CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

DATE: 01 APRIL 2026

REPORT TO: EXECUTIVE MAYOR

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1. ITEM NUMBER

2. SUBJECT

SUPPLY CHAIN MANAGEMENT:
REPORT FOR THE PERIOD 1 JANUARY 2026 TO 31 MARCH 2026

VERSKAFFINGSKETTINGBESTUUR:
VERSLAG VIR DIE TYDPERK 1 JANUARIE 2026 TOT 31 MAART 2026

ULAWULO LOBONELELO NGEMPAHLA EKWIZIKO:
INGXELOYESITHUBA ESISUSELA KOWO 1 KWEYOMQUNGU UKUYA KOWAMA 31 KWEYOKWINDLA 2026

Enter LSU Number Here

3. DELEGATED AUTHORITY

In terms of delegation

This report is for NOTING BY

- ☐ **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.

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 and the content of the annexures have 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 JANUARY 2026 TO 31 MARCH 2026 BE NOTED.

AANBEVELING
DAAR WORD AANBEVEEL DAT DAAR KENNIS GENEEM WORD VAN DIE INHOUD VAN DIE VERSLAG GETITELD VERSKAFFINGSKETTINGBESTUUR: VERSLAG VIR DIE TYDPERK 1 JANUARIE 2026 TOT 31 MAART 2026.

ISINDULULO
KUNDULULWE UKUBA MAKUQWALASELWE IZIQULATHO ZENGXELO ESIHLOKO 'INGXELO ENGOLAWULO LOBONELELO NGEMPAHLA EKWIZIKO' YESITHUBA ESISUSELA KOWO 1 KWEYOMQUNGU UKUYA KOWAMA 31 KWEYOKWINDLA 2026

ANNEXURES

ANNEXURE A – SCM QUARTER 3 REPORT

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

FOR FURTHER DETAILS CONTACT

NAME	Adiel Bloew	CONTACT NUMBER	
E-MAIL ADDRESS	Adiel.Bloew@capetown.gov.za		
DIRECTORATE	Finance	FILE REF NO	
SIGNATURE : DIRECTOR	Adiel Bloew Digitally signed by Adiel Bloew Date: 2026.04.02 07:47:42 +02'00'		

CHIEF FINANCIAL OFFICER

NAME Kevin Jacoby

COMMENT:

DATE

SIGNATURE

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Date: 2026.04.02 08:44:42 +02'00'

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

DATE

SIGNATURE John Laing Smale Digitally signed by John Laing Smale Date: 2026.04.02 10:26:18 +02'00'

COMMENT:

For information.

CITY MANAGER

NAME Lungelo Mbandazayo

COMMENT:

DATE

SIGNATURE

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Date: 2026.04.02 15:17:48 +02'00'

EXECUTIVE MAYOR

NAME	Geordin Hill-Lewis	COMMENT:
DATE	07/04/2026	
SIGNATURE		

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.

ANNEXURE 1

1. STRATEGIC INTENT

- ☐ Housing
- ☐ Safety
- ☐ Economic Growth
- ☐ Basic Services
- ☐ Public Space, Environment and Amenities
- ☐ Transport
- ☐ A Resilient City
- ☐ A More Spatially Integrated and Inclusive City
- ☒ A Capable and Collaborative City Government

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 3 of the 2025/26 financial year is approximately 312 tenders, of which none relate to the previous financial year due to the 100% completion rate. This amounts to 18 more tenders on the demand plan at quarter 3 of the 2024/25 demand plan, which consisted of 294 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 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 94% as at the end of Quarter 3 of the 2025/26 financial year and is reflected in Table 01 below:

Table 01: 2025/26 Demand Plan for Tenders

The table below reflects the breakdown of the 94% of tenders completed by the different statuses.

2025/26 Approved Demand Plan	
Total number of tenders on approved plan	312
Number of tenders successfully awarded	236
Number of tenders cancelled	58
Number of tenders in evaluation stage	17
Number of tenders in pre-evaluation stage	1
Implementation rate	**94%**

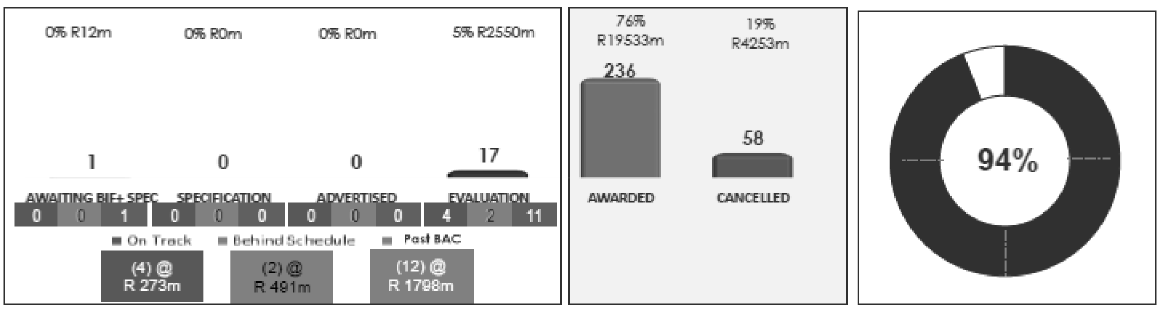
As can be seen from Table 01, 236 tenders (75.64%) of the total required tenders have been awarded and 58 tenders (18.59%) were cancelled as at 31 March 2026 (57 tenders for Q2 2025/26; 17.98%).

Tenders to the value of R19.533 billion for the financial year have been awarded, and tenders to the value of R4.253 billion 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)

Seventeen (17) tenders to the value of R2.550 billion are currently still in the process of evaluation and one tender (1) to the value of R12 million 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 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 to have the contract ready on time. Tendersare categorized as to whether they are on track, behind schedule or overdue (pastthe BAC award Date). The tender slippage analysis per directorate for the 2025/26 demand plan as at 31 March 2026 is depicted in Table 02 below.

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

	On Track	Behind Schedule	Overdue	Grand Total
CORPORATE SERVICES	0	0	4	4
ECONOMIC GROWTH	0	0	1	1
ENERGY	1	0	0	1
HUMAN SETTLEMENTS	0	0	2	2
SAFETY & SECURITY	1	0	1	2
SPATIAL PLANNING & ENVIRONMENT	0	0	3	3
URBAN MOBILITY	1	1	1	3
WATER & SANITATION	0	0	2	2
Grand Total	**3**	**1**	**14**	**18**

As per Table 02 above, 18 tenders are in progress.

The tender completion rate of 94% as at 31 March 2026 far exceeds the planned target of 70% for Quarter 3 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 31 March 2026.

Table 02A: Demand Plan status – tenders overdue as at 31 March 2026

Directorate	00. Awaiting BIF/Spec	08. Evaluation	09. Drafting PB Report	09. Drafting Report	10. Preferred Bidder (PB)	11. Report Ready	Grand Total
CORPORATE SERVICES	1	0	1	2	0	0	4
ECONOMIC GROWTH	0	0	1	0	0	0	1
HUMAN SETTLEMENTS	0	1	0	0	0	1	2
SAFETY & SECURITY	0	0	1	0	0	0	1
SPATIAL PLANNING & ENVIRONMENT	0	0	0	2	0	1	3
URBAN MOBILITY	0	0	0	1	0	0	1
WATER & SANITATION	0	0	0	0	1	1	2
Grand Total	**1**	**1**	**3**	**5**	**1**	**3**	**14**

Table 02A provides a detailed overview of the 14 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 14 overdue awards are depicted in Table 02B below:

Table 02B: Budget source on tenders overdue as at 31 March 2026

Implementing Directorate	CAPEX	CAPEX and OPEX	OPEX	Grand Total
CORPORATE SERVICES	R-	R210 000 000	R212 000 000	R422 000 000
ECONOMIC GROWTH	R-	R190 000 000	R-	R190 000 000
HUMAN SETTLEMENTS	R180 000 000	R-	R150 000 000	R330 000 000
SAFETY & SECURITY	R-	R-	R71 532 430	R71 532 430
SPATIAL PLANNING & ENVIRONMENT	R-	R-	R292 640 000	R292 640 000
URBAN MOBILITY	R-	R521 739 130	R-	R521 739 130
WATER & SANITATION	R150 000 000	R41 000 000	R-	R191 000 000
Grand Total	**R330 000 000**	**R962 739 130**	**R726 172 430**	**R2 018 911 560**

6.1.3 Cancelled tenders analysis for the period 01 July 2025 to 31 March 2026

58 tenders (18.59% 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 31 March 2026

Reasons for cancellation	Number	Estimated value
No acceptable bids received	47	R2 986 729 279
PPPFA Non-Compliance	7	R710 171 920
No offers received	3	R38 652 609
No longer a need for the services, works or goods requested	1	R517 599 443
Grand total	**58**	**R4 253 153 251**

In the 2025/26 financial year, a total of 58 tenders, valued at R4 253 billion, were cancelled for various reasons. The most significant reason for tender cancellations was due to no acceptable bids being received. This accounted for 47 tenders with an estimated value of R2 987 billion. 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 7 tenders, with a combined estimated value of R710 million. 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 R39 million, 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, with a total estimated value of R518 million, were cancelled because there was no longer a need for the services, works, or goods requested as individual stand-alone solutions and other human capital management functions will conducted through the CAR programme.

Forty-two (42) cancelled tenders have been added back to the Demand Plan and are in various stages of the tender process. The status of the remaining 15 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 31 March 2026

Row Labels	Count of Replacement DP's
Line Department to review and advise	4
No longer required	12
Grand Total	**16**

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.

There are monthly contract management working group workshops with project managers where, amongst other topics, discussions are centered around revising and reviewing tender specifications and conducting 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 to ensure they are awarded as soon as possible 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 142 appeals during the financial year up to 31 March 2025. Of these, 27 appeals were upheld, 101 appeals were dismissed and 14 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 41%, however there are tenders for this period which need to start within the current financial year 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 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 31 March 2025, 2 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 63 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 by end of the 4th quarter of 2025/26.

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 12 meetings, of which 1 were Special BAC meetings, via MS Teams during Quarter 3 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 45 BSC and BEC Chairperson re-appointments were made during Quarter 3 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

To procure goods or services which involves a transaction value overR2 000 and up to R750 000, written price quotations must be obtained. SCM tracksthe ratio between Requests for quotations (RFQ's) that have been advertised and the number of responses received to establish the supplier activity in our procurement processes.

For the period 1 January 2026 until 31 March 2026, a total of 2 806 RFQ's were advertised on the City's website. 19 484 responses were received equating to an average response ratio of 6.94 for each RFQ advertised. Table 04 below refers:

Table 04: RFQ Advertisements vs Responses Received for the period 1 January 2026 until 31 March 2026

Month	Goods			Services		
	RFQ's Advertised	**RFQ Responses**	**Ratio**	**RFQ's Advertised**	**RFQ Responses**	**Ratio**
Jan 2026	495	4 990	10.08	155	359	2.32
Feb 2026	883	7 559	8.56	232	575	2.48
Mar 2026	785	5 289	6.74	256	712	2.78
Total	**2 163**	**17 838**	**8.25**	**643**	**1 646**	**2.56**

Total RFQ's advertised	2 806
Total responses	19 484
Ratio	6.94

The SCM Regulations require a minimum of three (3) responses. The ratio of 6.94 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 January 2026 until 31 March 2026.

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 3 of the 2025/26 financial year, 57 tenders were awarded under the Preferential Procurement Regulations of 2022; of which 99% (56/57) of the awards were in terms of the HDI/RDP goals and in 1% (1/57) of tender awards made, tenderers did not earn/claim 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 January 2026 to 31 March 2026

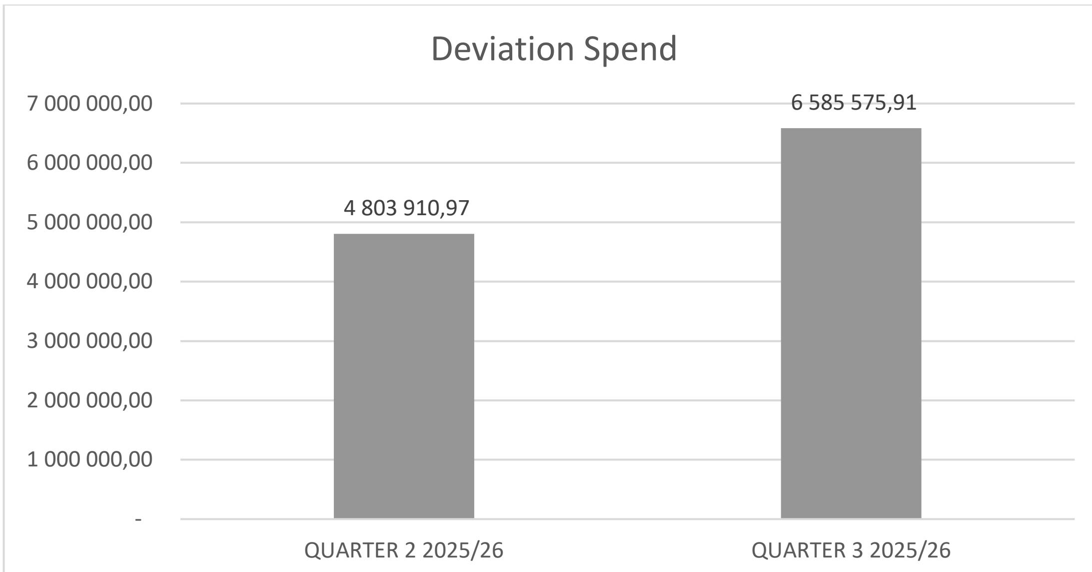
HDI/RDP Goals	Number per Category	Total Award Value per Category
Women**	0	0.00
Black**	0	0.00
Disabilities**	0	0.00
SMME	2	R22 250 000.00
No HDI/RDP Goal	1	R10 000 000.00
More than one HDI/RDP Goals	54	R8 915 700 315.65
Total	**57**	**R8 947 950 315.65**

** Included in the More than one HDI/RDP Goals category of 54 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 3 of 2025/26



The deviation spend from procurement of R750 000 and below for the quarter ending 31 March 2026 has significantly increased by 37% from R4.8 million to R6.5 million when compared to the previous quarter.

The increase in deviation spend during this quarter is primarily driven by appointment of adjudicators, in which the appointment(s) are driven by the relevant professional bodies, and attendance of conferences/seminars to fulfil operational requirements, as well as workshop repairs on City vehicles, where the full extent of the required works is not known. It is critically important that the City vehicles are repaired timeously to fulfil service delivery requirements.

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 3, there are 1 536 Community Based Suppliers, representing an increase of 15 Community Based Suppliers who have been registered on the City's database since the end Quarter 2 of 2025/26. Table 07 under paragraph 6.2.2 refers.

The monthly Community Based Supplier spending for Quarter 3 of the 2025/26 financial year is summarized as per Table 06 below.

Table 06: Monthly Community Based Supplier Spending

Details	Jan 26	Feb 26	Mar 26	Total
Number of awards	14	7	25	46
Award values	R129 217.45	R41 070.50	R222 937.55	R393 225.50

The City increased its community-based spending by 36% (Q2 2025/26 spend: R289 213.79) when compared to the previous quarter. This increase supported 46 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 January 2026 to 31 March 2026 is shown in Table 07 below.

Table 07: Supplier registration statistics for Quarter 3 2025/26

Details	Q3 Totals
Accredited Suppliers on the City Database	20 326
Central Supplier Database registered (CSD)	18 734
Total E-Procurement registered suppliers	9 273
Community Based Suppliers (CBS)	1 536

As at the end of quarter 3 of the 2025/26 financial year, the City had a total of 20 326 accredited suppliers, of which 18 734 suppliers are CSD registered. These statistics include 9 273 registered E-Procurement suppliers and 1 536 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 7 567 staff declaration/s of interest/s were assessed by SCM during quarter 3 of 2025/26 financial year.

Table 08: Staff Declaration of Interest (DOI's) and Private Work applications reviewed by SCM during quarter 3 of 2025/26 financial year

Applications and declarations reviewed by SCM	2025/26 FY
Electronic DOI's	6 090
Manual DOI's and private work applications	1 477
Total	**7 567**

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 to detect potential conflicts.

Staff non-disclosure cases are referred to Executive Directors to investigate to ensure that the declared relation/s do not pose a conflict with 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 January 2026 to 31 March 2026

Defaulting and Poor Performing Suppliers	Details
Poor performance	1
False Documentation	1
Misrepresentation	8
Non-delivery	1
Reputational Risk	7
Total	**18**

All the above suppliers have been registered on the "Red list" in the respective categories, where applicable. The following is in respect of Quarter 3:

- One (1) case relating to **poor or non-performance** has been flagged on the red list for noting and consideration, prior to any subsequent awards being made to the respective supplier(s).
- One (1) case 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).
- Eight (8) cases relating to **Misrepresentation** have been flagged on the red list for noting, prior to any subsequent awards being made to the respective supplier(s).
- One (1) case relating to **non-delivery** has been flagged on the red list for restriction, prior to any subsequent awards being made to the respective supplier(s); and
- Seven (7) cases relating to **Reputational Risk** have been flagged on the red list for noting, prior to any subsequent awards being made to the respective supplier().;

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 35 stores and 18 Fuel sites. There are 14 766 different materials and 25 085 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 3 - 2025/26

Quarter 3	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	599 680 937	601 904 924	298 795 408	1.99	185 947
2025/26	729 756 138	735 700 505	321 524 126	1.75	189 349
% Change	21.69%	22.23%	7.61%	(0.24)	1.83%

The quarterly comparable stock value increased by 21.69% (01 January 2026 to 31 March 2026 compared to 01 January 2025 to 31 March 2025). The R130.05 million rise in inventory was primarily driven by global supply-chain uncertainty stemming from the US–Iran conflict, prompting the strategic early procurement of long-lead materials. ISM continuously monitors the supply chain environment to identify emerging risks early, ensuring uninterrupted supply continuity.

The stock turn ratio declined slightly from 1.99 in Quarter 3 of the previous financial year to 1.75 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 management has implemented rigorous material requirements planning (MRP) processes to minimize inflated ordering, enable more accurate demand-driven procurement, and ensure stock availability while reducing the risk of stockouts.

The quarterly inventory usage increased by R22.73 million, reflecting a 7.61% increase in overall demand when comparing the periods 01 January 2025 to 31 March 2025 and 01 January 2026 to 31 March 2026. This increase is primarily attributed to a notable increase in the consumption of key items such as Electric Meters, Ferric sulphate, refuse bags, asphalt, mini subs, switch gears and IT equipment.

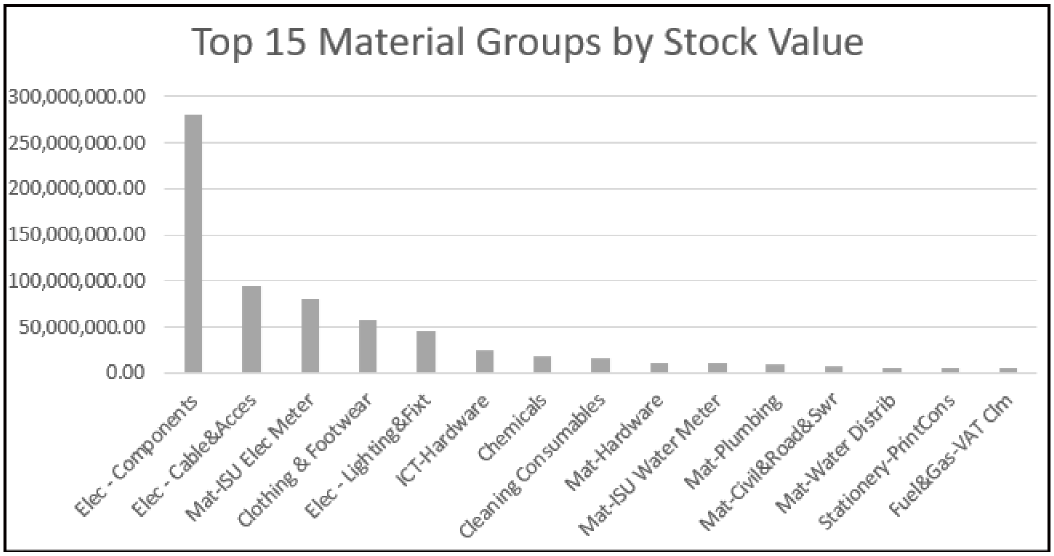
ISM inventory transactions increased by 1.83% compared to the third quarter of the previous financial year, driven by increased demand and its subsequent effect on transaction volumes.

To minimize overstocking and achieve optimal working capital management, ISM has improved controls and monitoring in the material demand and replenishment process. As part of this ongoing MRP optimization process, ISM regularly conducts comprehensive reviews of inventory usage trends to analyze and assess the impact of these demand drivers on demand and forecast planning.

6.3.2 Top 15 Material Groups - Stock Value as at 31 March 2026

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

Graph 02: Top 15 Material Groups Stock Values as at 31 March 2026



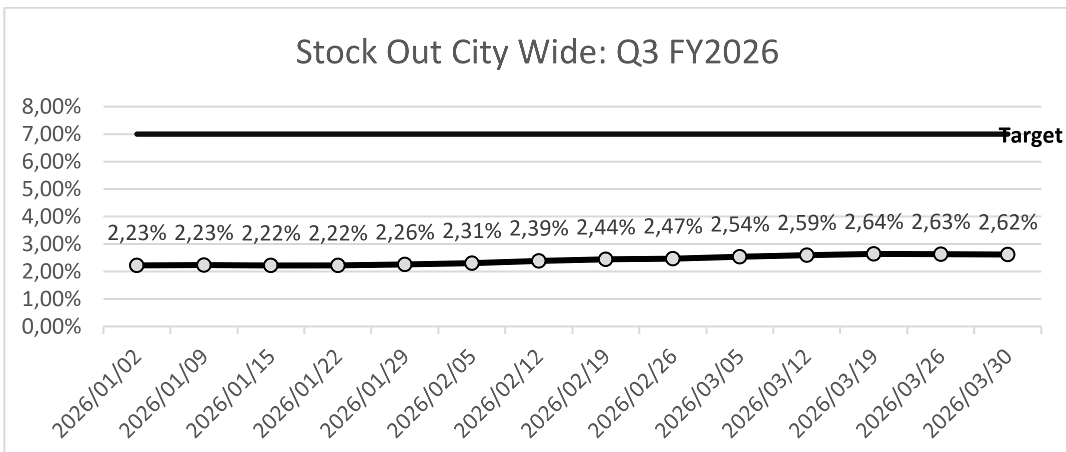
Graph 02 illustrates the top 15 material groups, which account for 92% (R674 million) of the total inventory holding value of R730 million. Notably, electricity-related goods make up 74% (R499 million) of this top 15 inventory list, with a stock turnover rate of 1.50, primarily due to strategic stock held for upcoming projects with long lead times. The remaining 26% (R175 million) 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 31 March 2026

The stock out percentage increased from 2.23% at the beginning of Quarter 3 to 2.62% as of 31 March 2026. This increase resulted from the current global supply chain challenges, which continue to affect categories heavily reliant on imports. Among the most impacted are electronic components, fabric, 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 3 of the 2025/26 financial year.

Graph 03: Stock out City wide % as at 31 March 2026



The stock availability achievement at the end of Quarter 3 was 97.38%. This represents an overachievement of 4.38% against the target of 93%. 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 March 2026 whilst the Finance: Supply Chain Management risk register was approved on the 5th March 2026.

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 3 of 2025/26

Category	**Revenue R**
Disposal of scrap metals	2 393 658.52
Disposal of wastepaper	67 429.11
Disposal of oils	74 591.93
Disposal of Scrap Transformers	-
Auction	1 165 519.50
Total	**3 701 199.06**

As can be seen in Table 11, a total of R3.7 million disposal revenue was generated for quarter 3 of the financial year. The next auction is envisaged to be held on 27 May 2026.

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 January 2026 to 31 March 2026, the SCM department made 8 permanent appointments. These details are as follows:

- **1 x Head**
- **2 x Professional Officer**
- **1 x Administrative Officer 3**
- **1 x Administrative Officer 1**
- **2 x Senior Stores Assistant**
- **1 x Office Assistant**

SCM has an **EPWP target** of **22 work opportunities** for the 2025/26 financial year.

For the period ending 31 March 2026, the SCM target is **14 work opportunities**. As of 31 March 2026, SCM has successfully created **26 work opportunities** for the financial period. SCM has exceeded the 2025/26 Q3 EPWP target by 12 opportunities and the 2025/26 target by 4 opportunities.

The SCM staff establishment consists of **423 approved positions** (which **includes 10 graduate APO's** and **20 student positions**). At the end of March 2026, there were 37 vacant positions.

It should be noted that offers will be made in April/May 2026 for the following positions:

- **1x Office Assistant**
- **Senior Professional Officer**
- **Logistics Officer**
- **2x Senior Clerk**
- **Senior Stores Assistant**

The SCM Department continues to face a moderate level of skills attrition, particularly within the Tenders environment, which remains vulnerable due to high-pressure operational demands and the development of new competencies that naturally enable employees to progress into more advanced roles both within and outside the organisation.

To mitigate the impact of unavoidable attrition and ensure the continuity of critical functions, management continues to address scarce-skills requirements through:

- Open recruitment processes
- Employee referral programmes
- Targeted headhunting initiatives

These and other retention-focused measures collectively aim to stabilise the Department's skills base and maintain operational capability in priority functions.

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 relief 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. All matters from the 2023/24 audit have been addressed by 31 October 2025. The 2024/25 external audit has been concluded on 26 March 2026 and matters emanating from this audit have included in the management audit action plan and are tracked monthly.

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. Contract Management Working Group workshops with project managers are held monthly and SCM quarterly working groups with line departments commencing in quarter 3 of 2024/25, are held 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 have been created to address the outcome of theCity Pulse and internal survey results. These programs deal with a new culture and thechange process, staff motivation, productivity etc. and is closely monitored.

A key journey towards Digitization of Tenders began 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 at making the cost of doing business cheaper for suppliers, increasing efficiency and speed in tenders and improved audit trails. 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 May 2026 council sitting.

FOR FURTHER DETAILS, CONTACT:

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