, within 30 days of the end of each financial year submit a report to Council, on the implementation of this policy.

4.1. Financial Implications ☑ None ☐ Opex ☐ Capex

☐ Capex: New Projects

☐ Capex: Existing projects requiring additional funding

☐ Capex: Existing projects with no Additional funding requirements

Policy and Strategy ☐ Yes ☑ No

Legislative Vetting ☐ Yes ☑ No

Legal Implications ☐ Yes ☑ No

Staff Implications ☐ Yes ☑ No

Risk Implications ☐ Yes The risks for approving and/or not approving the recommendations are listed below:

☐ No Report is for decision and has no risk implications.

☑ No Report is for noting only and has no risk implications.

POPIA Compliance	☑ Yes	It is confirmed that this report has been checked and considered for POPIA compliance.

5 RECOMMENDATIONS

IT IS RECOMMENDED THAT THE CONTENTS OF THE REPORT ENTITLED SUPPLY CHAIN MANAGEMENT REPORT FOR THE PERIOD 1 JULY 2025 TO 30 SEPTEMBER 2025 BE NOTED.

AANBEVELING
DAAR WORD AANBEVEEL DAT DAAR KENNIS GENEEM WORD VAN DIE INHOUD VAN DIE VERSLAG GETITELD VERSKAFFINGSKETTINGBESTUUR: VERSLAG VIR DIE TYDPERK 1 JULIE 2025 TOT 30 SEPTEMBER 2025.

ISINDULULO
KUNDULULWE UKUBE MAKUQWALASELWE IZIQULATHO ZENGXELO ESIHLOKO 'INGXELO ENGOLAWULO LOBONELELO NGEMPAHLA EKWIZIKO' YESITHUBA ESISUSELA KWISITHUBA SOMHLA WOKU-1 JULAYI 2025 UKUYA KOWAMA-30 SEPTEMBER 2025.

ANNEXURES

ANNEXURE A

FOR FURTHER DETAILS CONTACT

NAME	Adiel Bloew	CONTACT NUMBER	021 400 3190
E-MAIL ADDRESS	Adiel.Bloew@capetown.gov.za		
DIRECTORATE	Finance	FILE REF NO	
SIGNATURE : DIRECTOR	Adiel Bloew Digitally signed by Adiel Bloew Date: 2025.10.07 15:27:32 +02'00'		

CHIEF FINANCIAL OFFICER

NAME Kevin Jacoby COMMENT:

DATE

SIGNATURE Digitally signed by Kevin Jacoby Date: 2025.10.07 15:43:50 +02'00'

The ED's signature represents support for report content and confirms POPIA compliance.

LEGAL COMPLIANCE

☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

☐ NON-COMPLIANT

NAME COMMENT:

DATE

SIGNATURE John Laing Smale Digitally signed by John Laing Smale Date: 2025.10.08 15:14:52 +02'00' For information.

CITY MANAGER

NAME Lungelo Mbandazayo COMMENT:

DATE

SIGNATURE Digitally signed by Lungelo Mbandazayo Date: 2025.10.08 19:07:25 +02'00'

EXCUTIVE MAYOR

NAME Ald Geordin Hill-Lewis COMMENT:

DATE 9/10/25

SIGNATURE

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.

ANNEXURE 1

1. STRATEGIC INTENT

- ☐ Opportunity City
- ☐ Safe City
- ☐ Caring City
- ☐ Inclusive City
- ☒ Well-run City

2. PURPOSE

Compliance with clause 12 of the City's Supply Chain Management (SCM) Policy.

3. FOR NOTING BY COUNCIL

For information of Council.

4. EXECUTIVE SUMMARY

This report briefly analyses the on-going implementation of the City's Supply Chain Management Policy, for oversight purposes.

5. OTHER SERVICES CONSULTED

Not applicable.

6. SALIENT DETAILS OF SUPPLY CHAIN MANAGEMENT ACTIVITIES

Major SCM activities are summarized below, for information.

6.1 Demand and Acquisition Management

The Demand Management unit has been instrumental in driving the planning for tenders and contracts for the MTREF cycle. The demand plan is reconciled to the capital and operating budgets to ensure that budgets are informed by planned contracts. Regular interactions with executives and line departments take place to ensure progress is made towards the implementation of tenders City wide.

6.1.1 Implementation of the 2025/26 Demand Plan

The implementation of the 2025/26 demand plan has progressed well. The total quantum of the demand plan at the end of quarter 1 of the 2025/26 financial year is approximately 325 tenders, of which none relate to the previous financial year due to the 100% completion rate. This amounts to 24 more tenders on the demand plan at quarter 1 of the 2024/25 demand plan, which consisted of 301 tenders.

The demand plan is discussed in collaboration meetings with each Executive Director and their management team, together with representatives from SCM. These meetings are chaired by the CFO. The demand plan is a standing item on the agenda in order to ensure that there is full collaboration and commitment to successfully implement the demand plan. Within the SCM department, bi-weekly meetings are held with Director: SCM to monitor slippages and delays with tenders.

The tender completion rate was 76% as at the end of Quarter 1 of the 2025/26financial year and is reflected in Table 01 below:

Table 01: 2025/26 Demand Plan for Tenders

The table below reflects the breakdown of the 76% of tenders completed by the different statuses.

2025/26 Approved Demand Plan	
Total number of tenders on approved plan	325
Number of tenders successfully awarded	199
Number of tenders cancelled	47
Number of tenders in evaluation stage	69
Number of tenders in pre-evaluation stage	10
Implementation rate	**76%**

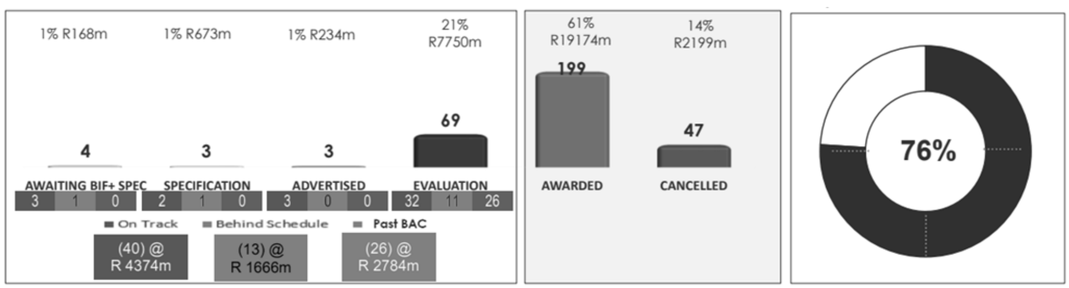
As can be seen from Table 01, 199 tenders (61.23%) of the total required tenders have been awarded and 47 tenders (14.46%) were cancelled as at 30 September 2025 (63 tenders for 2024/25; 21.50%).

Tenders to the value R19 174million for the financial year have been awarded, and tenders to the value of R2 199million have been cancelled.

Figure 01 below further illustrates the above graphically with percentages and rand values per stage of the tenders on the demand plan.

Figure 01 – Graphical View of Demand Plan (2025/26)

Sixty-nine (69) tenders to the value of R7,750million are currently still in process of evaluation and ten tenders (10) to the value of R1,075m are in pre-evaluation. Cancelled tenders are discussed in more detail in paragraph 6.1.3 below.



Measures to Improve Tender Processing

The emphasis at this stage is to ensure that the demand plan is implemented timeously in order to support service delivery. The following steps were introduced to strengthen the implementation of the demand plan:

- The Line Department/PMO must determine the BIF/Specification due dates and CRD, with full consideration of the end-to-end process and resource implications.
- Tender timelines will be confirmed only after the BIF/Specification has been submitted.
- The advertising period shall be in accordance with legislation and the SCM policy
- A minimum of 90 days must be provided between the targeted BAC meeting date and the CRD (to allow for appeal and contracting processes).

The Demand Plan supports the capital and operating budget spending by ensuring that all projects which requires a tender is linked to the Demand Plan for the MTREF period.

6.1.2 Slippage analysis per Directorate 2025/26

The Slippage analysis indicates whether each tender is progressing through the SCM system according to plan in order to have the contract ready on time. Tenders are categorized as to whether they are on track, behind schedule or overdue (past the BAC award Date). The tender slippage analysis per directorate for the 2025/26 demand plan as at 30 September 2025 is depicted in Table 02 below.

Table 02: Tenders not yet awarded per Directorate 2025/26

	On Track	Behind Schedule	Overdue	Grand Total
COMMUNITY SERVICES & HEALTH	0	2	2	4
CORPORATE SERVICES	5	0	1	6
ECONOMIC GROWTH	0	1	0	1
ENERGY	9	1	2	12
FINANCE	3	0	0	3
FUTURE PLANNING & RESILIENCE	1	0	4	5
HUMAN SETTLEMENTS	3	1	1	5
OFFICE OF THE CITY MANAGER	1	0	0	1
SAFETY & SECURITY	1	1	1	3
SPATIAL PLANNING & ENVIRONMENT	1	2	2	5
URBAN MOBILITY	6	0	0	6
URBAN WASTE MANAGEMENT	2	0	1	3
WATER & SANITATION	8	5	12	25
Grand Total	**40**	**13**	**26**	**79**

As per Table 02 above, 79 tenders are in progress.

The tender completion rate of 76% as at 30 September 2025 far exceeds the planned target of 20% for Quarter 1 of the 2025/26 financial year. A remarkable achievement due to improvement measures set in place during the prior financial years.

Detailed Demand Plan Management information is sent weekly to Executive Directors (ED) and monthly to MayCo members to enable management to monitor theprogress and address slippages of tender processes, to ensure timeous award of contracts in support of service delivery. It is incumbent on the relevant line ED to resolve slippages and tender challenges so that capital projects and service deliveryis not adversely impacted.

Table 02A below depicts the demand plan status per Directorate for all tenders assessed as overdue as at 30 September 2025.

Table 02A: Demand Plan status – tenders overdue as at 30 September 2025

Directorate	08. Evaluation	09. Drafting PB Report	09. Drafting Report	10. Preferred Bidder (PB)	11. Report Ready	Grand Total
COMMUNITY SERVICES & HEALTH	0	0	2	0	0	2
CORPORATE SERVICES	0	0	0	0	1	1
ENERGY	1	0	1	0	0	2
FUTURE PLANNING & RESILIENCE	0	2	2	0	0	4
HUMAN SETTLEMENTS	0	0	1	0	0	1
SAFETY & SECURITY	1	0	0	0	0	1
SPATIAL PLANNING & ENVIRONMENT	0	1	1	0	0	2
URBAN WASTE MANAGEMENT	0	1	0	0	0	1
WATER & SANITATION	3	2	2	2	3	12
Grand Total	**5**	**6**	**9**	**2**	**4**	**26**

Table 02A provides a detailed overview of the 26 overdue tenders, indicating their current stages in the tender process. Processes have been implemented to prioritize and track the awards in the evaluation stage.

The approximate award values and budget source of the 26 overdue awards are depicted in Table 02B below:

Table 02B: Budget source on tenders overdue as at 30 September 2025

Implementing Directorate	CAPEX	CAPEX and OPEX	OPEX	Grand Total
COMMUNITY SERVICES & HEALTH	R -	R 68 500 000	R -	R 68 500 000
CORPORATE SERVICES	R -	R 24 500 000	R -	R 24 500 000
ENERGY	R 500 000 000	R -	R 200 000 000	R 700 000 000
FUTURE PLANNING & RESILIENCE	R -	R 100 000 000	R 33 000 000	R 133 000 000
HUMAN SETTLEMENTS	R -	R -	R 150 000 000	R 150 000 000
SAFETY & SECURITY	R -	R -	R 71 532 430	R 71 532 430
SPATIAL PLANNING & ENVIRONMENT	R -	R -	R 11 940 000	R 11 940 000
URBAN WASTE MANAGEMENT	R 90 000 000	R -	R -	R 90 000 000
WATER & SANITATION	R 865 000 000	R 150 000 000	R 519 540 000	R 1 534 540 000
Grand Total	**R 1 455 000 000**	**R 343 000 000**	**R 986 012 430**	**R 2 784 012 430**

6.1.3 Cancelled tenders analysis for the period 01 July 2025 to 30 September 2025

47 tenders (14.46% of tenders) were cancelled to date during the 2025/26 financial year. Table 03 below provides an analysis of the number and estimated value of tenders which were cancelled per category with reasons.

Table 03: Cancellations for the period 01 July 2025 to 30 September 2025

Reasons for cancellation	Number	Estimated value
No acceptable bids received	39	R1 433 032 260
PPPFA Non-Compliance	3	R189 365 420
No offers received	3	R38 652 609
Funds are no longer available	1	R20 000 000
No longer a need for the services, works or goods requested	1	R517 599 443
Grand total	**47**	**R2 198 649 732**

In the 2025/26 financial year, a total of 47 tenders, valued at R2 199m, were cancelled for various reasons. The most significant reason for tender cancellations was due to no acceptable bids being received. This accounted for 39 tenders with an estimated value of R1 433m. In these cases, either the bids received did not meet the minimum compliance requirements or the technical and pricing submissions were not satisfactory.

Non-compliance with the Preferential Procurement Policy Framework Act (PPPFA) led to the cancellation of 3 tenders, with a combined estimated value of R189m. Non-compliance with the PPPFA may involve issues such as incorrect or missing preference points, impacting the fairness and legality of the bid process.

Three (3) tenders, valued at R39m, were cancelled due to no offers being received. This often indicates a lack of market interest or capacity to deliver on the specified requirements. Line department has been advised to engage with the Demand Management unit within SCM to issue out market prompts during the advertising period, thereby sensitizing the market to procurement opportunities and mitigating the risk of no offers being received.

One (1) tender, valued at R20m, was cancelled due to unavailability of funds. This indicates a shift in financial priorities or budget reallocations, making it impossible to proceed with the award.

One (1) tender, with a total estimated value of R518m, were cancelled because there was no longer a need for the services, works, or goods requested. This can result from changes in operational strategies, which includes the City's drive to end load shedding over time and supplement the water and sanitation programs to cope with the increased demand in population growth that the City is experiencing.

Thirty-four (34) cancelled tenders have been added back to the Demand Plan and are in various stages of the tender process. The status of the remaining 13 tenders are stated below. Table 03A below provides an analysis of the status per category of the tenders which were cancelled, for which a replacement mechanism is sought.

Table 03A: Cancellations for the period 01 July 2025 to 30 September 2025

Row Labels	Count of Replacement DP's
Line Department to review and advise	5
No longer required	8
Grand Total	**13**

This overall cancellation of tenders represents a significant impact on service delivery and infrastructure development, highlighting the challenges faced in ensuring competitive and compliant procurement processes, aligning financial resources, and maintaining an accurate demand plan.

SCM has Top 200/300 workshops with project managers where they are encouraged to revise and review tender specifications and conduct market research before re-advertising these tenders, to stimulate better responses from the supplier industry. Line departments are encouraged to engage with the SCM Demand Management department to issue out market prompts.

Issuing a market prompt refers to the act of proactively notifying and informing potential suppliers and service providers about specific goods or services required by the City. It involves publicly announcing or publishing a notification to attract qualified vendors and contractors who can fulfill the identified needs of the local government.

A market prompt alerts potential suppliers that a tender is going to be advertised so that the supplier industry can prepare for bidding. The issuance of a market prompt in a local government context ensures transparency, fairness, and competitiveness in the procurement process, allowing a wide range of potential suppliers to have an equal opportunity to offer their solutions and compete for the government contract. It enables local government to obtain the best value for public funds while promoting a level playing field for businesses interested in providing goods or services to the local community.

The SCM Department follows up with project managers after the cancellation of tenders to determine the way forward. The Tender Management unit gives these tenders priority in order to ensure they are awarded as soon as possible in order to support service delivery and reduce the risk of deviations and irregular expenditure.

6.1.4 Appeals analysis 2025/26

The appeal process, which is legislated in terms of Section 62 of the Systems Act, provides a platform for bidders who are of the view that their rights have been affected, to lodge an appeal. The appeal process is independent and tests the fairness and transparency of the bid committee process.

The City received 64 appeals during the financial year up to 30 September 2025. Of these, 20 appeals were upheld, 34 appeals were dismissed and 10 appeals are pending an outcome from the Appeals Authority.

SCM is working continuously to improve processes and implement controls to ensure that the SCM system is sufficiently robust to minimize the number of successful appeals and subsequent delays in the process.

6.1.5 Implementation of the 2026/27 Demand Plan

The implementation of the 2026/27 demand plan is in its early stages but progressing well with a completion rate of 17%, however there are tenders for this period which need to start within the current financial year in order to be awarded in time for implementation as required by the contract required by date.

The emphasis at this stage is to ensure that tender specifications are received in order for the tender process to start and that tenders do not fall behind schedule. The SCM department prompts line departments to submit outstanding specifications. As at 30 September 2025, 3 tender specifications for the 2026/27 demand plan remained outstanding and is consequently behind schedule. The SCM unit specifically focuses on tenders for capital projects to ensure the capital objectives of the City are supported by the necessary contracts.

6.1.6 Strategic Sourcing (Transversal Contracts) Initiatives

The strategic sourcing project is ongoing whereby approximately 59 tenders across various commodities and services will be consolidated into City-wide tenders. This project intends leveraging the buying power of the City as well as standardizing products and pricing for these commodities or services.

This complex multi-year project and the footprint of each individual tender envisaged in this project, is alive to the ever-changing needs of the City and the way in which the market responds to these tenders. While the outcome of reducing the number of tenders for common commodities or services is clear, the strategy applied to each tender will have its own unique characteristics.

6.1.6.1 Procurement Transparency Report

The Procurement Transparency Report was made public on 27 November 2023 by the Executive Mayor.
This report analyses procurement over a period for 300 selected commodities, which details where the City obtained value for money through its procurement analysis in terms of paying for commodities at, above or below market values, which included a detailed analysis commodities paid above and below market value, as part of the transparency report project.

As per the Strategy Brief 2024/25 MTREF, the next iteration of the Transparency Report is anticipated to be released in October 2025.

6.1.7 SCM Bid Adjudication Committee (SCMBAC)

The SCM Bid Adjudication Committee (SCMBAC) continues to meet weekly and remains instrumental in achieving maximum awards within a quick turn-around time. The BAC meetings are open to the public by an application for invitation through the secretariat as part of good governance.

The BAC has convened 16 meetings, of which 3 were Special BAC meetings, via MS Teams during Quarter 1 of the 2025/26 financial year. BAC minutes and resolutions are processed within the target of 7 to 10 working days.

Strong security measures have been implemented during the quarter to safeguard BAC information and guard against unauthorized sharing of data relating to City tenders.

6.1.8 SCM Bid Committees

The City Manager appoints the Members and Chairperson of the Bid Adjudication Committee (BAC). The Bid Specification Committee (BSC) and Bid Evaluation Committee (BEC) Chairperson appointments are for a two-year period after which the appointments are reviewed by the relevant Executive Directors. Only staff who are at a T-level 14 and above are appointed and only nominations accompanied by proof of the required SCM training are considered for appointment.

A total of 43 BSC and BEC Chairperson re-appointments were made during Quarter 1 of the 2025/26 financial year for the various Directorates.

New Bid Committee members were appointed during the financial year to ensure cross-functional representation and full compliance to the Municipal SCM Regulations (MSCMR). Continuous training is provided to ensure Bid Committee Members are informed, advised of any changes and equipped to maintain a high standard of compliance.

6.1.9 Procurement below R750 000

In order to procure goods or services which involves a transaction value over R2 000 and up to R750 000, written price quotations must be obtained. SCM tracks the ratio between Requests for quotations (RFQ's) that have been advertised and the number of responses received in order to establish the supplier activity in our procurement processes.

For the period 1 July 2025 until 30 September 2025, a total of 3 685 RFQ's were advertised on the City's website. 27 129 responses were received equating to an average response ratio of 7.36 for each RFQ advertised. Table 04 below refers:

Table 04: RFQ Advertisements vs Responses Received for the period 1 July 2025 until 30 September 2025

Month	Goods			Services		
	RFQ's Advertised	**RFQ Responses**	**Ratio**	**RFQ's Advertised**	**RFQ Responses**	**Ratio**
July 2025	984	9 432	9.59	248	720	2.90
Aug 2025	952	9 077	9.53	318	798	2.51
Sep 2025	901	6 416	7.12	282	686	2.43
Total	**2 837**	**24 925**	**8.75**	**848**	**2 204**	**2.60**

Total RFQ's advertised	3 685
Total responses	27 129
Ratio	7.36

The SCM Regulations require a minimum of three (3) responses. The ratio of 7.36 is above the minimum responses and shows that suppliers are interested in doing business with the City.

6.1.10 Reporting on Specific Goals in relation to the Preferential Procurement Regulations, 2022

Table 05 below illustrates the number of purchase orders, and their values, processed by the City for each B-BBEE status level of contributor for the period 1 July 2025 until 30 September 2025.

On 4 November 2022 (Government Gazette No. 47452, Vol. 689) was published introducing the latest Preferential Procurement Policy Framework Act (5/2000): Preferential Procurement Regulations with an implementation date of 16 January 2023. The requirements relating to B-BBEE were removed from the Regulations and replaced with specific goals requirements, meaning specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programs of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994.

The change in legislation resulted in all tenders advertised after 16 January 2023, measuring the preference on specific goals rather than B-BBEE contribution status. The reporting reflects both spend against B-BEEE levels and HDI/ RDP goals approach, including how the procurement rand spent supports Small Medium Enterprises.

During Quarter 1 of the 2025/26 financial year, 58 tenders were awarded under the Preferential Procurement Regulations of 2022; of which 95% (55/58) of the awards were in terms of the HDI/RDP goals and 5% (3/58) awards made did not earn preference points for HDI/RDP goals.

The Table 05 below depicts the awards made per HDI/RDP category with the total award amount.

Table 05: HDI/ RDP Total Award Value per Category for the period 01 July 2025 to 30 September 2025

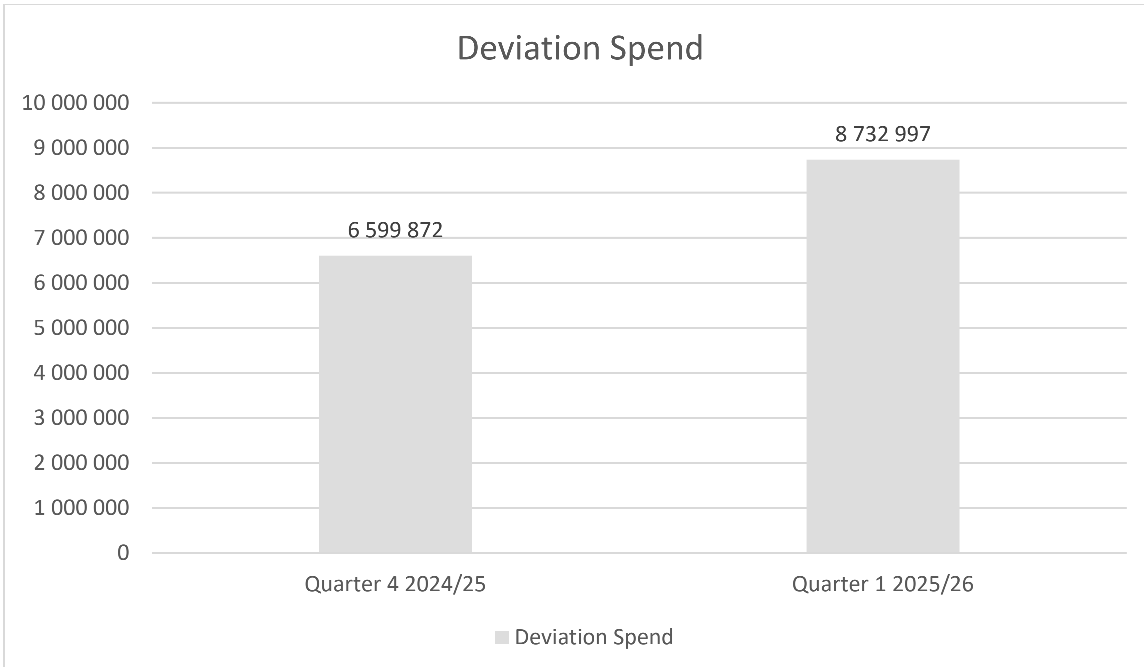
HDI/RDP Goals	Number per Category	Total Award Value per Category
Women**	0	R0
Black	3	R 69 592 298
Disabilities	1	R7 312 876
SMME**	0	R0
No HDI/RDP Goal	3	R60 116 350
More than one HDI/RDP Goals	51	R2 724 319 370
Total	**58**	**R2 861 340 894**

** Included in the More then one HDI/RDP Goals category of 51 awards.

6.1.11 Procurement Deviations

Deviations are approved in line with the Systems of Delegations. Ongoing initiatives to minimize deviations include SCM engaging line departments to put formal tenders in place and training interventions to manage emergencies (strict associated conditions). The results are demonstrated below in Graph 01.

Graph 01: Deviations R750k for quarter 1 of 2025/26



While the above reflects an increase in deviations spend at the end of quarter 1 of 2025/26, from quarter 4 of 2024/25, there has been a noticeable increase during the winter months. This increase is largely attributed to a surge in sewer pipe collapses, which necessitated emergency repairs outside standard procurement processes.

To address this challenge and mitigate future emergency related deviations, a formal competitive bidding process is currently underway for repair and maintenance of sewer infrastructure.

This is reflective of the City's desire to ensure good governance, stimulate competition amongst suppliers and drive open and transparent processes.

6.2 Supplier Development, Empowerment and Management

6.2.1 Supplier Empowerment (Community Based Suppliers)

At the end of Quarter 1, there are 1 512 Community Based Suppliers, representing an increase of 11 Community Based Suppliers who have been registered on the City's database since the end Quarter 4 of 2024/25. Table 07 under paragraph 6.2.2 refers.

The monthly Community Based Supplier spending for Quarter 1 of the 2025/26 financial year is summarized as per Table 06 below.

Table 06: Monthly Community Based Supplier Spending

Details	July 25	Aug 25	Sep 25	Total
Number of awards	10	13	6	29
Award values	R109 028.04	R104 170.21	R15 482.45	R228 680.70

The City significantly increased its community-based spending by 50% (Q4 2024/25 spend: R113 639.42) when compared to the previous quarter. This increase supported 29 procurement awards below R750 000 (RFQ's) for the quarter under review. Community Based Vendor supports speaks to one of the core values of being a caring City.

6.2.2 Supplier Management

The City's supplier database is maintained in parallel with the National Treasury Central Supplier Database. These databases provide information on accredited suppliers capable of doing business with the City and must be maintained through stringent due diligence processes to ensure compliance to SCM Regulations 44 and 45 to test conflict of interests.

The City's supplier database statistics for the period 01 July 2025 to 30 September 2025 is shown in Table 07 below.

Table 07: Supplier registration statistics for Quarter 1 2025/26

Details	Q1 Totals
Accredited Suppliers on the City Database	19 857
Central Supplier Database registered (CSD)	18 274
Total E-Procurement registered suppliers	8 743
Community Based Suppliers (CBS)	1 512

As at the end of quarter 1 of the 2025/26 financial year, the City had a total of 19 857 accredited suppliers, of which 18 274 suppliers are CSD registered. These statistics include 8 743 registered E-Procurement suppliers and 1 512 Community Based Suppliers.

6.2.3 Due Diligence processes

Continuous due diligence reviews are being performed to ensure compliance with clauses 44 and 45 of the Municipal SCM Regulations. Controls have been put in place to ensure that the City does not do business with any person in service of the state. A dual verification process ensures the completeness of both the declaration of interest process and the family reporting note in the financial statements. The Consumer Profile Bureau reporting tool is being used to perform due diligence checks on both the staff and suppliers. All City staff and Councilors declaration/s of interest/s are assessed for possible conflicts to the SCM system. Where conflicts are detected due to misrepresentation or incorrect information supplied to the City, relevant action is taken.

As per Table 08 below, a total of 9 993 staff declaration/s of interest/s were assessed by SCM during quarter 1 of 2025/26 financial year.

Table 08: Staff Declaration of Interest (DOI's) and Private Work applications reviewed by SCM during quarter 1 of 2025/26 financial year

Applications and declarations reviewed by SCM	2025/26 FY
Electronic DOI's	7 936
Manual DOI's and private work applications	2 057
Total	**9 993**

As stipulated in MSCM Regulation 45, the City is required to report on all awards over R 2 000 made to a person who is a spouse, child or parent of a person who is in the service of the state or has been in the service of the state in the previous 12 months. Systems and procedures are in place to track and monitor potential conflicts of interest with City officials and employees in the state. There is a dependency on the central supplier database for completeness of data relating to all state employees in order to detect potential conflicts.

Staff non-disclosure cases are referred to Executive Directors to investigate in order to ensure that the declared relation/s do not pose a conflict to the procurement processes. Where required, if conflicts are detected with City officials and vendors, these are reported to Forensic Services to investigate. Necessary action is then taken against defaulters.

6.2.4 Supplier Performance Management

Supplier performance management is monitored on the City's internal monitoring tool namely the *"Red List"* which tracks information on suppliers who are not performing satisfactorily or who have possibly committed abuse of the SCM system.

The quarterly supplier performance management statistics are contained in Table 09 below.

Table 09: Supplier Performance Management for 1 July 2025 to 30 September 2025

Defaulting and Poor Performing Suppliers	Details
Poor performance	**2**
False Documentation	**6**
Abuse	**6**
Reputational Risk	**106**
Bribery	**1**
Total	**121**

All the above suppliers have been registered on the "Red list" in the respective categories, where applicable. The following is in respect of Quarter 1:

- Two (2) cases relating to **poor or non-performance** has been flagged on the redlist for noting and consideration, prior to any subsequent awards being made to the respective supplier(s);
- Six (6) cases relating to **False Declaration** has been flagged on the red list for noting, prior to any subsequent awards being made to the respective supplier(s);
- Six (6) cases relating to **Abuse** has been flagged on the red list for noting, prior to any subsequent awards being made to the respective supplier(s);
- One Hundred and Six (106) cases relating to **Reputational Risk** has been flagged on the red list for noting, prior to any subsequent awards being made to the respective supplier(s); and
- One (1) case relating to **Bribery** has been flagged on the red list for noting, prior to any subsequent awards being made to the respective supplier(s);

Matters are referred to Legal Services and / or Forensic Services for further action where required. Such suppliers may be reported to the National Treasury in instances where the supplier must be considered for national restriction on the Central Supplier Database.

6.3 Inventory and Stores Management

The primary objective of the Inventory and Stores Management (ISM) division is to supply the City's user departments with the right quantity and quality of materials at the right time. This is done to facilitate the efficient delivery of services to the inhabitants of Cape Town. ISM seeks to maintain a healthy balance between inventory levels and working capital investments.

In total, the City has 34 stores and 18 Fuel sites. There are 13 127 different materials and 23 986 bins maintained.

6.3.1 Stock comparative results

Comparative results for the last two financial years are indicated in Table 10 below:

Table 10: Results for Quarter 1 - 2025/26

Quarter 1	Stock value at end of quarter (R)	Average stock value during quarter	Usage value during quarter	Annualised stock turns	Number of transactions during quarter
		(R)	(R)		
2024/25	579 688 244	559 690 881	354 491 170	2.48	208 376
2025/26	667 448 015	648 161 865	400 346 249	2.42	220 701
% Change	**15.14%**	**15.81%**	**12.94%**	**- 0.06**	**5.91%**

The quarterly comparable stock value increased by 15.14% (01 Apr 2025 to 30 September 2025 compared to 01 Apr 2024 to 30 September 2024). Inventory increased by R87.75m due to rising supplier costs from inflation driven by higher fuel prices, and increased electricity tariffs. Supply chain disruptions, such the ongoing port congestion further increased stockholding requirement to meet service delivery demands.

The stock turn ratio declined slightly from 2.48 in Quarter 1 of the previous financial year to 2.42 in the comparable quarter of the current year. This decrease was primarily driven by an increase in stock holding value of electrical project stock with long lead times. To optimize working capital and prevent overstocking, ISM's management implemented rigorous material requirements planning processes, ensuring reducing the need for inflated ordering, and allowing for more precise, demand-driven requests while preventing stock outs.

The quarterly inventory usage value increased by R45.86million, reflecting a 12.94% increase in overall demand when comparing the periods 01 July to 30 September 2024 and 01 July to 30 September 2025. This increase is primarily attributed to a notable increase in the consumption of key items such as LED luminaires, refuse bags, asphalt, and various electrical components.

In Quarter 2 of the 2025/26 financial year, ISM will conduct a comprehensive review of inventory usage trends to analyze the drivers of reduced demand and assess the operational and planning implications as part of the ongoing MRP optimization process.

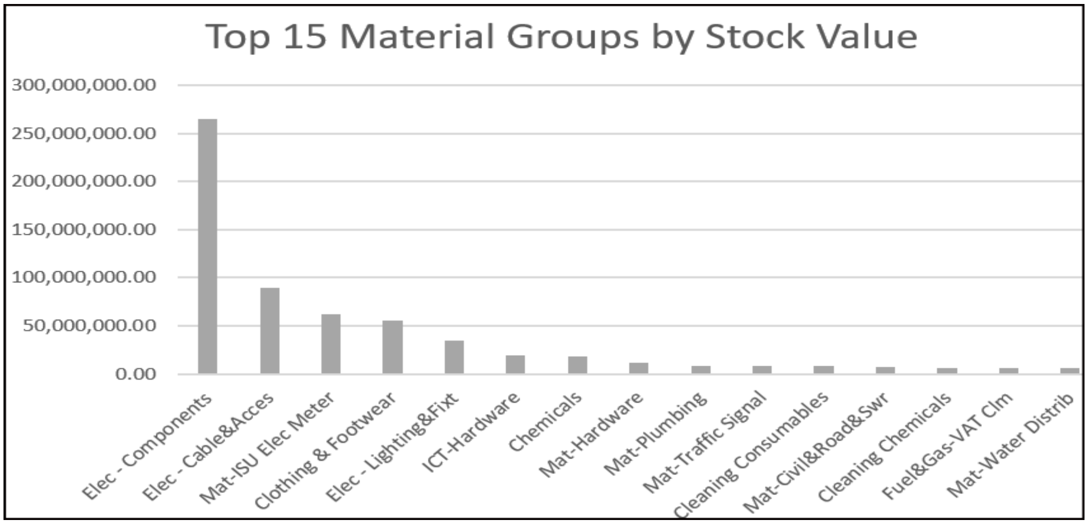
ISM inventory transactions increased by 5.91% compared to the first quarter of the previous financial year, driven by increased demand and its subsequent effect on transaction volumes.

In order to minimize overstocking and achieve optimal working capital management, the ISM Area Heads have improved controls and monitoring in the material demand and replenishment process. This will ensure that ISM maintains the positive trend in achieving the 3.5 stock turn objective.

6.3.2 Top 15 Material Groups - Stock Value as at 30 September 2025

Graph 02 below indicates the relative importance of the Top 15 material groups in terms of stock / rand value in the first quarter of 2025/26.

Graph 02: Top 15 Material Groups Stock Values as at 30 September 2025



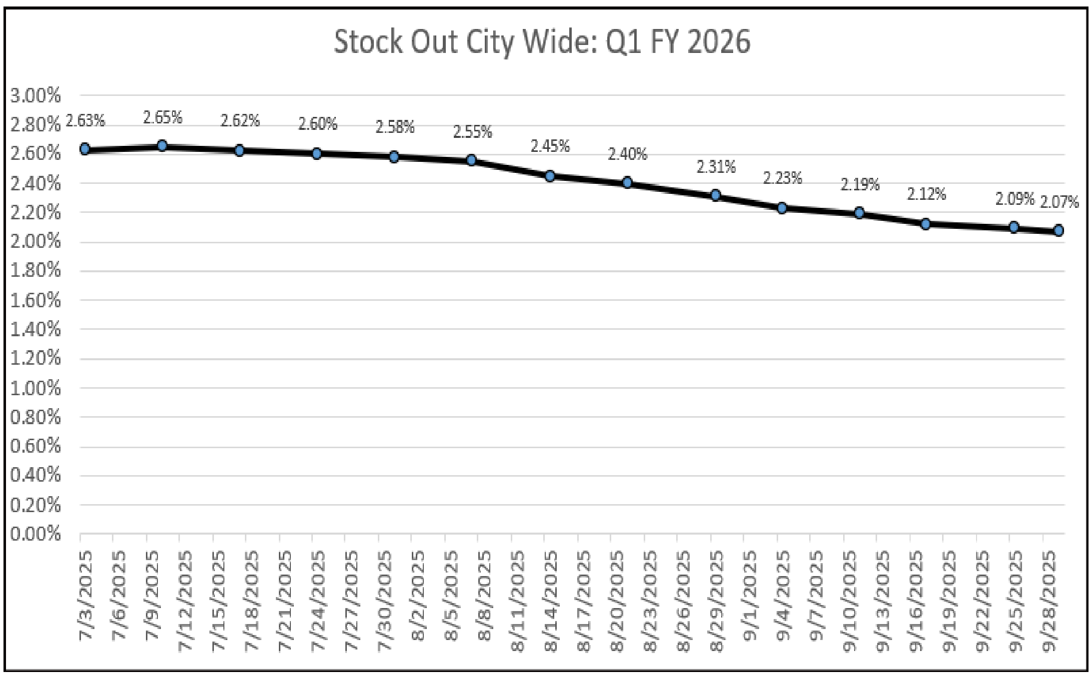
Graph 02 illustrates the top 15 material groups, which account for 91% (R608m) of the total inventory holding value of R667m. Notably, electricity-related goods make up 74% (R450m) of this inventory, with a stock turnover rate of 1.50, primarily due to strategic stock held for upcoming projects with long lead times. The remaining 26% (R158m) demonstrates strong operational efficiency with a turnover rate of 4.48, indicating efficient inventory management and alignment with consumption patterns.

6.3.3 Stock out percentages as at 30 September 2025

The stock out percentage decreased from 2.63% at the beginning of Quarter 1 to 2.07% as at 30 September 2025. This significant improvement was achieved despite current global supply chain challenges, which continue to affect categories heavily reliant on imports. Among the most impacted are electronic components, fabric, ICT hardware, and metal-based materials such as fasteners, tools, and general hardware. To address these risks, the Supply Chain Management team is actively engaging with key suppliers to strengthen planning and communication.

Graph 03 below indicates the stock out percentage as at the end of Quarter 1 of the 2025/26 financial year.

Graph 03: Stock out City wide % as at 30 September 2025



The stock availability achievement as at the end of Quarter 1 was 97.93%. This represents an over-achievement of 5.93% against the target of 92%. SAP Material Requirements Planning (MRP) is regularly reviewed and contracts are implemented timeously to ensure that stock is readily available as and when needed. Continued implementation of contracts and regular review of MRP will ensure the target is consistently achieved.

Regular engagements with user departments are held to review the current stock levels and to determine the acceptable minimum stock levels to be maintained by the stores.

6.4 Supply Chain Management Overall

6.4.1 Risk Management

The SCM risk registers and mitigating plans are reviewed during Quarter 1 and Quarter 3 each year. Additional controls which relates to the reputational damage due to corporate crime (corruption, fraud and misconduct) as well as reputational damage due to potential supplier collusion, fraudulent behavior and abuse of the SCM Policy were included in the risk register during the 2025/26 Quarter 1 review. SCM is satisfied that known risks are being adequately managed and monitored. The latest update to the Fraud Transversal Risk register was approved in September 2024 whilst the Finance: Supply Chain Management risk register was approved on the 11th April 2025.

6.4.2 Disposal Management

The SCM Demand & Disposal unit is responsible for the disposal of redundant movable assets and scrap. Disposal of scrap metals, oil, paper and transformers is achieved through competitive contracts with dealers in these categories of scrap.

The revenue generated for each of these categories is reflected in Table 11 below. Movable assets are disposed through an auction process conducted by a professional auctioneer who has been appointed through a competitive SCM process.

Table 11: Comparable disposal revenue for quarter 1 of 2025/26

Category	**Revenue R**
Disposal of scrap metals	2 026 070.25
Disposal of waste paper	147 745.56
Disposal of oils	254 351.00
Disposal of Scrap Transformers	1 510 467.50
Auction	15 672 494.23
Total	**19 611 128.54**

As can be seen in Table 11, a total of R19 611 128.54 disposal revenue was generated for quarter one of the financial year. The next auction is to be held on 26 November 2025.

6.4.3 SCM Capacitation and Development

The SCM business improvement strategy, which focus is to provide an effective and efficient SCM service to the City, *inter alia*, provides for the staffing of the SCM unit with suitably qualified and experienced employees.

For the period 01 July 2025 to 30 September 2025, the SCM department made 20 permanent appointments. These details are as follows:

- **3 x Heads**
- **1 x Specialist Convener**
- **1 x Senior Professional Officer**
- **1 x Professional Officer**
- **1 x Assistant Professional Officer**
- **1 x Storekeeper**
- **1 x Senior Secretary**
- **2 x Senior Stores Assistant**
- **2 x Stores Assistant**
- **3 x Senior Clerk**
- **2 x Clerk**
- **1 x Office Assistant**
- **1 x Handyman**

SCM has an **EPWP target** of **22 work opportunities** for the 2025/26 financial year. For Q1, the SCM target is **2 work opportunities**. As of 29 September 2025, SCM has successfully created **14 work opportunities** for Q1. This is above target.

The SCM staff establishment consists of **394 approved positions** (which **includes 10 graduate APO's** and **13 student positions**). At the end of September 2025, there were 19 vacant positions.

It should be noted that offers will be made in October 2025 for the following positions:

- **1 x Senior Demand and Risk Analyst**
- **2 x Senior Stores Assistant**

The loss of SCM skills to other parts of the organization still remains a challenge. People move particularly out of the Tenders space due to the high risk and high pressure in this space. Management is looking to address this through a change and retention plan. To fill scarce skills, open recruitment, referral and head hunting is being conducted.

To support the growth of the capital budget which would consequently result in an increase volume of future tenders, additional Senior Practitioner positions have been created to provide relieve on the current staff compliment.

6.4.4 SCM Audit Action Plan and AGSA

The Procurement Excellence and Governance Unit track the audit action plan regularly. One (1) matter remains outstanding due to testing of the proposed changes to be done by the developer of the ERP system and is expected to be completed by 31 October 2025.

6.4.5 Management Interventions

An Orientation Program was developed for on-boarding new SCM staff within Tenders and Procurement Section to assist with quick induction and learning of City procedures and processes. Workshops with the Top 200/300 project managers and quarterly working groups with line departments commencing in quarter 3 of 2024/25, are held in order to create awareness to the organization of key matters affecting their procurement processes.

A drive towards implementing an SCM Management culture of accountability, good governance and efficiency is being instilled as part of the SCM roadmap, change journey and vision.

The Procurement Excellence and Governance Unit assists the SCM Director to drive departmental culture programs which has been created to address the outcome of the City Pulse and internal survey results. These programs deal with a new culture and the change process, staff motivation, productivity etc. and is closely monitored.

SCM is also supporting the CFO Collaboration meetings as well as partaking in the newly implemented Efficiency Barometer process, measuring 7 key areas in the SCM environment.

SCM continues to drive its seven pillars of Culture Shift, Motivated and Productive Staff, Centre of Excellence, Skills Development, Project Based SCM, E- Procurement and becoming a Strategic support function that supports Core business.

A key journey towards Digitization of Tenders has begun in 2022. The vision is to design and automate supply chain tendering, demand planning, supplier/ vendor management, ordering processes, bid committee processes. This is aimed of making the cost of doing business cheaper for suppliers, increasing efficiency and speed in tenders and improved audit trails. The SCM has since then formed part of the CAR, CORE plus strategy aligning our ambitions for improved efficiency to the SAP software upgrade of the City.

6.4.6 Supply Chain Management Policy review

The 2025/2026 SCM Policy review has commenced and it is anticipated that the policy will be tabled for approval at the 4 December 2025 council sitting.

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