



REPORT TO: CORPORATE SERVICES PORTFOLIO COMMITTEE

1. ITEM NUMBER: CRSPC 10/05/23

2. SUBJECT

CORPORATE SERVICES DIRECTORATE: MARCH 2023 FINANCIAL MONITORING REPORT

ONDERWERP

DIREKTORAAT KORPORATIEWE DIENSTE: VERSLAG OOR FINANSIËLE MONITERING VIR MAART 2023

ISIHLOKO

ICANDELO LOLAWULO LEENKONZO ZEZIKO: INGXELO ENGOKUBEK'ILISO KWIZIMALI KWEYOKWINDLA 2023

LSU P3447

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 March 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	179.1	188.7	198.1	105.4%	42.5%	87.1%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 105.4%. The implementation rate, compared to the total budget is 42.5% for the period ending 31 March 2023, excluding commitments.

When commitments are taken into account, the overall performance improves to 87.1% for the Directorate. The value of the commitments placed for the period ending 31 March 2023 amounts to R198.14 million.

The main reasons are for the positive variance are:

Immaterial variance

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	R11.9 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	R23.5 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	2 222.1	2 358.2	106.1%	73.3%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 106.1%. The total implementation rate achieved is of 73.3% for the period ending 31 March 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 internal filling of vacancies.
2. Councillor Remuneration (under), due to vacancies over the reporting period year-to-date.
3. Inventory Consumed (over), mainly on:
 - a) 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; and
 - b) R&M Materials General and Consumables (over), where the annual servicing of vehicles, and repairs and maintenance of air conditioners at the Lentegour Sub-Council municipal building is higher than planned to date.
4. Contracted services (over), mainly on:

- a) Security Services: Municipality Facilities, as a result of the need for increased security services to avoid illegal occupation and/or damage to City property;
 - b) Cleaning Costs, due to the higher demand for cleaning services at various City facilities;
 - c) Building Contractors, where work on buildings were completed earlier than planned; and
 - d) R&M Contracted Services Building, due to an increase in repairs and maintenance at various facilities (including Bellville and Goodwood libraries) to date.
5. Other Expenditure (over), mainly on:
- a) Telecom: Cell Phone additional Call Charges, where invoices for additional call charges are paid by the Corporate Services Directorate and then allocated to the directorates responsible for the costs; and
 - b) Software Licence - Upgrade/Protection, due to the prepayment of SAP licences for the 2023 calendar year as per the enterprise agreement.

Remedial or corrective steps:

1. The directorate has 341 vacancies in various stages of the recruitment and selection process; 555 positions were filled and 82 terminations processed since the start of the financial year.
2. Security Services: Municipality Facilities: Savings will be sourced to cover the over expenditure.
3. Telecom: Cell Phone additional Call Charges: The allocation of additional charges to relevant cost centres is underway.
4. Software Licence - Upgrade/Protection: An adjustment entry will be processed to reflect the pre-payment in the 2023/24 financial year. Prepayments are accounted for as part of the AFS disclosure and the Treasury Department will process a prepayment journal to correct the costing as part of the FY2022/23 financial statements closing process.
5. Period budget provisions will be reviewed and adjusted, where necessary.

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 119.8%.

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	3.2	5.2	162.4%	90.2%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 162.4%. The total implementation rate achieved is 90.2% for the period ending 31 March 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	329.6	348.0	105.6%	63.4%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 105.6%. The total implementation rate achieved is 63.4% for the period ending 31 March 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 March 2023
ANNEXURE B:	2022_23 Opex DeptSum March 2023
ANNEXURE C:	2022_23 Training DeptSum March 2023
ANNEXURE D:	2022_23 R+M DeptSum March 2023

FOR FURTHER DETAILS CONTACT

NAME	<i>Wallied Taliep</i>	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



MARCH 2023 FINANCIAL MONITORING REPORT

Report Reference: 522756
Meeting: Section 79 Portfolio Committee - Corporate Services
Meeting Date: 03.05.2023
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	18.04.2023 12:34:49	
02	Director/Directorate Support Manager	WALLIED TALIEP	Approved	18.04.2023 12:39:29	
03	Executive Director	ERNEST SASS	Approved	19.04.2023 11:18:19	
04	Legal Compliance	Joan Mari Holt	Approved with Comments	19.04.2023 13:57:59	For information.

ECS Officer:

CORPORATE SERVICES

2022/23 CAPITAL BUDGET SUMMARY AS AT MARCH 2023

Key	↑	Above 90%	Above 75%	Above 95%
	→	Between 80% and 90%	Between 67% and 75%	Between 90% and 95%
	↓	Below 80%	Below 67%	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	4 416 741	2 009 887	(2 406 854)	2 004 332	4 014 219	↓ 45.5%	↓ 39.5%	↓ 78.8%	Orders have been placed, awaiting delivery which is taking longer than anticipated due to unavailability of stock.	Further orders will be placed in April 2023.
Customer Relations	2 552 502	413 930	2 346 887	1 932 957	187 852	2 534 739	↑ 567.0%	↑ 91.9%	↑ 99.3%	Some items being delivered earlier than anticipated due to availability of stock. Further orders have been placed; awaiting delivery.	Final orders to be placed in April 2023.
Executive & Councillor Supprt Operations	4 548 540	2 491 656	3 266 780	775 124	749 882	4 016 662	↑ 131.1%	→ 71.8%	↓ 88.3%	Some items being delivered earlier than anticipated due to availability of stock. Further orders have been placed; awaiting delivery.	Final orders to be placed in April 2023.
Facilities Management	62 245 323	5 494 118	7 057 220	1 563 102	52 889 882	59 947 102	↑ 128.5%	↓ 11.3%	↓ 0.0%	Some items being delivered earlier than anticipated due to availability of stock. Further orders have been placed; awaiting delivery.	Final orders to be placed in April 2023.
Finance: CS	0	0	0	0	0	0	↓ 0.0%	#DIV/0!	↓ 0.0%	Project ahead of planned spend due to some plant items that were delivered earlier than anticipated.	Anticipate to accept delivery of final order within the 4th Quarter. Savings to be realised.
Fleet Management	127 865 783	51 747 077	66 616 170	14 869 093	38 180 674	104 796 844	↑ 128.7%	↓ 52.1%	↓ 82.0%	Project ahead of planned spend due to some plant items that were delivered earlier than anticipated.	Anticipate to accept delivery of final order within the 4th Quarter. Savings to be realised.
Human Resources	4 173 989	1 707 195	2 785 141	1 077 946	1 365 328	4 150 470	↑ 163.1%	↓ 66.7%	↑ 99.4%	Some items being delivered earlier than anticipated due to availability of stock. Further orders have been placed; awaiting delivery.	Final orders to be placed in April 2023.
Information & Knowledge Management	2 602 356	575 088	2 265 420	1 690 332	23 884	2 289 304	↑ 393.9%	↑ 87.1%	↓ 88.0%	Some items being delivered earlier than anticipated due to availability of stock. Further orders have been placed; awaiting delivery.	Final orders to be placed in April 2023.
Information Systems & Technology	229 511 490	111 906 570	101 602 638	(10 303 932)	102 652 700	204 255 339	↑ 90.8%	↓ 44.3%	↓ 89.0%	The variance is mainly due to the protracted process of finalising the remaining requirements for 2022/23 financial year and work briefs as well as late receipt of invoices from contractors.	Project manager to follow up on outstanding invoice.
Management: Corporate Services	5 175 121	326 184	730 846	404 662	6 308	737 154	↑ 224.1%	↓ 14.1%	↓ 14.2%	Some items were delivered earlier than anticipated due to availability of stock.	Further orders have been placed; awaiting delivery. Savings to be realised.
Support Services: CS	7 300	7 300	7 299	(1)	0	7 299	↑ 100.0%	↑ 100.0%	↑ 100.0%	Completed	None
Grand Total	443 776 426	179 085 859	188 688 288	9 602 429	198 060 843	386 749 131	↑ 105.4%	↓ 42.5%	↓ 87.1%		
2021/22	434 276 525	188 817 216	193 836 419	5 019 203	180 313 885	374 150 303	↑ 102.7%	↓ 44.6%	↓ 86.2%		

CORPORATE SERVICES

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

Key	↑	Above 90%	Above 75%
	→	Between 80% and 90%	Between 67% and 75%
	↓	Below 80%	Below 67%

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	127 315 259	132 857 144	5 541 885	↑ 104.4%	↓ 59.0%
Customer Relations	93 686 683	63 606 725	63 620 054	13 329	↑ 100.0%	→ 67.9%
Executive & Councillor Supprt Operations	323 266 668	233 091 115	238 525 263	5 434 148	↑ 102.3%	→ 73.8%
Facilities Management	527 403 795	344 784 780	426 049 222	81 264 443	↑ 123.6%	↑ 80.8%
Finance: CS	8 811 008	4 696 821	4 742 295	45 474	↑ 101.0%	↓ 53.8%
Fleet Management	445 275 383	317 432 641	331 057 396	13 624 755	↑ 104.3%	→ 74.3%
HR Business Partner: CS	4 583 438	3 304 549	3 314 494	9 944	↑ 100.3%	→ 72.3%
Human Resources	357 193 375	249 574 691	252 556 652	2 981 961	↑ 101.2%	→ 70.7%
Information & Knowledge Management	51 404 741	36 289 733	35 453 718	(836 015)	↑ 97.7%	→ 69.0%
Information Systems & Technology	1 157 734 267	828 724 825	857 923 318	29 198 493	↑ 103.5%	→ 74.1%
Management: Corporate Services	14 181 651	5 624 088	5 327 155	(296 933)	↑ 94.7%	↓ 37.6%
Project Management Office: CS	7 070 111	5 065 008	4 451 863	(613 145)	→ 87.9%	↓ 63.0%
Support Services: CS	3 464 837	2 622 744	2 291 908	(330 837)	→ 87.4%	↓ 66.1%
Grand Total	3 219 216 384	2 222 132 978	2 358 170 481	136 037 503	↑ 106.1%	→ 73.3%
2021/22	2 835 550 733	1 877 906 976	1 952 472 491	74 565 515	↑ 104.0%	→ 68.9%

Key	↑	Above 90%	Above 75%
	→	Between 80% and 90%	Between 67% and 75%
	↓	Below 80%	Below 67%

CORPORATE SERVICES**2022/23 TRAINING BUDGET - DEPARTMENTAL SUMMARY AS AT MARCH 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	20 314	408 430	388 116	↑ 2010.6%	→ 69.5%
Customer Relations	203 420	176 144	184 939	8 795	↑ 105.0%	↑ 90.9%
Executive & Councillor Supprt Operations	324 718	23 372	425 006	401 633	↑ 1818.4%	↑ 130.9%
Facilities Management	557 661	414 797	631 065	216 269	↑ 152.1%	↑ 113.2%
Finance: CS	28 396	0	0	0	↓ 0.0%	↓ 0.0%
Fleet Management	868 815	813 980	881 555	67 575	↑ 108.3%	↑ 101.5%
HR Business Partner: CS	7 477	623	0	(623)	↓ 0.0%	↓ 0.0%
Human Resources	778 030	345 720	934 335	588 615	↑ 270.3%	↑ 120.1%
Information & Knowledge Management	111 851	39 807	59 789	19 982	↑ 150.2%	↓ 53.5%
Information Systems & Technology	2 289 486	1 357 154	1 688 771	331 617	↑ 124.4%	→ 73.8%
Management: Corporate Services	25 827	25 386	17 540	(7 846)	↓ 69.1%	→ 67.9%
Project Management Office: CS	17 406	11 288	11 288	0	↑ 100.0%	↓ 64.9%
Support Services: CS	10 800	0	0	0	↓ 0.0%	↓ 0.0%
Total	5 811 332	3 228 586	5 242 719	2 014 133	↑ 162.4%	↑ 90.2%

* Excludes Corporate Budget Provisions

2021/22	5 414 077	2 839 000	4 058 210	1 219 210	↑ 142.9%	→ 75.0%
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CORPORATE SERVICES

Key	↑	Above 90%	Above 75%
	→	Between 80% and 90%	Between 67% and 75%
	↓	Below 80%	Below 67%

2022/23 REPAIRS AND MAINTENANCE - DEPARTMENTAL SUMMARY AS AT MARCH 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	3 747 825	3 458 298	(289 527)	↑ 92.3%	↓ 20.0%
Customer Relations	92 741	50 563	61 485	10 922	↑ 121.6%	↓ 66.3%
Executive & Councillor Supprt Operations	3 568 015	1 155 801	1 460 604	304 802	↑ 126.4%	↓ 40.9%
Facilities Management	276 048 465	160 891 633	164 394 576	3 502 942	↑ 102.2%	↓ 59.6%
Finance CS	18 932	0	1 282	1 282	↓ 0.0%	↓ 6.8%
Fleet Management	126 093 008	84 285 230	99 449 658	15 164 428	↑ 118.0%	↑ 78.9%
Human Resources	751 715	553 919	86 753	(467 166)	↓ 15.7%	↓ 11.5%
Information & Knowledge Management	42 629	14 576	20 013	5 437	↑ 137.3%	↓ 46.9%
Information Systems & Technology	125 185 291	78 865 933	79 068 559	202 625	↑ 100.3%	↓ 63.2%
Management: Corporate Services	0	0	16 209	16 209	↓ 0.0%	↓ 0.0%
Total	549 059 620	329 565 481	348 017 437	18 451 956	↑ 105.6%	↓ 63.4%
2021/22	478 712 867	269 440 898	260 836 632	(8 604 266)	↑ 96.8%	↓ 54.5%