



REPORT TO: CORPORATE SERVICES PORTFOLIO COMMITTEE

1. ITEM NUMBER: CRSPC 10/03/23

2. SUBJECT

CORPORATE SERVICES DIRECTORATE: JANUARY 2023 FINANCIAL MONITORING REPORT

ONDERWERP

DIREKTORAAT KORPORATIEWE DIENSTE: FINANSIËLE MONITERINGSVERSLAG VIR JANUARIE 2023

ISIHLOKO

ICANDELO LEENKONZO ZEZIKO: INGXELO ENGOKUBEK'ILISO KWEZEZIMALI KWEYOMQUNGU 2023

LSU P 2708

3. DELEGATED AUTHORITY

In terms of delegation

This report is FOR NOTING BY

Committee name : Corporate Services Portfolio Committee

The Executive Mayor together with the Mayoral Committee (MAYCO)

Council

4. DISCUSSION

This is a monthly financial monitoring report reflecting the progress made on the implementation of the 2022/23 Capital and Operating Budgets for the Corporate Services Directorate. The information contained in this report is based on the

Adjustments Budget, approved by Council in January 2023, and the actual expenditure as at January 2023 reflected in SAP.

The monitoring and reviewing of the 2022/23 Capital and Operating Budgets for the Corporate Services Directorate is an ongoing process. Financial management reports are tabled at the monthly management committee meeting for the Corporate Services Directorate. Financial management reports are also submitted monthly to the Executive Director: Corporate Services, Directors and their financial support staff.

In addition to these, monthly management reports are provided to all Directors and their support staff, highlighting significant variances with a view to them taking the necessary remedial actions, where required. This entails adjusting their budgets, reallocate expenditure correctly or fast tracking their implementation plans. These actions are necessitated for compliance with legislative requirements, Council policies & procedures and ensuring good governance.

Capital Budget

This Directorate's approved 2022/23 Capital Budget amounts to R443.7 million.

Current Budget	YTD Planned Spend	YTD Actual Spend	Commitments	% YTD Spend vs YTD Planned Spend	% YTD Spend vs Current Budget	% YTD Spend + Commitments vs Current Budget
(R m)	(R m)	(R m)	(R m)			
443.7	102.2	117.5	142.3	115.0%	26.5%	58.5%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 115.0%. The implementation rate, compared to the total budget is 26.5% for the period ending 31 January 2023, excluding commitments.

When commitments are taken into account, the overall performance improves to 58.5% for the Directorate. The value of the commitments placed for the period ending January 2023 amounts to R142.3 million.

The main reasons are for the positive variance are:

The positive variance reflects on the following projects/ programmes:

1. ERP Annual Capacity Growth FY23, where there was a change in the IBM support services for existing storage equipment resulting in accelerated procurement of storage equipment to ensure uninterrupted services to the City.
2. Plant Replacement FY23, where some vehicles were delivered earlier than anticipated due to availability of stock.

Remedial or corrective steps:

No remedial action required.

The Top 100 Priority Projects for the City is also managed via the Project Portfolio Management (PPM) Operational Dashboard. This Directorate has the following projects as part of the Top 100 Projects for the City:

- ERP Business Systems FY23 R12.1 million
- Finance & Operational Core Software R12.5 million
- BIP Legacy Builds R14.3 million
- Installation of Inverters R17.0 million
- ERP Annual Capacity Growth FY23 R21.0 million
- BIP Replacements R22.8 million
- BIP Remediation R27.5 million
- Plant Replacement FY23 R27.7 million
- BIP New Builds R35.4 million
- FS Fleet Replacement FY23 R69.9 million

The 2022/23 Current Capital Budget summary per Department is attached as Annexure A to this report.

Operating Budget

Departmental Summary - Controllable Primary Expenditure

This Directorate's approved 2022/23 Operating Budget amounts to R3 219.2 million.

Current Budget (R m)	YTD Planned Spend (R m)	YTD Actual Spend (R m)	% YTD Spend vs YTD Planned Spend	% YTD Spend vs Current Budget
3 219.2	1 735.5	1 837.3	105.9%	57.1%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 105.9%. The total implementation rate achieved is of 57.1% for the period ending 31 January 2023.

The variance is a combination of over/under-expenditure:

1. Employee related costs (under), due to the turnaround time in filling vacancies and the impact of the internal filling of vacancies.
2. Councillor Remuneration (under), due to councillor vacancies and the turnaround time in filling thereof.
3. Inventory Consumed - Fuel (Petrol, Diesel and Fuel oil) (over), due to fuel price fluctuations as well as an increase in demand for diesel as a result of load shedding.
4. Contracted services (over), a combination of over-/under expenditure, mainly on:

- a) Security Services: Municipality Facilities (over), as a result of the need for increased security services to avoid illegal occupation and/or damage to City property;
 - b) Cleaning Costs (over), due to a higher demand for cleaning services at various City facilities;
 - c) R&M Maintenance of Equipment (over), due to more than planned servicing of vehicles and machinery; and
 - d) R&M Electrical (under), as a result of the lower than anticipated demand for electrical work.
5. Other Expenditure (over), a combination of over-/under expenditure, mainly on:
- a) Telecom: Cell Phone additional Call Charges, and Telecommunication Cell Phone Subscription (over), where invoices for additional call changes are paid by the Corporate Services Directorate and then allocated to the directorates responsible for the costs;
 - b) Software License - Upgrade/Protection (over), due to the prepayment of SAP licences for the period 1 July 2023 to 31 Dec 2023 as per the enterprise agreement;
 - c) R&M Vehicle Tracking (over), due to more than anticipated on-board computer devices installed in corporate fleet; and
 - d) R&M Specialised Information Technical Services (under), due to outstanding invoices.

Remedial or corrective steps:

1. The directorate has 349 vacancies in various stages of the recruitment and selection process; 403 positions were filled and 68 terminations processed since the start of the financial year.
2. Period budget provisions will be reviewed and adjusted where necessary.
3. Process underway to follow up on outstanding invoices.
4. Telecom: Cell Phone additional Call Charges: The allocation of additional charges to relevant cost centres is underway.
5. Software License - Upgrade/Protection: An adjustment entry will be processed to reflect the pre-payment in the 2023/24 financial year.

The 2022/23 Departmental summary is attached as Annexure B to this report.

Departmental Summary – Training Budget

This Directorate's approved 2022/23 Training Budget, excluding the Corporate Training provision, amounts to R5.8 million.

The budget for the Corporate Training provision amounts to R24.5 million and the actual implementation rate is 87.7%.

Current Budget (R m)	YTD Planned Spend (R m)	YTD Actual Spend (R m)	% YTD Spend vs YTD Planned Spend	% YTD Spend vs Current Budget
5.8	2.0	3.2	158.2%	55.7%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 158.7%. The total implementation rate achieved is 55.7% for the period ending January 2023.

Departments are managing their budgets against their approved Workplace Skills Plan (WSP) to ensure maximum spend within their areas of control. Further opportunities are currently being investigated to maximize our projected spend.

The 2022/23 Departmental summary is attached as Annexure C to this report.

Departmental Summary - Repairs and Maintenance

This Directorate's approved 2022/23 Repairs and Maintenance Budget amounts to R549.1 million.

Current Budget (R m)	YTD Planned Spend (R m)	YTD Actual Spend (R m)	% YTD Spend vs YTD Planned Spend	% YTD Spend vs Current Budget
549.1	235.4	250.2	106.3%	45.6%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 106.3%. The total implementation rate achieved is 45.6% for the period ending January 2023.

Only the Information Systems and Technology (IS&T), Facilities Management and Fleet Management departments have a planned maintenance programme in place. The remainder of the Departments within the Directorate does not have planned maintenance programmes and hence their maintenance expenditure is of a reactive/unplanned nature.

The 2022/23 Departmental Repairs & Maintenance summary is attached as Annexure D to this report.

- 4.1. Financial Implications None Opex Capex
 Capex: New Projects
 Capex: Existing projects requiring additional funding
 Capex: Existing projects with no additional funding requirements
- 4.2. Policy and Strategy Yes No
- 4.3. Legislative Vetting Yes No
- 4.4. Legal Implications Yes No
- 4.5. Staff Implications Yes No
- 4.6. 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.
- 4.7. 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 be **NOTED**.

AANBEVELING

Daar word **AANBEVEEL** dat daar van die inhoud van die verslag **KENNIS GENEEM** word.

IZINDULULO

KUNDULULWE ukuba **MAKUQWALASELWE** okuqulathwe kwingxelo.

ANNEXURES

Annexure	Filename
ANNEXURE A:	2022_23 Capex DeptSum January 2023
ANNEXURE B:	2022_23 Opex DeptSum January 2023
ANNEXURE C:	2022_23 Training DeptSum January 2023
ANNEXURE D:	2022_23 R+M DeptSum January 2023

FOR FURTHER DETAILS CONTACT

NAME	Wallied Taliep	CONTACT NUMBER	021 400 9880
E-MAIL ADDRESS	Wallied.taliep@capetown.gov.za		
DIRECTORATE	Corporate Services	FILE REF No	

Approval Form

Supported for inclusion on the agenda



JANUARY 2023 FINANCIAL MONITORING REPORT

Report Reference: 522419
Meeting: Section 79 Portfolio Committee - Corporate Services
Meeting Date: 01.03.2023
Meeting Venue: Meeting Room 2 6th Floor Podium

Contact Person: Wallied Taliep
Contact Telephone: 0214009880
Contact Email: WALLIED.TALIEP@CAPETOWN.GOV.ZA

Item	Section	Approver	Approval	Approved Date	Approver Comments
01	Author	WALLIED TALIEP	Approved	16.02.2023 08:43:33	
02	Director/Directorate Support Manager	WALLIED TALIEP	Approved	16.02.2023 08:54:31	
03	Executive Director	Bevan van Schoor	Approved	16.02.2023 09:31:30	
04	Legal Compliance	Joan Mari Holt	Approved with Comments	16.02.2023 14:56:59	For information.

ECS Officer:

CORPORATE SERVICES

2022/23 CAPITAL BUDGET SUMMARY AS AT JANUARY 2023

Key	↑	Above 90%	Above 58%	Above 95%
	→	Between 80% and 90%	Between 50% and 58%	Between 90% and 95%
	↓	Below 80%	Below 50%	Below 90%

Department	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	Commitments	Actual Spend + Commitments	% YTD Actual Spend Compared to YTD Planned Spend	% YTD Actual Spend Compared to Current Budget	% YTD Actual Spend + Commitments compared to Current Budget	Reason/s for Variance	Proposed Remedial Action
Citizen Interface	5 094 022	3 249 907	948 720	(2 301 187)	2 277 023	3 225 743	↓ 29.2%	↓ 18.6%	↓ 63.3%	Some orders have been placed; awaiting delivery, which is delayed due to the unavailability of stock.	Further orders have been placed, awaiting delivery and installations.
Customer Relations	2 552 502	383 930	827 598	443 668	1 261 362	2 088 961	↑ 215.6%	↓ 32.4%	↓ 81.8%	Some items being delivered earlier than anticipated due to availability of stock.	Further orders have been placed; awaiting delivery.
Executive & Councillor Support Operations	4 548 540	1 791 855	2 669 996	878 141	675 525	3 345 521	↑ 149.0%	↑ 58.7%	↓ 73.6%	Some items being delivered earlier than anticipated due to availability of stock.	Further orders have been placed; awaiting delivery.
Facilities Management	62 245 323	2 354 363	4 132 449	1 778 086	16 412 726	20 545 175	↑ 175.5%	↓ 0.0%	↓ 0.0%	Some items being delivered earlier than anticipated due to availability of stock.	Further orders have been placed; awaiting delivery.
Finance: CS	0	0	0	0	0	0	↓ 0.0%	↓ 0.0%	↓ 0.0%	Project is ahead of planned spent due to the early delivery of some Fleet stock, that has resulted in this variance.	Bulk of orders have been raised and anticipate some deliveries only from March 2023.
Fleet Management	127 915 783	28 958 763	33 476 419	4 517 656	37 007 623	70 484 042	↑ 115.6%	↓ 26.2%	↓ 55.1%	Project is ahead of planned spent due to the early delivery of some Fleet stock, that has resulted in this variance.	Bulk of orders have been raised and anticipate some deliveries only from March 2023.
Human Resources	4 078 699	1 551 348	1 887 774	336 426	1 894 272	3 782 046	↑ 121.7%	↓ 46.3%	→ 92.7%	Some items being delivered earlier than anticipated due to availability of stock.	Further orders have been placed; awaiting delivery.
Information & Knowledge Management	2 602 356	275 088	1 173 141	898 053	1 062 312	2 235 453	↑ 426.5%	↓ 45.1%	↓ 85.9%	Some items being delivered earlier than anticipated due to availability of stock.	Further orders have been placed; awaiting delivery.
Information Systems & Technology	229 511 490	63 625 604	72 072 782	8 447 178	81 179 942	153 252 724	↑ 113.3%	↓ 31.4%	↓ 66.8%	The positive variance reflects on: ERP Annual Capacity Growth FY23, where there was a change in the IBM support services for existing storage equipment resulting in accelerated procurement of storage equipment to ensure uninterrupted services to the City.	Further orders have been placed; awaiting delivery.
Management: Corporate Services	5 174 711	0	321 711	321 711	536 702	858 413	↓ 0.0%	↓ 6.2%	↓ 16.6%	Some items being delivered earlier than anticipated due to availability of stock.	Further orders have been placed; awaiting delivery.
Support Services: CS	53 000	0	7 299	7 299	0	7 299	↓ 0.0%	↓ 13.8%	↓ 13.8%	Some items being delivered earlier than anticipated due to availability of stock.	Further orders have been placed; awaiting delivery.
Grand Total	443 776 426	102 190 858	117 517 890	15 327 032	142 307 487	259 825 377	↑ 115.0%	↓ 26.5%	↓ 58.5%		

2021/22	435 868 241	125 514 658	108 693 010	(16 821 648)	109 217 490	217 910 500	↑ 86.6%	↓ 24.9%	↓ 50.0%		
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CORPORATE SERVICES

Key	↑	Above 90%	Above 58%
	→	Between 80% and 90%	Between 50% and 58%
	↓	Below 80%	Below 50%

2022/23 OPERATING EXPENDITURE DEPARTMENTAL SUMMARY
(PRIMARY CONTROLLABLE EXPENDITURE) AS AT JANUARY 2023

Department	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	% YTD Actual Spend Compared to YTD Planned Spend	% YTD Actual Spend Compared to Current Budget
Citizen Interface	225 140 427	106 152 484	101 789 373	(4 363 112)	↑ 95.9%	↓ 45.2%
Customer Relations	93 686 683	49 815 681	50 258 360	442 679	↑ 100.9%	→ 53.6%
Executive & Councillor Supprt Operations	322 266 668	181 920 127	185 667 380	3 747 253	↑ 102.1%	→ 57.6%
Facilities Management	527 403 795	254 270 628	317 854 009	63 583 381	↑ 125.0%	↑ 60.3%
Finance: CS	9 811 008	3 636 183	3 573 814	(62 369)	↑ 98.3%	↓ 36.4%
Fleet Management	445 275 383	241 570 114	250 083 434	8 513 319	↑ 103.5%	→ 56.2%
HR Business Partner: CS	4 583 438	2 558 186	2 560 243	2 057	↑ 100.1%	→ 55.9%
Human Resources	357 193 375	198 088 337	193 819 191	(4 269 146)	↑ 97.8%	→ 54.3%
Information & Knowledge Management	51 404 741	28 772 011	27 601 967	(1 170 044)	↑ 95.9%	→ 53.7%
Information Systems & Technology	1 157 734 267	658 756 901	694 591 175	35 834 274	↑ 105.4%	↑ 60.0%
Management: Corporate Services	14 181 651	4 322 883	4 110 091	(212 792)	↑ 95.1%	↓ 29.0%
Project Management Office: CS	7 070 111	3 570 841	3 408 552	(162 288)	↑ 95.5%	↓ 48.2%
Support Services: CS	3 464 837	2 126 393	2 015 158	(111 235)	↑ 94.8%	↑ 58.2%
Grand Total	3 219 216 384	1 735 560 767	1 837 332 746	101 771 979	↑ 105.9%	→ 57.1%
2021/22	3 215 526 598	1 570 045 654	1 609 080 945	39 035 291	↑ 102.5%	→ 50.0%

Key	↑	Above 90%	Above 58%
	→	Between 80% and 90%	Between 50% and 58%
	↓	Below 80%	Below 50%

CORPORATE SERVICES

2022/23 TRAINING BUDGET - DEPARTMENTAL SUMMARY AS AT JANUARY 2023

Department	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	% YTD Actual Spend Compared to YTD Planned Spend	% YTD Actual Spend Compared to Current Budget
Citizen Interface	587 443	301 063	336 927	35 863	↑ 111.9%	→ 57.4%
Customer Relations	203 420	86 630	72 265	(14 364)	→ 83.4%	↓ 35.5%
Executive & Councillor Supprt Operations	324 718	19 391	290 511	271 120	↑ 1498.2%	↑ 89.5%
Facilities Management	557 661	320 104	401 335	81 232	↑ 125.4%	↑ 72.0%
Finance: CS	28 396	0	0	0	↓ 0.0%	↓ 0.0%
Fleet Management	868 815	774 091	598 771	(175 320)	↓ 77.4%	↑ 68.9%
HR Business Partner: CS	7 477	0	0	0	↓ 0.0%	↓ 0.0%
Human Resources	778 030	148 935	1 122 003	973 068	↑ 753.4%	↑ 144.2%
Information & Knowledge Management	111 851	9 190	28 185	18 995	↑ 306.7%	↓ 25.2%
Information Systems & Technology	2 289 486	372 876	372 876	0	↑ 100.0%	↓ 16.3%
Management: Corporate Services	25 827	14 120	14 120	0	↑ 100.0%	→ 54.7%
Project Management Office: CS	17 406	0	0	0	↓ 0.0%	↓ 0.0%
Support Services: CS	10 800	0	0	0	↓ 0.0%	↓ 0.0%
Total	5 811 332	2 046 399	3 236 993	1 190 594	↑ 158.2%	→ 55.7%

* Excludes Corporate Budget Provisions

2021/22	5 430 227	2 246 450	3 152 401	905 951	↑ 140.3%	↑ 58.1%
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CORPORATE SERVICES

Key	↑	Above 90%	Above 58%
	→	Between 80% and 90%	Between 50% and 58%
	↓	Below 80%	Below 50%

2022/23 REPAIRS AND MAINTENANCE - DEPARTMENTAL SUMMARY AS AT JANUARY 2023

Department	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	% YTD Actual Spend Compared to YTD Planned Spend	% YTD Actual Spend Compared to Current Budget
Citizen Interface	17 258 824	9 802 491	2 943 300	(6 859 191)	↓ 30.0%	↓ 17.1%
Customer Relations	92 741	31 478	5 038	(26 440)	↓ 16.0%	↓ 5.4%
Executive & Councillor Supprt Operations	3 568 015	1 034 874	1 136 060	101 186	↑ 109.8%	↓ 31.8%
Facilities Management	276 048 465	99 343 585	114 994 325	15 650 740	↑ 115.8%	↓ 41.7%
Finance CS	18 932	0	0	0	↓ 0.0%	↓ 0.0%
Fleet Management	126 093 008	59 425 449	73 236 315	13 810 867	↑ 123.2%	↑ 58.1%
Human Resources	751 715	416 858	68 145	(348 713)	↓ 16.3%	↓ 9.1%
Information & Knowledge Management	42 629	8 584	6 343	(2 241)	↓ 73.9%	↓ 14.9%
Information Systems & Technology	125 185 291	65 374 032	57 813 750	(7 560 282)	→ 88.4%	↓ 46.2%
Management: Corporate Services	0	0	16 209	16 209	↓ 0.0%	↓ 0.0%
Total	549 059 620	235 437 351	250 219 485	14 782 135	↑ 106.3%	↓ 45.6%
2021/22	476 200 505	191 759 490	186 147 934	(5 611 556)	↑ 97.1%	↓ 39.1%