

REPORT ON MID-TERM BUDGET ASSESSMENT (SECTION 72) AND MID YEAR (HALF YEAR) PERFORMANCE REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021.

1. PURPOSE OF THE REPORT

To request the Council to consider noting of the mid-term budget assessment report, and performance for the period ended 31 December 2021.

2. LEGAL REQUIREMENTS

- Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Section 54 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Section 28 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Section 23 of the Municipal budget and reporting regulations 393 of 2009
- Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
- Performance Management Regulations of 2006

3. BACKGROUND AND PURPOSE

The municipality is required by the MFMA to prepare the Mid-term budget performance assessment report and council to note the report by the 25th of January. A high level assessment of the actual results for the period 1st July 2021 to 31st December 2021 was conducted. The purpose of this review was to enable the Accounting Officer to make recommendations as to whether an adjustments budget for the 2021/22 financial year is necessary.

4. DISCUSSION

4.1. Material Variances on Revenue as at 31 December 2021

- 4.1.1. Property Rates reflects a shortfall of R4.3 million which translates to 2%
Supplementary valuation has been published in the media and is awaiting gazetting.

Adjustment is not recommended.

- 4.1.2. Electricity Sales – Shortfall of 11% amounting to R30.7 million.
Electricity short fall might be due to:

- Lower usage during summer
- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities

An adjustment down is recommended.

Of the total billed income for electricity amounting to R156.1million and receipt is R153. million representing 98% of total billed income.

- 4.1.3. Refuse removal Trolley bins/Skips shows a shortfall of 22% amounting to R15.5 million.

Of the total billed income for refuse amounting to R56, million, R16 million has been collected representing 29% of total billed income.

The following is recommended:

- Service Level Agreements with waste generators must be entered into.

- Reconciliation of skips removed by the municipality to billing information must be implemented.

Tariffs for the refuse removal in Coffee Bay, Hole in the Wall, Viedgesville and peri urban areas are established and approved and this will have to be implemented. Attempts to recover costs associated with the collection must be implemented.

An adjustment downwards is recommended

- 4.1.4. Rental of facilities and equipment shows a shortfall of 50% amounting to R8.7 million is noted. Of the total billed income for rental amounting to R8.5 million only R3.5million has been collected representing 41% of total billed income. This might be due to under utilising of premises intended for rental that still remain vacant.

Plans for the utilisation of facilities must be put in place.

Adjustment is recommended

- 4.1.5. Licences and permits reflect a Shortfall of 75% amounting to R1.5 million
Adjustment downwards is recommended

- 4.1.6. Interest on outstanding debtors reflects a shortfall of R12.5 million, representing 43% of the total budget.
This might be due to increase in collection levels of arrear debt

Adjustment down is recommended

- 4.1.7. Agency Services a shortfall of 31% translating to R3 million
An adjustment down is recommended.

4.1.8. Grants and subsidies

4.1.8.1. Operational overspent by R3.7 million.

- EPWP budget is overspent by R5.3 million
- FMG – underspent by R0.73 million
- Income on Library grant is still to be recognised, the allocation has been fully utilised.
- Infrastructure Skills Development grant underspent by R0.39 million
- SETA grant was not budgeted for, this will be provided for in the adjustment budget.

4.1.8.2. Capital Grants Spending income reflects overspending of R2.7 million as follows.

- Human Settlement is underspent by R 12 million excluding VAT.
- The spending on MIG on average year to date budget has exceeded by R10 million.
- Small Town Revitalisation grant on average year to date budget has exceeded by R0.43 million

4.2. Expenditure Material Variance

- 4.2.1. Employee related costs and remunerations of councilors reflects a savings of 13% at R8.7 million for a detailed report refer to S66 report below.
An adjustment down is recommended

- 4.2.2. Bulk purchases: Electricity. – there is an overspending of 7% amounting to R13.9 million. This could be due to less demand in warm months. This might be due the following:

- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities

An adjustment up is recommended

- 4.2.3. Debt impairment
A variance of R25.3 million is noted.

This will be dealt with at the end of the financial year.

Insignificant variance.

4.2.4. Finance Charges
Year to date budget has been underspent by R1 million.
An adjustment up is recommended.

4.2.5. Inventory Consumed shows an overspending of R9.3 million. The following significant variances were noted
An adjustment up is recommended.

4.2.6. Contracted Services shows an overspending of R11 million.
The table below indicates material variances above R500 000.

Adjustments will be made per individual item.

An adjustment up is recommended.

4.2.7. Other expenditure is made up of various line items such as, repairs and maintenance, general expenditure, indigent subsidy and grants expenditure. In terms mSCOA some of expenditure on the above items is classified as contracted services. It is therefore necessary to expatiate further. An overall underspending of R19.9 million is noted. An adjustment downwards is recommended.

4.2.8. Repairs and maintenance
Items with variances above R500 000

LEDGER DESCRIPTION ▾	2021 ORIG BUDGET ▾	TOTAL ACTUAL ▾	YTD BUDGET ▾	VARIANCE ▾
Roads, Str Repair / Resealing	4 028 878,00	157 760,00	2 014 439,00	-1 856 679,00
Rural Roads Maintenance	2 722 215,00	-0,01	1 361 107,50	-1 361 107,51
Buildings Installation	2 722 215,00	100 825,85	1 361 107,50	-1 260 281,65
Rural Roads Maintenance	1 959 995,00	50 437,50	979 997,50	-929 560,00
Roads, Str Repair / Resealing	1 959 995,00	175 110,00	979 997,50	-804 887,50
Vehicles, Machinery Plant	1 415 552,00	0,00	707 776,00	-707 776,00
Rural Roads Maintenance	1 524 440,00	195 000,00	762 220,00	-567 220,00
Roads, Str Repair / Resealing	13 066 632,00	7 501 643,07	6 533 316,00	968 327,07
Electr Infrastr, Mains Cable	974 625,00	1 499 698,12	487 312,50	1 012 385,62
Electr Infrastr, Mains Cable	324 875,00	2 377 942,42	162 437,50	2 215 504,92
Electr Infrastr, Mains Cable	2 141 742,00	4 367 776,59	1 070 871,00	3 296 905,59
Electr Infrastr, Mains Cable	2 953 159,00	5 436 206,51	1 476 579,50	3 959 627,01

An adjustment up is recommended

4.2.9. General expenditure

Items with variances above R500 000

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Indigent Subsidy	26 025 000,00	2 027 258,00	13012500	-10 985 242,00
Depreciation - Buildings	10 851 293,00	0,00	5425646,5	-5 425 646,50
Depreciation-Other Assets	14 548 210,00	2 161 124,10	7274105	-5 112 980,90
leasing charges	8 051 804,00	0,00	4025902	-4 025 902,00
Grant Exp - Infrastructure Skills Development	5 500 000,00	44 229,99	2750000	-2 705 770,01
Levy - Skills Development SETA	5 548 643,00	275 300,43	2774321,5	-2 499 021,07
Insurance	3 389 327,00	180 308,77	1694663,5	-1 514 354,73
Rural Roads Maintenance	2 722 215,00	-0,01	1361107,5	-1 361 107,51
Workmens Compensation	2 696 065,00	0,00	1348032,5	-1 348 032,50
Depreciation-Other Assets	18 275 863,00	7 921 129,60	9137931,5	-1 216 801,90
VEHICLE REGISTRATION	2 348 677,00	85 732,90	1174338,5	-1 088 605,60
Audit Fee - External	5 392 130,00	1 742 146,68	2696065	-953 918,32
Roads, Str Repair / Resealing	1 959 995,00	175 110,00	979997,5	-804 887,50
Vehicles, Machinery Plant	1 415 552,00	0,00	707776	-707 776,00
Leasing Charges	2 156 852,00	433 661,81	1078426	-644 764,19
Rural Roads Maintenance	1 524 440,00	195 000,00	762220	-567 220,00
Council ward committee meeting incentives	11 647 001,00	5 294 291,00	5823500,5	-529 209,50
Leasing Charges	0,00	501 085,93	0	501 085,93
Licence Fees	1 078 426,00	1 073 487,07	539213	534 274,07
Depreciation-Other Assets	5 711 207,00	3 421 679,55	2855603,5	566 076,05
FMG grant expend. - Appointment of interns	0,00	586 406,79	0	586 406,79
Rentals - K.D. Matanzima offices	1 617 639,00	1 408 286,49	808819,5	599 466,99
Commission on prepayment electricity sales	539 213,00	1 008 792,73	269606,5	739 186,23
Depreciation-Other Assets	2 413 552,00	2 072 423,36	1206776	865 647,36
Fuel Oil	2 588 222,00	2 542 585,24	1294111	1 248 474,24
Depreciation-Other Assets	1 242 885,00	1 875 653,49	621442,5	1 254 210,99
Post Telecommunications	4 313 704,00	3 821 660,25	2156852	1 664 808,25
Levy - SALGA Membership	5 607 815,00	5 423 084,72	2803907,5	2 619 177,22
Electr Infrastr, Mains Cable	2 141 742,00	4 367 776,59	1070871	3 296 905,59
Depreciation - Buildings	0,00	4 335 510,81	0	4 335 510,81
Depreciation-Other Assets	2 855 604,00	6 331 313,88	1427802	4 903 511,88
Hire Charges - Transport Extnl	2 156 852,00	6 147 306,74	1078426	5 068 880,74

An adjustment down is recommended

4.3. EMPLOYEE RELATED COSTS REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 IN TERMS OF S66 OF THE MFMA COMMENTS ON SIGNIFICANT VARIANCES

Overall savings of R8.7 million.

- Basic salaries reflect savings of R8.2 million

- Medical Aid Contributions savings by R4.7 million
- Overtime reflect overspending of R8.5 million.
- Housing allowances reflect savings of R2.6 million.

4.4. CAPITAL EXPENDITURE EXCLUDING CONTRIBUTIONS TO CAPITAL OUTLAY COMMENTS ON CAPITAL SPENDING

- ❖ **Roads MIG** -The spending is at 60% of the total annual budget.
- ❖ **Electricity Projects-**
The spending on electricity projects were funded by the municipal funds amounting to R1.2 million and R6.8 million funded by Amatola water.

Human Settlement Projects- reflect a slow spending at 18% of the annual budget.

4.5. ROLLOVERS

Roll over approvals or rejections by National Treasury are still to confirmed during the midyear assessment engagement.

4.6. SUMMARY OF PERFORMANCE REPORT FOR THE MIDYEAR

Monitoring and evaluation is key in performance management system. The institution monitors its performance through quarterly reports in terms of Section 127 (5) of the Municipal Finance Management Act no 56 of 2003, and section 21A of the Municipal System Act 32 of 2000, the Municipal entity are to comply with this act. The report presented to Council for NOTING is not audited. The report is used to assess how far the municipality during the half year in relation to SDBIP implementation (is a mirror kind of), it presents targets that are **Achieved, Partially Achieved** and **Not Achieved** for the period. The picture is that a lot still need to be done to improve our performance as the institution.

The overall performance is 58%

Details	No of targets	No of targets Achieved	% of targets Achieved	No of targets Partially Achieved	% of targets Partially Achieved	No of targets Not Achieved	% of targets Not Achieved
Technical Services	14	10	72%	3	21%	1	7%
Human Settlements	26	7	27%	6	23%	13	50%
Community Services	17	12	70%	3	18%	2	12%
Strategic and Economic Development	28	16	57%	3	11%	9	32%
Public Safety and Traffic Management	28	20	72%	6	21%	2	7%
Budget and Treasury	16	14	87%	-	-	2	13%
Corporate Services	38	18	47%	11	29%	9	24%
Executive and Council	23	14	61%	7	30%	2	9%
Totals	190	111	58%	39	21%	40	21%

Monitoring and evaluation is key in performance management system. The institution monitors its performance through quarterly reports in terms of Section 127 (5) of the Municipal Finance Management Act no 56 of 2003, and section 21A of the Municipal System Act 32 of 2000, the Municipal entity are to comply with this act. The report presented to Council for NOTING is not audited. The report is used to assess how far the municipality during the 2nd quarter performance report in relation to SDBIP implementation (is a mirror kind of), it presents targets that are **Achieved, Partially Achieved** and **Not Achieved** for the period. The picture is that a lot still need to be done to improve our performance as the institution.

5. STAFF IMPLICATIONS

Own staff

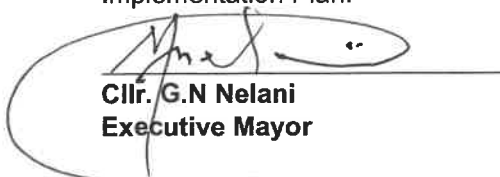
6. FINANCIAL IMPLICATIONS

Non normal operating budget

7. RECOMMENDATIONS

It is recommended:

- 7.1. That the Report of the Municipal Manager to the Executive Mayor of the KSD Local Municipality on the assessment carried out in terms of section 72 of the MFMA be noted.
- 7.2. That the Executive Mayor in terms of section 54(1)(f) of the MFMA, submits the report to the Council.
- 7.3. That the Executive Mayor, in terms of section 54(2)(a)(ii) of the MFMA, tables an adjustments budget before the end of February 2022 as contemplated in section 28(a), (b), (d) and (f) of the MFMA.
- 7.4. That the adjustments budget, in terms of section 23 of the Municipal budget and reporting regulations 393 of 2009, be considered and tabled in the municipal council not later than 28 February 2022.
- 7.5. That departments consider developing or reviewing the current turnaround plans.
- 7.6. Further notes processes of adjustments where necessary in the Integrated development plan (IDP) and related Service Delivery Implementation Plan (SDBIP) will be undertaken.
- 7.7. That the Council notes Midyear performance report and considers whether amendments are necessary in the Integrated development plan and related Service Delivery Implementation Plan.


Cllr. G.N Nelani
Executive Mayor



MID YEAR ASSESSMENT (MFMA SECTION 72) REPORT TO THE COUNCIL FOR THE PERIOD ENDED 31st DECEMBER 2021

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1. PURPOSE OF THIS REPORT

The purpose of this report is to submit the outcome of the assessment carried out in terms of section 72 of the MFMA to the Executive Mayor of the KSD Local Municipality with a view to:-

- a. make recommendations as to whether an adjustments budget is necessary; and
- b. recommend revised projections for revenue and expenditure to the extent that this may be necessary

2. LEGISLATIVE REQUIREMENTS

Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates that -

- (1) The accounting officer of a municipality must by 25 January of each year—
 - (a) assess the performance of the municipality during the first half of the financial year, taking into account—
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
 - (b) submit a report on such assessment to—
 - (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.
- (3) The accounting officer must, as part of the review—
 - (a) make recommendations as to whether an adjustments budget is necessary; and
 - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 54 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates that –

- (1) On receipt of a statement or report submitted by the accounting officer of the Municipality in terms of section 71 or 72, the mayor must-
 - (a) consider the statement or report;
 - (b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
 - (c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
 - (d) issue any appropriate instructions to the accounting officer to ensure-
 - (i) that the budget is implemented in accordance with the service delivery and

- (ii) budget implementation plan; and
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget;
 - (e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and
 - (f) in the case of a section 72 report, submit the report to the council by 25th January of each year.
 - (2) If the municipality faces any serious financial problems, the mayor must-
 - (a) promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include-
 - (i) steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;
 - (ii) the tabling of an adjustments budget; or
 - (iii) steps in terms of Chapter 13; and
 - (b) alert the council and the MEC for local government in the province to those problems.
- (3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

Section 28 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:-

- (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget-
 - (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
 - (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
 - (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by council;
 - (f) may correct any errors in the annual budget; and
 - (g) may provide for any other expenditure within a prescribed framework.

Section 23 of the Municipal budget and reporting regulations 393 of 2009 stipulates as follows:-

- 23. (1) An adjustments budget referred to in section 28 (2) (b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.

3. BACKGROUND

A high level assessment of the actual results for the period 1st July 2021 to 31st December 2021 was conducted. The purpose of this review was to enable the Accounting Officer to make recommendations as to whether an adjustments budget for the 2021/22 financial year is necessary.

To ensure successful outcome only a high level review of the Total Council Summary was undertaken. It should therefore be noted that this report does not provide for an assessment of each individual line item / vote number contained in the approved budget of the KSD Municipality for the 2021/2022 financial year.

This report merely highlights the status quo of key revenue and expenditure vote numbers that may require the revision of the approved annual budget through an adjustments budget in terms of section 28 of the MFMA. In addition, this report does not necessarily provide the detail on how revised projections for revenue and expenditure will be achieved. Such exercise by the management team of the municipality will be a natural outflow of this report being dealt with by the Executive Mayor in terms of section 54 (2) of the MFMA.

MIDYEAR ASSESSMENT OUTCOMES

COMMENTS ON OVERALL BUDGET OF THE MUNICIPALITY FOR THE MIDYEAR TERM AS PER TABLE BELOW.

Revenue

Variances on midyear revenue are unfavourable sitting at 16% of year to date budget attempts should be made to increase our revenue collection.

Expenditure

Variances on midyear expenditure is sitting at 4% of year to date budget attempts should be made to reduce our spending especially on non-service delivery items.

Capital expenditure

Variances on midyear expenditure is sitting at 59% of year to date budget attempts should be made to improve spending on grants to avoid having to pay back the remaining grants to National Treasury.

4. SUMMARY / SNAPSHOT
TABLE 1 BUDGET SUMMARY

EC157 King Sabata Dalindyebo - Budget Statement - Financial Performance (revenue and expenditure) - Midyear

Description	Ref	Budget Year 2021/22												
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast			
R thousands														
Revenue By Source														
Total Revenue (excluding capital transfers and contributions)		1 305 675	1 480 173	1 480 173	636 779	290 050	926 829	1 001 454	(74 625)	-30%	1 480 173			
Expenditure By Type														
Total Expenditure		1 302 034	1 432 066	1 432 066	324 725	372 569	697 294	716 033	(18 739)	-3%	1 432 066			
Surplus/(Deficit)		3 641	48 107	48 107	312 054	(82 519)	229 535	285 421	(55 886)	(0)	48 107			
Transfers and subsidies - capital (monetary allocations) (National /Provincial and District)		113 902	128 384	128 384	38 674	30 113	68 787	64 192	4 595	0	128 384			
Surplus/(Deficit) after capital transfers & contributions		117 543	176 490	176 490	350 727	(52 406)	298 322	349 613	(51 291)		176 490			

Total Capital Expenditure - Functional Classification		3	103 788	143 284	143 284	41 930	32 437	74 367	71 642	2 725	4%	143 284
Funded by:												
National Government		43 013	86 154	86 154	32 083	24 361	56 445	43 077	13 368	31%	86 154	
Provincial Government		60 775	42 230	42 230	5 889	4 206	6 603	21 115	(14 512)	-69%	42 230	
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		103 788	128 384	128 384	37 973	28 567	63 048	64 192	(1 144)	-2%	128 384	
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		103 788	143 284	143 284	41 930	32 437	74 367	71 642	2 725	4%	143 284	

5. OPERATING REVENUE
TABLE 2 OPERATING REVENUE

EC157 King Sabata Dalindyebo - Quarterly Budget Statement - Financial Performance (revenue and expenditure)

Description	Ref	Budget Year 2021/22																		
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast									
R thousands																				
Revenue By Source																				
Property rates		244 824	288 577	288 577	254 561	9 686	264 247	268 577	(4 331)	-2%	288 577	288 577								288 577
Service charges - electricity revenue		441 465	578 656	578 656	134 227	124 429	288 657	289 328	(30 671)	-11%	578 656	578 656								578 656
Service charges - refuse revenue		56 563	71 288	71 288	54 554	1 250	55 804	71 288	(15 484)	-22%	71 288	71 288								71 288
Rental of facilities and equipment		14 612	34 325	34 325	4 688	3 826	8 513	17 163	(8 649)	-50%	34 325	34 325								34 325
Interest earned - external investments		1 361	3 335	3 335	507	175	683	1 667	(985)	-59%	3 335	3 335								3 335
Interest earned - outstanding debtors		42 190	58 424	58 424	10 131	6 511	16 642	29 212	(12 570)	-43%	58 424	58 424								58 424
Fines, penalties and forfeits		8 421	7 573	7 573	2 084	1 050	3 134	3 787	(653)	-17%	7 573	7 573								7 573
Licences and permits		1 002	4 092	4 092	336	167	503	2 046	(1 543)	-75%	4 092	4 092								4 092
Agency services		14 130	19 418	19 418	3 538	3 128	6 667	9 709	(3 042)	-31%	19 418	19 418								19 418
Transfers and subsidies		459 562	384 352	384 352	155 515	131 785	287 300	283 611	3 689	1%	384 352	384 352								384 352
Other revenue		22 064	48 317	48 317	16 637	7 637	24 274	24 158	116	0%	48 317	48 317								48 317
Gains		(518)	1 815	1 815	-	406	406	907	(501)	-55%	1 815	1 815								1 815
Total Revenue (excluding capital transfers and contributions)		1 305 675	1 480 173	1 480 173	636 779	290 050	926 829	1 001 454			1 480 173	1 480 173								1 480 173

TABLE 3: CONSOLIDATED RECEIPTS VERSUS BILLING REPORT

CONSOLIDATED RECEIPTS VERSUS BILLING UP TO 31 DECEMBER 2021									
	201819 Financial Year		201920 Financial Year		202021 Financial Year		202122 Financial Year		202122 Financial Year
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Receipts
July	394 815 579	23 766 656	314 764 661	33 899 794	318 739 537	29 760 571	334 598 462	50 346 950	
August	(52 567 827)	41 174 322	19 221 544	47 040 385	27 555 389	30 123 921	38 508 309	42 783 050	
September	5 514 906	40 261 264	27 049 696	87 831 805	22 526 729	62 596 567	27 723 129	80 931 005	
October	15 958 794	73 024 242	26 777 207	50 023 182	19 126 476	94 313 288	27 469 168	27 351 872	
November	22 152 109	28 580 384	23 144 957	56 306 276	14 483 950	45 040 744	27 151 951	30 316 367	
December	20 836 038	30 636 709	27 346 400	33 811 941	24 238 137	42 573 833	26 907 485	31 083 387	
January	23 392 253	43 590 766	19 492 071	42 946 281	22 252 338	45 544 210	-	-	
February	17 044 769	24 433 041	14 455 305	25 413 312	23 438 011	36 855 234	-	-	
March	22 810 871	42 616 302	27 773 414	36 165 057	32 637 860	43 581 868	-	-	
April	23 951 836	27 846 229	19 885 330	21 414 479	29 013 556	48 438 504	-	-	
May	20 475 949	36 091 612	(1 363 184)	23 346 673	31 338 129	39 365 982	-	-	
June	19 113 827	35 607 701	41 806 569	59 407 951	9 293 965	36 602 047	-	-	
Annual Results	533 499 104	447 629 229	560 353 971	517 607 137	574 644 077	554 796 769	482 358 504	262 812 631	54%
					84%	92%	97%		

Six months comparison 58%

70%

71%

54%

6. DISCUSSION OF REVENUE BY SOURCE

6.1. Material Variances on Revenue as at 31 December 2021

1. Property Rates reflects a shortfall of R4.3 million which translates to 2%

Supplementary valuation has been published in the media and is awaiting gazetting.

Adjustment is not recommended.

2. Electricity Sales – Shortfall of 11% amounting to R30.7 million.

Electricity short fall might be due to:

- Lower usage during summer
- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities

An adjustment down is recommended.

Of the total billed income for electricity amounting to R156.1million and receipt is R153. million representing 98% of total billed income.

3. Refuse removal Trolley bins/Skips shows a shortfall of 22% amounting to R15.5 million.

Of the total billed income for refuse amounting to R56, million, R16 million has been collected representing 29% of total billed income.

The following is recommended:

- Service Level Agreements with waste generators must be entered into.
- Reconciliation of skips removed by the municipality to billing information must be implemented.

Tariffs for the refuse removal in Coffee Bay, Hole in the Wall, Viedgesville and peri urban areas are established and approved and this will have to be implemented. Attempts to recover costs associated with the collection must be implemented.

An adjustment downwards is recommended

4. Rental of facilities and equipment shows a shortfall of 50% amounting to R8.7 million is noted.

Of the total billed income for rental amounting to R8.5 million only R3.5million has been collected representing 41% of total billed income. This might be due to under utilising of premises intended for rental that still remain vacant.

Plans for the utilisation of facilities must be put in place.

Adjustment is recommended

5. Licences and permits reflect a Shortfall of 75% amounting to R1.5 million

Adjustment downwards is recommended

6. Interest on outstanding debtors reflects a shortfall of R12.5 million, representing 43% of the total budget.

This might be due to increase in collection levels of arrear debt

Adjustment down is recommended

7. Agency Services a shortfall of 31% translating to R3 million

An adjustment down is recommended.

8. Grants and subsidies

8.1 Operational overspent by R3.7 million.

LEDGER DESCRIPTION	OPERATIONAL GRANTS REPORT			
	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Grant Income - SETA	0,00	-303 824,19	0,00	303 824,19
VAT component: Operational Grants	0,00	-11 348,77	-11 348,77	0,00
VAT component: Operational Grants	0,00	-21 845,95	-21 845,95	0,00
VAT component: Operational Grants	0,00	-8 062,70	-8 062,70	0,00
Grant - Prov: Equitable Share	-365 575 000,00	-274 181 000,00	-274 181 000,00	0,00
Grant - State: Financial Manag	-2 650 000,00	-586 406,79	-1 325 000,00	-738 593,21
Grant income - Library	-1 750 000,00	0,00	-875 000,00	-875 000,00
Grant Income - Expanded Public Works (EPWP)	-1 882 000,00	-4 389 786,00	-941 000,00	3 448 786,00
Grant Income - Expanded Public Works (EPWP)	-1 882 000,00	-2 844 592,36	-941 000,00	1 903 592,36
Grant Income - Infrastructure	-5 500 000,00	-2 359 476,28	-2 750 000,00	-390 523,72
Grant - Prov: MIG	-5 113 350,00	-2 613 140,70	-2 556 675,00	56 465,70
	-384 352 350,00	-287 319 483,74	-283 610 932,42	3 708 551,32

- EPWP budget is overspent by R5.3 million
- FMG – underspent by R0.73 million
- Income on Library grant is still to be recognised, the allocation has been fully utilised.
- Infrastructure Skills Development grant underspent by R0.39 million
- SETA grant was not budgeted for, this will be provided for in the adjustment budget.

8.2. Capital Grants Spending income reflects overspending of R2.7 million as follows.

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Vat component - Capital grants	0,00	-1 558 288,86	0,00	-1 558 288,86
Vat component - Capital grants	0,00	-5 911 863,57	0,00	-5 911 863,57
Vat component - Capital grants	0,00	-103 756,39	0,00	-103 756,39
Vat component - Capital grants	0,00	-1 096 967,60	0,00	-1 096 967,60
Grant income - Prov - Human Settlements	-37 229 879,00	-6 603 007,76	-18 614 939,50	12 011 931,74
Grant - Prov: MIG	-86 153 650,00	-53 342 912,85	-43 076 825,00	-10 266 087,85
Small Town Revitalisation	-5 000 000,00	-2 928 789,01	-2 500 000,00	-428 789,01
TOTAL	-128 383 529,00	-71 545 586,04	-64 191 764,50	-7 353 821,54

- Human Settlement is underspent by R 12 million excluding VAT.
- The spending on MIG on average year to date budget has exceeded by R10 million.
- Small Town Revitalisation grant on average year to date budget has exceeded by R0.43 million

**6.2 RECEIPTS VERSUS BILLING FOR THE SIX MONTHS PERIOD
TABLE 4 RECEIPTS REPORT FOR PROPERTY RATES**

Property Rates History and Fire Brigade Fees		201819 Financial Year		201920 Financial Year		202021 Financial Year		202122 Financial Year	
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Cumulative
July	228 749 212	6 724 449	233 659 790	15 570 421	246 934 977	11 292 358	250 666 634	19 683 330	19 683 330
August	(96 584)	16 059 802	(1 059 667)	18 575 823	(49 146)	9 447 931	11 479 611	17 122 148	36 805 478
September	-	11 307 628	(234 075)	57 970 475	405 682	40 245 266	(190 175)	52 989 083	89 794 561
October	(3 859 500)	41 962 933	1 193 971	17 275 991	(1 440 944)	49 338 419	13 566 958	32 916 148	122 710 709
November	(815 371)	12 527 921	(1 026 598)	23 146 984	(9 194 611)	21 981 473	(77 424)	12 336 867	135 047 576
December	(82 443)	12 832 143	262 748	13 160 777	342 346	14 581 227	(3 782 267)	15 783 984	150 831 559
January	(141 711)	13 842 316	(865 432)	11 331 223	(455 369)	13 745 133			
February	(3 000 604)	10 294 454	(4 003 785)	7 083 939	(397 768)	12 680 001			
March	14 053	13 988 526	(1 236 482)	14 174 155	7 646 657	17 019 068			
April	235 578	9 030 321	(77 565)	5 888 954	(83 697)	17 522 216			
May	(1 363 252)	10 679 992	34 191	5 177 176	(5 055 061)	14 642 213			
June	(2 151 280)	8 896 217	(89 756)	32 497 304	(6 602 423)	12 506 905			
YTD comparison	217 488 098	168 146 703	226 557 341	221 853 222	232 050 643	235 002 210	271 663 338	150 831 559	(150 831 559)
		77%		98%		101%		56%	

The overall collection rate for rates and fire brigade fees is sitting at 56% of the property rates billed in July 2021.

TABLE 5 RECEIPTS REPORT FOR ELECTRICITY BILLED SALES

Electricity Sales History		201819 Financial Year		201920 Financial Year		202021 Financial Year		202021 Financial Year	
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Receipts
July	118 561 384,43	14 696 544	30 855 308	15 570 421	16 137 713	20 752 998	28 730 484	27 170 947	27 170 947
August	(53 931 968)	23 082 434	18 724 773	24 734 716	18 313 823	21 346 024	24 903 463	22 993 450	22 993 450
September	4 040 385	26 472 708	25 901 562	24 025 935	22 766 016	22 766 016	25 998 263	24 217 974	24 217 974
October	18 071 605	27 128 131	23 371 080	29 200 732	41 041 266	20 333 317	26 322 959	22 853 990	22 853 990
November	21 344 169	13 385 614	22 321 170	28 432 864	18 909 579	22 359 928	25 225 739	26 998 610	26 998 610
December	19 583 762	15 949 767	25 799 108	18 804 077	25 659 504	21 134 882	24 903 955	28 981 207	28 981 207
January	21 878 879	27 527 567	17 716 608	29 350 541	29 078 847	20 698 390			
February	20 063 680	12 625 808	16 590 220	15 570 421	21 877 393	21 128 648			
March	21 346 606	25 129 878	26 648 330	19 574 660	23 377 991	21 664 767			
April	20 816 569	17 180 001	18 144 012	14 445 579	26 842 830	27 364 109			
May	20 684 563	21 839 754	(1 416 988)	16 767 348	37 313 285	21 411 210			
June	19 892 418	24 228 491	36 589 896	25 329 580	20 696 982	26 817 129			
YTD comparison	252 352 052	249 246 697	261 245 080	261 815 874	285 620 184	278 340 476	156 084 862	153 216 178	153 216 178
		99%		100%		97%		98%	98%

Of the total billed income for electricity amounting to R156 million, R153 million has been collected representing 98% of total billed income.

TABLE 6. RECEIPTS REPORT FOR REFUSE REMOVAL CHARGES

Refuse Removal History												
	201819 Financial Year		201920 Financial Year		202021 Financial Year		202122 Financial Year		202122 Financial Year		202122 Financial Year	
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts
July	46 086 225	1 942 043	48 649 884	2 300 685	49 302 380	1 758 297	53 740 408	2 830 963				
August	-	1 730 543	255 847	3 233 719	4 682 693	2 092 830	418 653	2 177 208				
September	159 834	2 014 094	(150 850)	5 288 462	(2 234 022)	5 061 110	394 671	3 208 241				
October	82 250	2 956 576	793 211	2 691 005	(1 348 144)	3 472 440	363 464	3 980 619				
November	124 264	2 308 415	374 856	4 137 872	386 999	3 724 970	386 501	2 522 429				
December	(59 022)	1 417 117	642 272	1 481 363	563 383	2 112 229	500 448	1 610 709				
January	164 960	1 703 168	281 494	1 823 957	352 054	2 359 217						
February	59 672	1 116 854	382 427	2 300 685	390 349	2 498 140						
March	179 734	3 054 730	769 638	2 039 701	454 805	3 874 787						
April	(129 988)	1 239 148	292 181	782 271	252 671	3 162 902						
May	274 442	2 996 338	19 613	1 169 996	446 317	1 930 419						
June		2 113 059	2 253 067	1 225 557	(10 956 109)	2 656 659						
YTD comparison	46 942 371	24 592 085	54 563 641	28 475 274	42 293 377	34 704 000	55 804 145	16 330 169	82%	29%	29%	29%

Of the total billed income for refuse amounting to R55.8 million, R16.3 million has been collected representing 29% of total billed income.

TABLE 7. RECEIPTS REPORT FOR BILLED RENTAL INCOME.

Rental Income History												
	201819 Financial Year		201920 Financial Year		202021 Financial Year		202021 Financial Year		202021 Financial Year		202021 Financial Year	
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts
July	1 418 758	403 620	1 599 679	458 267	1 749 182	572 203	1 460 936	661 710				
August	1 460 725	301 543	1 300 591	487 126	1 575 818	269 337	1 706 582	490 244				
September	1 314 687	466 834	1 533 058	546 933	1 589 053	356 163	1 520 370	515 707				
October	1 664 439	976 602	1 418 945	855 454	1 582 247	461 163	782 745	517 262				
November	1 499 047	358 434	1 475 529	588 556	931 634	424 722	1 539 711	795 328				
December	1 393 740	437 681	642 272	365 724	2 197 526	220 873	1 503 082	491 471				
February	1 490 125	517 715	2 359 401	440 560	1 657 263	361 013						
March	(77 979)	395 925	1 486 443	458 267	1 568 037	548 445						
April	1 270 479	443 168	1 591 928	376 541	1 158 406	1 023 246						
May	3 029 677	396 759	1 526 702	297 675	2 001 752	389 277						
June	880 196	575 528	-	232 153	(1 366 412)	1 382 140						
YTD comparison	1 372 689	369 935,15	3 053 362	355 510,18	35 367	741 502,31	6 750 084	3 471 723	46%	41%	41%	41%

7. OPERATING EXPENDITURE

TABLE 8. OPERATING EXPENDITURE REPORT
EC157 King Sabata Dalindyebo - Quarterly Budget Statement - Financial Performance (revenue and expenditure)

Expenditure By Type	Ref	Description	Budget Year 2021/22									
			2020/21	Audited Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Employee related costs			511 151	552 644	552 698	127 440	141 897	269 337	276 322	6 985	3%	552 698
Remuneration of councillors			28 252	34 079	34 079	6 987	8 310	15 297	17 040	1 743	10%	34 079
Debt impairment			-	50 521	50 521	-	-	-	25 260	25 260	100%	50 521
Depreciation & asset impairment			161 895	147 486	147 486	-	73 101	73 101	73 743	642	1%	147 486
Finance charges			29 142	16 300	16 300	2 659	4 397	7 056	8 150	1 094	13%	16 300
Bulk purchases - electricity			322 020	399 187	399 187	134 934	78 629	213 563	199 593	(13 970)	-7%	399 187
Inventory consumed			10 130	20 058	7 995	9 865	9 497	19 363	10 029	(9 334)	-93%	7 995
Contracted services			73 549	47 239	40 336	16 242	18 832	35 074	23 619	(11 455)	-48%	40 336
Transfers and subsidies			826	300	300	994	1 963	2 957	150	(2 807)	-1871%	300
Other expenditure			165 069	164 252	183 163	25 697	36 511	62 208	82 126	19 917	24%	183 163
Losses			-	-	-	(94)	(568)	(662)	-	662	100%	-
Total Expenditure			1 302 034	1 432 066	1 432 066	324 725	372 569	697 294	716 033	(18 739)	-3%	1 432 066
Surplus/(Deficit)			3 641	48 107	48 107	312 054	(82 519)	229 535	294 769	18 739	0	48 107
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			113 902	128 384	128 384	38 674	30 113	68 787	64 192	(4 595)	(0)	128 384
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			117 543	176 490	176 490	350 727	(52 406)	298 322	358 960	14 144	(0)	176 490

8. DISCUSSION OF EXPENDITURE BY TYPE

The following significant variances were noted.

- 8.1. Employee related costs and remunerations of councilors reflects a savings of 13% at R8.7 million for a detailed report refer to S66 report below.

An adjustment down is recommended

- 8.2. Bulk purchases: Electricity. – there is an overspending of 7% amounting to R13.9 million. This could be due to less demand in warm months. This might be due the following:

- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities

An adjustment up is recommended

- 8.3. Debt impairment

A variance of R25.3 million is noted.

This will be dealt with at the end of the financial year.

Insignificant variance.

- 8.4. Finance Charges

Year to date budget has been underspent by R1 million.

An adjustment up is recommended.

- 8.5. Inventory Consumed shows an overspending of R9.3 million. The following significant variances were noted

LEDGER DESCRIPTION	TYPE	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Roads, Str Repair / Resealing	IE	13 066 632,00	7 501 643,07	6533316	968 327,07
Plastic Bags	IE	3 000 000,00	2 770 000,00	1500000	1 270 000,00
EPWP Dept of Transport- Maintenance of Roads	IE	0,00	6 884 515,55	0	6 884 515,55

An adjustment up is recommended.

8.6. Contracted Services shows an overspending of R11 million.

The table below indicates material variances above R500 000.

Adjustments will be made per individual item.

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Roads, Str Repair / Resealing	4 028 878,00	157 760,00	2014439	-1 856 679,00
Buildings Installation	2 722 215,00	100 825,85	1361107,5	-1 260 281,65
Rural Roads Maintenance	1 959 995,00	50 437,50	979997,5	-929 560,00
Consultants Professional Fees	1 320 790,00	2 660,00	660395	-657 735,00
Community Cleaning Project	750 000,00	879 320,00	375000	504 320,00
Collection of arrear debt	2 000 000,00	1 616 919,12	1000000	616 919,12
Contour Prepayment System	2 000 000,00	1 889 634,52	1000000	889 634,52
Debtors Database Cleansing	1 500 000,00	1 730 606,12	750000	980 606,12
Electr Infrastr, Mains Cable	974 625,00	1 499 698,12	487312,5	1 012 385,62
Electr Infrastr, Mains Cable	324 875,00	2 377 942,42	162437,5	2 215 504,92
Agency Payments- Security Serv	0,00	3 095 922,15	0	3 095 922,15
Electr Infrastr, Mains Cable	2 953 159,00	5 436 206,51	1476579,5	3 959 627,01
Legal Fees	5 392 130,00	7 936 835,03	2696065	5 240 770,03

An adjustment up is recommended.

8.7. Other expenditure is made up of various line items such as, repairs and maintenance, general expenditure, indigent subsidy and grants expenditure. In terms mSCOA some of expenditure on the above items is classified as contracted services. It is therefore necessary to expatiate further. An overall underspending of R19.9 million is noted. An adjustment downwards is recommended.

8.7.1. Repairs and maintenance

Items with variances above R500 000

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Roads, Str Repair / Resealing	4 028 878,00	157 760,00	2 014 439,00	-1 856 679,00
Rural Roads Maintenance	2 722 215,00	-0,01	1 361 107,50	-1 361 107,51
Buildings Installation	2 722 215,00	100 825,85	1 361 107,50	-1 260 281,65
Rural Roads Maintenance	1 959 995,00	50 437,50	979 997,50	-929 560,00
Roads, Str Repair / Resealing	1 959 995,00	175 110,00	979 997,50	-804 887,50
Vehicles, Machinery Plant	1 415 552,00	0,00	707 776,00	-707 776,00
Rural Roads Maintenance	1 524 440,00	195 000,00	762 220,00	-567 220,00
Roads, Str Repair / Resealing	13 066 632,00	7 501 643,07	6 533 316,00	968 327,07
Electr Infrastr, Mains Cable	974 625,00	1 499 698,12	487 312,50	1 012 385,62
Electr Infrastr, Mains Cable	324 875,00	2 377 942,42	162 437,50	2 215 504,92
Electr Infrastr, Mains Cable	2 141 742,00	4 367 776,59	1 070 871,00	3 296 905,59
Electr Infrastr, Mains Cable	2 953 159,00	5 436 206,51	1 476 579,50	3 959 627,01

An adjustment up is recommended

8.7.2. General expenditure

Items with variances above R500 000

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Indigent Subsidy	26 025 000,00	2 027 258,00	13012500	-10 985 242,00
Depreciation - Buildings	10 851 293,00	0,00	5425646,5	-5 425 646,50
Depreciation-Other Assets	14 548 210,00	2 161 124,10	7274105	-5 112 980,90
leasing charges	8 051 804,00	0,00	4025902	-4 025 902,00
Grant Exp - Infrastructure Skills Development	5 500 000,00	44 229,99	2750000	-2 705 770,01
Levy - Skills Development SETA	5 548 643,00	275 300,43	2774321,5	-2 499 021,07
Insurance	3 389 327,00	180 308,77	1694663,5	-1 514 354,73
Rural Roads Maintenance	2 722 215,00	-0,01	1361107,5	-1 361 107,51
Workmens Compensation	2 696 065,00	0,00	1348032,5	-1 348 032,50
Depreciation-Other Assets	18 275 863,00	7 921 129,60	9137931,5	-1 216 801,90
VEHICLE REGISTRATION	2 348 677,00	85 732,90	1174338,5	-1 088 605,60
Audit Fee - External	5 392 130,00	1 742 146,68	2696065	-953 918,32
Roads, Str Repair / Resealing	1 959 995,00	175 110,00	979997,5	-804 887,50
Vehicles, Machinery Plant	1 415 552,00	0,00	707776	-707 776,00
Leasing Charges	2 156 852,00	433 661,81	1078426	-644 764,19
Rural Roads Maintenance	1 524 440,00	195 000,00	762220	-567 220,00
Council ward committee meeting incentives	11 647 001,00	5 294 291,00	5823500,5	-529 209,50
Leasing Charges	0,00	501 085,93	0	501 085,93
Licence Fees	1 078 426,00	1 073 487,07	539213	534 274,07
Depreciation-Other Assets	5 711 207,00	3 421 679,55	2855603,5	566 076,05
FMG grant expend. - Appointment of interns	0,00	586 406,79	0	586 406,79
Rentals - K.D. Matanzima offices	1 617 639,00	1 408 286,49	808819,5	599 466,99
Commission on prepayment electricity sales	539 213,00	1 008 792,73	269606,5	739 186,23
Depreciation-Other Assets	2 413 552,00	2 072 423,36	1206776	865 647,36
Fuel Oil	2 588 222,00	2 542 585,24	1294111	1 248 474,24
Depreciation-Other Assets	1 242 885,00	1 875 653,49	621442,5	1 254 210,99
Post Telecommunications	4 313 704,00	3 821 660,25	2156852	1 664 808,25
Levy - SALGA Membership	5 607 815,00	5 423 084,72	2803907,5	2 619 177,22
Electr Infrastr, Mains Cable	2 141 742,00	4 367 776,59	1070871	3 296 905,59
Depreciation - Buildings	0,00	4 335 510,81	0	4 335 510,81
Depreciation-Other Assets	2 855 604,00	6 331 313,88	1427802	4 903 511,88
Hire Charges - Transport Extnl	2 156 852,00	6 147 306,74	1078426	5 068 880,74

An adjustment down is recommended

9. EMPLOYEE RELATED COSTS REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 IN TERMS OF S66 OF THE MFMA

TABLE 9 EMPLOYEE RELATED COSTS REPORT

Choose name from list - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		24 108	28 521	28 521	3 480	13 151	14 261	(1 110)	-8%	28 521
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		3 136	4 625	4 625	434	1 733	2 313	(580)	-25%	4 625
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1 008	933	933	48	413	466	(53)	-11%	933
Sub Total - Councillors		28 252	34 079	34 079	3 962	15 297	17 040	(1 743)	-10%	34 079
% increase	4		20,6%	20,6%						20,6%
Senior Managers of the Municipality										
Basic Salaries and Wages		17 728	13 720	30 907	926	5 433	6 860	(1 427)	-21%	30 907
Pension and UIF Contributions		32	67	72	3	21	33	(12)	-37%	72
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		100	641	641	-	-	320	(320)	-100%	641
Cellphone Allowance		86	31	106	0	2	15	(14)	-90%	106
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	1	1	-	-	1	(1)	-100%	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		17 946	14 459	31 728	930	5 455	7 230	(1 774)	-25%	31 728
% increase	4		-19,4%	76,8%						76,8%
Other Municipal Staff										
Basic Salaries and Wages		291 736	345 850	325 629	30 987	164 144	169 891	(5 746)	-3%	325 629
Pension and UIF Contributions		48 812	52 381	52 375	4 496	26 532	26 190	341	1%	52 375
Medical Aid Contributions		25 738	35 561	35 561	2 138	13 089	17 780	(4 691)	-26%	35 561
Overtime		37 729	8 982	12 076	2 727	16 098	7 585	8 512	112%	12 076
Performance Bonus		22 213	22 965	22 955	1 170	10 050	11 473	(1 423)	-12%	22 955
Motor Vehicle Allowance		11 702	15 374	15 354	1 198	7 047	7 667	(621)	-8%	15 354
Cellphone Allowance		1 528	1 278	1 202	132	822	639	183	29%	1 202
Housing Allowances		26 757	31 784	31 667	2 165	13 112	15 776	(2 664)	-17%	31 667
Other benefits and allowances		16 539	14 246	14 385	1 935	7 072	7 263	(190)	-3%	14 385
Payments in lieu of leave		3 979	1 725	1 725	1 348	2 449	863	1 586	184%	1 725
Long service awards		6 471	8 039	8 039	575	3 468	4 019	(551)	-14%	8 039
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		493 204	538 184	520 970	48 871	263 882	269 146	(5 264)	-2%	520 970
% increase	4		9,1%	5,6%						5,6%
Total Parent Municipality		539 403	586 723	586 777	53 763	284 634	293 415	(8 782)	-3%	586 777

9.1 COMMENTS ON SIGNIFICANT VARIANCES

The following line items reflects material variances as at 31 DECEMBER 2021

Employee Related Costs and Remuneration of councillors:

Overall savings of R8.7 million.

- Basic salaries reflect savings of R8.2 million
- Medical Aid Contributions savings by R4.7 million
- Overtime reflect overspending of R8.5 million.
- Housing allowances reflect savings of R2.6 million.

9.2. DEPARTMENTAL REVENUE AND EXPENDITURE REPORT

Executive and Council

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 11 - Executive & Council					
EXPENDITURE					
Employee Related Costs	21 043 608	30 428 965	60 857 930	9 385 357	31%
Remuneration Of Councillors	15 372 166	17 112 531	34 225 062	1 740 365	10%
General Expenses - Other	15 458 429	14 173 131	28 346 262	(1 285 298)	-9%
Repairs & Maintenance - Municipal Assets	490	61 288	122 575	60 798	99%
Contributions From Operating To Capital	-	-	-	-	0%
TOTAL EXPENDITURE	51 874 693	61 775 915	123 551 829	9 901 222	16%
REVENUE					
Rent of Facilities and Equipment	(12 587)	(917)	(1 833)	11 671	-100%
Fines	(21 408)	(139 878)	(279 755)	(118 470)	85%
Licenses and Permits	(791 834)	(992 138)	(1 984 275)	(200 304)	20%
Other Revenue	(9 782)	(350 656)	(701 311)	(340 874)	97%
TOTAL REVENUE	(835 611)	(1 483 587)	(2 967 174)	(647 976)	44%
AREA TOTAL	51 039 082	60 292 328	120 584 655	9 253 246	15%

Corporate Services

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 12 - Corporate Services					
EXPENDITURE					
Employee Related Costs	20 727 352	20 968 495	41 936 990	241 143	1%
General Expenses - Other	10 172 142	8 518 315	17 036 630	(1 653 827)	-19%
General Expenses: Grants & Subs - Operat	-	-	-	-	0%
Repairs & Maintenance - Municipal Assets	-	51 749	103 497	51 749	100%
Depreciation - Property, Plant & Equip	102 522	159 914	319 827	57 392	36%
TOTAL EXPENDITURE	31 002 016	29 698 472	59 396 944	(1 303 544)	-4%
REVENUE					
Rent of Facilities and Equipment	(108 810)	(218 836)	(437 671)	(110 026)	50%
Grants & Subsidies Received - Operating	(303 824)	-	-	303 824	-100%
Other Revenue	-	(1 618)	(3 235)	(1 618)	0%
TOTAL REVENUE	(412 634)	(220 453)	(440 906)	192 181	-87%
AREA TOTAL	(310 112)	(60 540)	(121 079)	249 573	-412%

Finance and Asset Management

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 13 - Finance & Asset Management					
EXPENDITURE					
Employee Related Costs	26 469 487	40 085 580	80 171 160	13 616 093	34%
General Expenses - Contracted Services	5 385 377	3 024 774	6 049 548	(2 360 603)	-100%
General Expenses - Grants & Subsidies Pa	2 027 258	13 012 500	26 025 000	10 985 242	84%
General Expenses - Other	32 921 050	28 252 592	56 505 184	(4 668 458)	-17%
General Expenses: Grants & Subs - Operat	586 407	1 325 000	2 650 000	738 593	56%
Repairs & Maintenance - Municipal Assets	3 556 893	3 355 230	6 710 460	(201 663)	-6%
Depreciation - Property, Plant & Equip	14 614 902	8 681 667	17 363 334	(5 933 235)	-68%
Interest Expense - External Borrowings	3 126 461	8 150 232	16 300 464	5 023 771	62%
Contributions From Operating To Capital	109 326	-	-	(109 326)	-100%
Contributions To / From Provisions & Res	-	25 260 386	50 520 771	25 260 386	100%
TOTAL EXPENDITURE	88 797 161	131 147 961	262 295 921	42 350 800	32%
REVENUE					
Property Rates	(271 376 736)	(276 577 483)	(276 577 483)	(5 200 747)	2%
Rent of Facilities and Equipment	(7 459 828)	(15 499 381)	(30 998 762)	(8 039 553)	52%
Interest Earned - External Investments	(682 593)	(1 667 311)	(3 334 622)	(984 718)	59%
Interest Earned - Outstanding Debtors	(16 641 846)	(29 211 808)	(58 423 616)	(12 569 962)	43%
Grants & Subsidies Received - Operating	(274 808 664)	(184 112 500)	(368 225 000)	90 696 164	-100%
Grants & Subsidies Received - Capital	(8 670 876)	-	-	8 670 876	-100%
Other Revenue	(485 041)	(1 722 798)	(3 445 595)	(1 237 757)	72%
Gains \Losses on Disposal Of Property, P	1 009 441	(907 368)	(1 814 736)	(1 916 809)	100%
Internal Recoveries	-	88 245 226	176 490 451	88 245 226	100%
				-	0%
TOTAL REVENUE	(579 116 143)	(421 453 423)	(566 329 363)	157 662 720	-37%
AREA TOTAL	(490 318 982)	(290 305 463)	(304 033 442)	200 013 520	-69%

Local and Economic Development

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 14 - Planning, Social & Ec Dev					
EXPENDITURE					
Employee Related Costs	16 282 447	19 278 666	38 557 331	2 996 219	16%
General Expenses - Other	7 261 480	6 519 645	13 039 289	(741 836)	-11%
General Expenses: Grants & Subs - Operat	-	-	-	-	0%
Repairs & Maintenance - Municipal Assets	-	111 184	222 367	111 184	100%
				-	0%
TOTAL EXPENDITURE	23 543 927	25 909 494	51 818 987	2 365 567	9%
REVENUE					
Rent of Facilities and Equipment	(29 395)	(60 259)	(120 518)	(30 864)	51%
Licenses and Permits	(211 867)	(240 784)	(481 568)	(28 917)	12%
Grants & Subsidies Received - Operating	-	(875 000)	(1 750 000)	(875 000)	100%
Other Revenue	(9 534)	(69 752)	(139 503)	(60 218)	86%
TOTAL REVENUE	(250 796)	(1 245 795)	(2 491 589)	(994 999)	80%
AREA TOTAL	23 293 131	24 663 699	49 327 398	1 370 568	6%

Human Settlement

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 15 - Human Settlement					
EXPENDITURE					
Employee Related Costs	15 632 656	17 547 851	35 095 702	1 915 195	11%
General Expenses - Other	855 303	2 464 561	4 929 122	1 609 258	65%
Repairs & Maintenance - Municipal Assets	-	91 177	182 353	91 177	100%
				-	0%
				-	0%
TOTAL EXPENDITURE	16 487 959	20 103 589	40 207 177	3 615 630	18%
REVENUE					
Service Charges	(411 529)	(158 486)	(316 971)	253 044	-160%
Grants & Subsidies Received - Capital	(6 603 008)	(18 614 940)	(37 229 879)	(12 011 932)	65%
Other Revenue	(1 115 164)	(1 162 781)	(2 325 562)	(47 617)	4%
TOTAL REVEUNE	(8 129 701)	(19 936 206)	(39 872 412)	(11 806 505)	59%
AREA TOTAL	8 358 258	167 383	334 765	(8 190 876)	-4894%

Community Services

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 16 - Community Services					
EXPENDITURE					
Employee Related Costs	40 512 674	38 278 057	76 556 114	(2 234 617)	-6%
General Expenses - Contracted Services	110 000	142 352	284 704	32 352	23%
General Expenses - Other	5 988 608	5 095 120	10 190 239	(893 489)	-18%
General Expenses: Grants & Subs - Operat	1 834 103	941 000	1 882 000	(893 103)	-95%
Repairs & Maintenance - Municipal Assets	3 974	516 671	1 033 342	512 697	99%
Depreciation - Property, Plant & Equip	7 921 130	9 137 932	18 275 863	1 216 802	13%
				-	0%
TOTAL EXPENDITURE	56 370 489	54 111 131	108 222 262	(2 259 358)	-4%
REVENUE					
Service Charges	(55 540 708)	(35 644 191)	(71 288 382)	19 896 517	-100%
Rent of Facilities and Equipment	(902 809)	(1 381 503)	(2 763 006)	(478 694)	35%
Grants & Subsidies Received - Operating	(4 389 786)	(941 000)	(1 882 000)	3 448 786	100%
TOTAL REVENUE	(60 833 303)	(37 966 694)	(75 933 388)	22 866 609	-60%
AREA TOTAL	(4 462 814)	16 144 437	32 288 874	20 607 251	128%

Public Safety

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 17 - Public Safety					
EXPENDITURE					
Employee Related Costs	75 260 485	69 387 725	138 775 449	(5 872 761)	-8%
General Expenses - Contracted Services	3 095 922	-	-	(3 095 922)	-100%
General Expenses - Other	2 425 393	3 389 765	6 779 530	964 372	28%
General Expenses: Grants & Subs - Operat	12 600	-	-	(12 600)	0%
Repairs & Maintenance - Municipal Assets	183 565	526 122	1 052 244	342 557	65%
Contributions From Operating To Capital	-	-	-	-	0%
TOTAL EXPENDITURE	80 977 965	73 303 612	146 607 223	(7 674 354)	-10%
REVENUE					
Service Charges	(7 417 028)	(5 409 106)	(10 818 212)	2 007 922	-100%
Fines	(1 293 636)	(3 009 807)	(6 019 613)	(1 716 171)	57%
Licenses and Permits	(6 022 986)	(10 345 365)	(20 690 729)	(4 322 379)	42%
Other Revenue	(142 781)	(196 692)	(393 383)	(53 911)	27%
				-	0%
TOTAL REVEUNE	(14 876 431)	(18 960 969)	(37 921 937)	(4 084 538)	22%
AREA TOTAL	66 101 534	54 342 643	108 685 286	(11 758 891)	-22%

Infrastructure

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 18 - Infrastructure					
EXPENDITURE					
Employee Related Costs	47 492 778	40 649 828	81 299 655	(6 842 951)	-17%
General Expenses - Bulk Purchases	213 563 275	199 593 472	399 186 943	(13 969 804)	-7%
General Expenses - Contracted Services	-	55 121	110 242	55 121	100%
General Expenses - Other	13 578 798	7 310 875	14 621 749	(6 267 924)	-86%
General Expenses: Grants & Subs - Operat	5 325 843	3 691 000	7 382 000	(1 634 843)	-44%
Repairs & Maintenance - Municipal Assets	24 479 653	20 918 765	41 837 530	(3 560 888)	-17%
Depreciation - Property, Plant & Equip	50 462 301	55 763 583	111 527 166	5 301 282	10%
		-		-	0%
TOTAL EXPENDITURE	354 902 648	327 982 643	655 965 285	(26 920 006)	-8%
REVENUE					
Service Charges	(258 519 361)	(293 162 066)	(586 324 131)	(34 642 705)	12%
Fines	(85 200)	-	-	85 200	-100%
Grants & Subsidies Received - Operating	(7 817 209)	(6 247 675)	(12 495 350)	1 569 534	-25%
Grants & Subsidies Received - Capital	(56 271 702)	(45 576 825)	(91 153 650)	10 694 877	-23%
Other Revenue	(13 918 233)	(16 067 864)	(32 135 728)	(2 149 631)	13%
TOTAL REVENUE	(336 611 705)	(361 054 430)	(722 108 859)	(24 442 725)	7%
AREA TOTAL	(18 290 943)	33 071 787	66 143 574	51 362 730	155%

10. CAPITAL EXPENDITURE EXCLUDING CONTRIBUTIONS TO CAPITAL OUTLAY

TABLE 10 CAPITAL EXPENDITURE REPORT ROADS

EC157 King Sabata Dalindyebo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2020/21		Budget Year 2021/22								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Q1 Actual	Q2 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands												
Capital Expenditure - Functional Classification												
Governance and administration		-	150	150	3	169	1 819	1 988	75	1 913	2551%	150
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	150	150	3	169	1 819	1 988	75	1 913	2551%	150
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		58 220	48 609	48 609	-	6 185	1 764	7 949	24 305	(16 356)	-67%	48 609
Community and social services		-	5 379	5 379	-	838	508	1 346	2 690	(1 344)	-50%	5 379
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	6 000	6 000	-	2 950	(2 950)	-	3 000	(3 000)	-100%	6 000
Housing		58 220	37 230	37 230	-	2 397	4 206	6 603	18 615	(12 012)	-65%	37 230
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		37 597	93 824	93 824	4 763	32 083	24 362	56 445	46 912	9 533	20%	93 824
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		37 597	93 824	93 824	4 763	32 083	24 362	56 445	46 912	9 533	20%	93 824
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		7 971	700	700	1 945	3 492	4 492	7 985	350	7 635	2181%	700
Energy sources		7 971	-	-	1 945	3 492	4 492	7 985	-	7 985	#DIV/0!	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	700	700	-	-	-	-	350	(350)	-100%	700
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	103 788	143 284	143 284	6 712	41 930	32 437	74 367	71 642	2 725	4%	143 284
Funded by:												
National Government		43 013	86 154	86 154	4 763	32 083	24 361	56 445	43 077	13 368	31%	86 154
Provincial Government		60 775	42 230	42 230	1 945	5 889	4 206	6 603	21 115	(14 512)	-69%	42 230
District Municipality		-	-	-	-	-	7 985	7 985	-	7 985	#DIV/0!	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		103 788	128 384	128 384	6 708	37 973	36 552	71 032	64 192	6 841	11%	128 384
Borrowing	6	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	14 900	14 900	3	3 957	(4 115)	3 335	7 450	(4 115)	-55%	14 900
Total Capital Funding		103 788	143 284	143 284	6 712	41 930	32 437	74 367	71 642	2 725	4%	143 284

10.1. COMMENTS ON CAPITAL SPENDING

❖ **Roads MIG** -The spending is at 60% of the total annual budget.

❖ **Electricity Projects-**

The spending on electricity projects were funded by the municipal funds amounting to R1.2 million and R6.8 million funded by Amatola water.

Human Settlement Projects- reflect a slow spending at 18% of the annual budget.

11. ROLLOVERS

Roll over approvals or rejections by National Treasury are still to confirmed during the midyear assessment engagement.

12. STAFF IMPLICATIONS

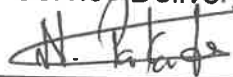
Own staff

13. FINANCIAL IMPLICATIONS

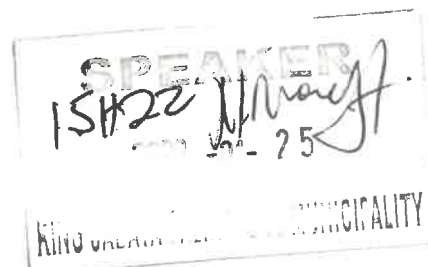
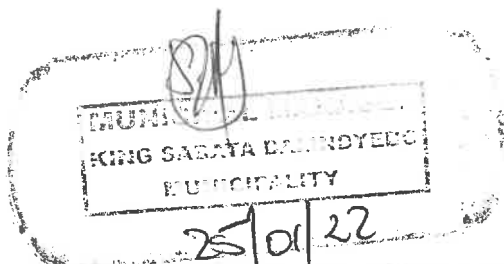
Non normal operating budget

14. RECOMMENDATIONS

- 14.1. That the Report of the Municipal Manager to the Executive Mayor of the KSD Local Municipality on the assessment carried out in terms of section 72 of the MFMA be noted.
- 14.2. That the Executive Mayor considers the report in terms of section 54 (1) of the MFMA.
- 14.3. That the Executive Mayor in terms of section 54(1)(f) of the MFMA, submits the report to the Council by 25 January 2022.
- 14.4. That the Executive Mayor, in terms of section 54(2)(a)(ii) of the MFMA, tables an adjustments budget before the end of February 2022 as contemplated in section 28(a), (b), (d) and (f) of the MFMA.
- 14.5. That the adjustments budget, in terms of section 23 of the Municipal budget and reporting regulations 393 of 2009, be considered and tabled in the municipal council not later than 28 February 2022.
- 14.6. That the council notes Midyear performance report and considers whether amendments are necessary in the Integrated development plan and related Service Delivery Implementation Plan.



N Pakade
Municipal Manager



REPORT ON MID-TERM BUDGET ASSESSMENT (SECTION 72) AND MID YEAR (HALF YEAR) PERFORMANCE REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021.

1. PURPOSE OF THE REPORT

To request the Council to consider noting of the mid-term budget assessment report, and performance for the period ended 31 December 2021.

2. LEGAL REQUIREMENTS

- Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Section 54 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Section 28 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Section 23 of the Municipal budget and reporting regulations 393 of 2009
- Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
- Performance Management Regulations of 2006

3. BACKGROUND AND PURPOSE

The municipality is required by the MFMA to prepare the Mid-term budget performance assessment report and council to note the report by the 25th of January. A high level assessment of the actual results for the period 1st July 2021 to 31st December 2021 was conducted. The purpose of this review was to enable the Accounting Officer to make recommendations as to whether an adjustments budget for the 2021/22 financial year is necessary.

4. DISCUSSION

4.1. Material Variances on Revenue as at 31 December 2021

4.1.1. Property Rates reflects a shortfall of R4.3 million which translates to 2%
Supplementary valuation has been published in the media and is awaiting gazetting.

Adjustment is not recommended.

4.1.2. Electricity Sales – Shortfall of 11% amounting to R30.7 million.
Electricity short fall might be due to:

- Lower usage during summer
- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities

An adjustment down is recommended.

Of the total billed income for electricity amounting to R156.1million and receipt is R153. million representing 98% of total billed income.

4.1.3. Refuse removal Trolley bins/Skips shows a shortfall of 22% amounting to R15.5 million.

Of the total billed income for refuse amounting to R56, million, R16 million has been collected representing 29% of total billed income.

The following is recommended:

- Service Level Agreements with waste generators must be entered into.

- Reconciliation of skips removed by the municipality to billing information must be implemented.

Tariffs for the refuse removal in Coffee Bay, Hole in the Wall, Viedgesville and peri urban areas are established and approved and this will have to be implemented. Attempts to recover costs associated with the collection must be implemented.

An adjustment downwards is recommended

- 4.1.4. Rental of facilities and equipment shows a shortfall of 50% amounting to R8.7 million is noted. Of the total billed income for rental amounting to R8.5 million only R3.5million has been collected representing 41% of total billed income. This might be due to under utilising of premises intended for rental that still remain vacant.

Plans for the utilisation of facilities must be put in place.

Adjustment is recommended

- 4.1.5. Licences and permits reflect a Shortfall of 75% amounting to R1.5 million
Adjustment downwards is recommended

- 4.1.6. Interest on outstanding debtors reflects a shortfall of R12.5 million, representing 43% of the total budget.
This might be due to increase in collection levels of arrear debt

Adjustment down is recommended

- 4.1.7. Agency Services a shortfall of 31% translating to R3 million
An adjustment down is recommended.

4.1.8. Grants and subsidies

4.1.8.1. Operational overspent by R3.7 million.

- EPWP budget is overspent by R5.3 million
- FMG – underspent by R0.73 million
- Income on Library grant is still to be recognised, the allocation has been fully utilised.
- Infrastructure Skills Development grant underspent by R0.39 million
- SETA grant was not budgeted for, this will be provided for in the adjustment budget.

4.1.8.2. Capital Grants Spending income reflects overspending of R2.7 million as follows.

- Human Settlement is underspent by R 12 million excluding VAT.
- The spending on MIG on average year to date budget has exceeded by R10 million.
- Small Town Revitalisation grant on average year to date budget has exceeded by R0.43 million

4.2. Expenditure Material Variance

- 4.2.1. Employee related costs and remunerations of councilors reflects a savings of 13% at R8.7 million for a detailed report refer to S66 report below.
An adjustment down is recommended

- 4.2.2. Bulk purchases: Electricity. – there is an overspending of 7% amounting to R13.9 million. This could be due to less demand in warm months. This might be due the following:

- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities

An adjustment up is recommended

- 4.2.3. Debt impairment
A variance of R25.3 million is noted.

This will be dealt with at the end of the financial year.

Insignificant variance.

4.2.4. Finance Charges
Year to date budget has been underspent by R1 million.
An adjustment up is recommended.

4.2.5. Inventory Consumed shows an overspending of R9.3 million. The following significant variances were noted
An adjustment up is recommended.

4.2.6. Contracted Services shows an overspending of R11 million.
The table below indicates material variances above R500 000.

Adjustments will be made per individual item.

An adjustment up is recommended.

4.2.7. Other expenditure is made up of various line items such as, repairs and maintenance, general expenditure, indigent subsidy and grants expenditure. In terms mSCOA some of expenditure on the above items is classified as contracted services. It is therefore necessary to expatiate further. An overall underspending of R19.9 million is noted. An adjustment downwards is recommended.

4.2.8. Repairs and maintenance
Items with variances above R500 000

LEDGER DESCRIPTION ▾	2021 ORIG BUDGET ▾	TOTAL ACTUAL ▾	YTD BUDGET ▾	VARIANCE ▾
Roads, Str Repair / Resealing	4 028 878,00	157 760,00	2 014 439,00	-1 856 679,00
Rural Roads Maintenance	2 722 215,00	-0,01	1 361 107,50	-1 361 107,51
Buildings Installation	2 722 215,00	100 825,85	1 361 107,50	-1 260 281,65
Rural Roads Maintenance	1 959 995,00	50 437,50	979 997,50	-929 560,00
Roads, Str Repair / Resealing	1 959 995,00	175 110,00	979 997,50	-804 887,50
Vehicles, Machinery Plant	1 415 552,00	0,00	707 776,00	-707 776,00
Rural Roads Maintenance	1 524 440,00	195 000,00	762 220,00	-567 220,00
Roads, Str Repair / Resealing	13 066 632,00	7 501 643,07	6 533 316,00	968 327,07
Electr Infrastr, Mains Cable	974 625,00	1 499 698,12	487 312,50	1 012 385,62
Electr Infrastr, Mains Cable	324 875,00	2 377 942,42	162 437,50	2 215 504,92
Electr Infrastr, Mains Cable	2 141 742,00	4 367 776,59	1 070 871,00	3 296 905,59
Electr Infrastr, Mains Cable	2 953 159,00	5 436 206,51	1 476 579,50	3 959 627,01

An adjustment up is recommended

4.2.9. General expenditure

Items with variances above R500 000

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Indigent Subsidy	26 025 000,00	2 027 258,00	13012500	-10 985 242,00
Depreciation - Buildings	10 851 293,00	0,00	5425646,5	-5 425 646,50
Depreciation-Other Assets	14 548 210,00	2 161 124,10	7274105	-5 112 980,90
leasing charges	8 051 804,00	0,00	4025902	-4 025 902,00
Grant Exp - Infrastructure Skills Development	5 500 000,00	44 229,99	2750000	-2 705 770,01
Levy - Skills Development SETA	5 548 643,00	275 300,43	2774321,5	-2 499 021,07
Insurance	3 389 327,00	180 308,77	1694663,5	-1 514 354,73
Rural Roads Maintenance	2 722 215,00	-0,01	1361107,5	-1 361 107,51
Workmens Compensation	2 696 065,00	0,00	1348032,5	-1 348 032,50
Depreciation-Other Assets	18 275 863,00	7 921 129,60	9137931,5	-1 216 801,90
VEHICLE REGISTRATION	2 348 677,00	85 732,90	1174338,5	-1 088 605,60
Audit Fee - External	5 392 130,00	1 742 146,68	2696065	-953 918,32
Roads, Str Repair / Resealing	1 959 995,00	175 110,00	979997,5	-804 887,50
Vehicles, Machinery Plant	1 415 552,00	0,00	707776	-707 776,00
Leasing Charges	2 156 852,00	433 661,81	1078426	-644 764,19
Rural Roads Maintenance	1 524 440,00	195 000,00	762220	-567 220,00
Council ward committee meeting incentives	11 647 001,00	5 294 291,00	5823500,5	-529 209,50
Leasing Charges	0,00	501 085,93	0	501 085,93
Licence Fees	1 078 426,00	1 073 487,07	539213	534 274,07
Depreciation-Other Assets	5 711 207,00	3 421 679,55	2855603,5	566 076,05
FMG grant expend. - Appointment of interns	0,00	586 406,79	0	586 406,79
Rentals - K.D. Matanzima offices	1 617 639,00	1 408 286,49	808819,5	599 466,99
Commission on prepayment electricity sales	539 213,00	1 008 792,73	269606,5	739 186,23
Depreciation-Other Assets	2 413 552,00	2 072 423,36	1206776	865 647,36
Fuel Oil	2 588 222,00	2 542 585,24	1294111	1 248 474,24
Depreciation-Other Assets	1 242 885,00	1 875 653,49	621442,5	1 254 210,99
Post Telecommunications	4 313 704,00	3 821 660,25	2156852	1 664 808,25
Levy - SALGA Membership	5 607 815,00	5 423 084,72	2803907,5	2 619 177,22
Electr Infrastr, Mains Cable	2 141 742,00	4 367 776,59	1070871	3 296 905,59
Depreciation - Buildings	0,00	4 335 510,81	0	4 335 510,81
Depreciation-Other Assets	2 855 604,00	6 331 313,88	1427802	4 903 511,88
Hire Charges - Transport Extnl	2 156 852,00	6 147 306,74	1078426	5 068 880,74

An adjustment down is recommended

4.3. EMPLOYEE RELATED COSTS REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 IN TERMS OF S66 OF THE MFMA COMMENTS ON SIGNIFICANT VARIANCES

Overall savings of R8.7 million.

- Basic salaries reflect savings of R8.2 million

- Medical Aid Contributions savings by R4.7 million
- Overtime reflect overspending of R8.5 million.
- Housing allowances reflect savings of R2.6 million.

4.4. CAPITAL EXPENDITURE EXCLUDING CONTRIBUTIONS TO CAPITAL OUTLAY COMMENTS ON CAPITAL SPENDING

- ❖ **Roads MIG** -The spending is at 60% of the total annual budget.
- ❖ **Electricity Projects-**
The spending on electricity projects were funded by the municipal funds amounting to R1.2 million and R6.8 million funded by Amatola water.

Human Settlement Projects- reflect a slow spending at 18% of the annual budget.

4.5. ROLLOVERS

Roll over approvals or rejections by National Treasury are still to confirmed during the midyear assessment engagement.

4.6. SUMMARY OF PERFORMANCE REPORT FOR THE MIDYEAR

Monitoring and evaluation is key in performance management system. The institution monitors its performance through quarterly reports in terms of Section 127 (5) of the Municipal Finance Management Act no 56 of 2003, and section 21A of the Municipal System Act 32 of 2000, the Municipal entity are to comply with this act. The report presented to Council for NOTING is not audited. The report is used to assess how far the municipality during the half year in relation to SDBIP implementation (is a mirror kind of), it presents targets that are **Achieved, Partially Achieved** and **Not Achieved** for the period. The picture is that a lot still need to be done to improve our performance as the institution.

The overall performance is 58%

Details	No of targets	No of targets Achieved	% of targets Achieved	No of targets Partially Achieved	% of targets Partially Achieved	No of targets Not Achieved	% of targets Not Achieved
Technical Services	14	10	72%	3	21%	1	7%
Human Settlements	26	7	27%	6	23%	13	50%
Community Services	17	12	70%	3	18%	2	12%
Strategic and Economic Development	28	16	57%	3	11%	9	32%
Public Safety and Traffic Management	28	20	72%	6	21%	2	7%
Budget and Treasury	16	14	87%	-	-	2	13%
Corporate Services	38	18	47%	11	29%	9	24%
Executive and Council	23	14	61%	7	30%	2	9%
Totals	190	111	58%	39	21%	40	21%

Monitoring and evaluation is key in performance management system. The institution monitors its performance through quarterly reports in terms of Section 127 (5) of the Municipal Finance Management Act no 56 of 2003, and section 21A of the Municipal System Act 32 of 2000, the Municipal entity are to comply with this act. The report presented to Council for NOTING is not audited. The report is used to assess how far the municipality during the 2nd quarter performance report in relation to SDBIP implementation (is a mirror kind of), it presents targets that are **Achieved, Partially Achieved** and **Not Achieved** for the period. The picture is that a lot still need to be done to improve our performance as the institution.

5. STAFF IMPLICATIONS

Own staff

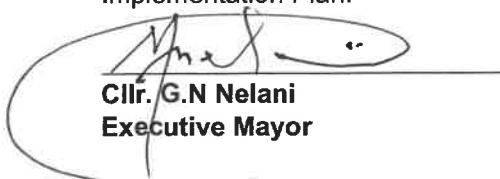
6. FINANCIAL IMPLICATIONS

Non normal operating budget

7. RECOMMENDATIONS

It is recommended:

- 7.1. That the Report of the Municipal Manager to the Executive Mayor of the KSD Local Municipality on the assessment carried out in terms of section 72 of the MFMA be noted.
- 7.2. That the Executive Mayor in terms of section 54(1)(f) of the MFMA, submits the report to the Council.
- 7.3. That the Executive Mayor, in terms of section 54(2)(a)(ii) of the MFMA, tables an adjustments budget before the end of February 2022 as contemplated in section 28(a), (b), (d) and (f) of the MFMA.
- 7.4. That the adjustments budget, in terms of section 23 of the Municipal budget and reporting regulations 393 of 2009, be considered and tabled in the municipal council not later than 28 February 2022.
- 7.5. That departments consider developing or reviewing the current turnaround plans.
- 7.6. Further notes processes of adjustments where necessary in the Integrated development plan (IDP) and related Service Delivery Implementation Plan (SDBIP) will be undertaken.
- 7.7. That the Council notes Midyear performance report and considers whether amendments are necessary in the Integrated development plan and related Service Delivery Implementation Plan.


Cllr. G.N Nelani
Executive Mayor



MID YEAR ASSESSMENT (MFMA SECTION 72) REPORT TO THE COUNCIL FOR THE PERIOD ENDED 31st DECEMBER 2021

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1. PURPOSE OF THIS REPORT

The purpose of this report is to submit the outcome of the assessment carried out in terms of section 72 of the MFMA to the Executive Mayor of the KSD Local Municipality with a view to:-

- a. make recommendations as to whether an adjustments budget is necessary; and
- b. recommend revised projections for revenue and expenditure to the extent that this may be necessary

2. LEGISLATIVE REQUIREMENTS

Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates that -

- (1) The accounting officer of a municipality must by 25 January of each year—
 - (a) assess the performance of the municipality during the first half of the financial year, taking into account—
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
 - (b) submit a report on such assessment to—
 - (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.
- (3) The accounting officer must, as part of the review—
 - (a) make recommendations as to whether an adjustments budget is necessary; and
 - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 54 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates that –

- (1) On receipt of a statement or report submitted by the accounting officer of the Municipality in terms of section 71 or 72, the mayor must-
 - (a) consider the statement or report;
 - (b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
 - (c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
 - (d) issue any appropriate instructions to the accounting officer to ensure-
 - (i) that the budget is implemented in accordance with the service delivery and

- (ii) budget implementation plan; and that spending of funds and revenue collection proceed in accordance with the budget;
 - (e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and
 - (f) in the case of a section 72 report, submit the report to the council by 25th January of each year.
- (2) If the municipality faces any serious financial problems, the mayor must-
 - (a) promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include-
 - (i) steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;
 - (ii) the tabling of an adjustments budget; or
 - (iii) steps in terms of Chapter 13; and
 - (b) alert the council and the MEC for local government in the province to those problems.
- (3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

Section 28 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:-

- (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget-
 - (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
 - (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
 - (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by council;
 - (f) may correct any errors in the annual budget; and
 - (g) may provide for any other expenditure within a prescribed framework.

Section 23 of the Municipal budget and reporting regulations 393 of 2009 stipulates as follows:-

- 23. (1) An adjustments budget referred to in section 28 (2) (b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.

3. BACKGROUND

A high level assessment of the actual results for the period 1st July 2021 to 31st December 2021 was conducted. The purpose of this review was to enable the Accounting Officer to make recommendations as to whether an adjustments budget for the 2021/22 financial year is necessary.

To ensure successful outcome only a high level review of the Total Council Summary was undertaken. It should therefore be noted that this report does not provide for an assessment of each individual line item / vote number contained in the approved budget of the KSD Municipality for the 2021/2022 financial year.

This report merely highlights the status quo of key revenue and expenditure vote numbers that may require the revision of the approved annual budget through an adjustments budget in terms of section 28 of the MFMA. In addition, this report does not necessarily provide the detail on how revised projections for revenue and expenditure will be achieved. Such exercise by the management team of the municipality will be a natural outflow of this report being dealt with by the Executive Mayor in terms of section 54 (2) of the MFMA.

MIDYEAR ASSESSMENT OUTCOMES

COMMENTS ON OVERALL BUDGET OF THE MUNICIPALITY FOR THE MIDYEAR TERM AS PER TABLE BELOW.

Revenue

Variances on midyear revenue are unfavourable sitting at 16% of year to date budget attempts should be made to increase our revenue collection.

Expenditure

Variances on midyear expenditure is sitting at 4% of year to date budget attempts should be made to reduce our spending especially on non-service delivery items.

Capital expenditure

Variances on midyear expenditure is sitting at 59% of year to date budget attempts should be made to improve spending on grants to avoid having to pay back the remaining grants to National Treasury.

4. SUMMARY / SNAPSHOT
TABLE 1 BUDGET SUMMARY

EC157 King Sabata Dalindyebo - Budget Statement - Financial Performance (revenue and expenditure) - Midyear

Description	Ref	Budget Year 2021/22													
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast				
R thousands															
Revenue By Source															
Total Revenue (excluding capital transfers and contributions)		1 305 675	1 480 173	1 480 173	636 779	290 050	926 829	1 001 454	(74 625)	-30%	1 480 173				
Expenditure By Type															
Total Expenditure		1 302 034	1 432 066	1 432 066	324 725	372 569	697 294	716 033	(18 739)	-3%	1 432 066				
Surplus/(Deficit)		3 641	48 107	48 107	312 054	(82 519)	229 535	285 421	(55 886)	(0)	48 107				
Transfers and subsidies - capital (monetary allocations) (National /Provincial and District)		113 902	128 384	128 384	38 674	30 113	68 787	64 192	4 595	0	128 384				
Surplus/(Deficit) after capital transfers & contributions		117 543	176 490	176 490	350 727	(52 406)	298 322	349 613	(51 291)		176 490				
Total Capital Expenditure - Functional Classification	3	103 788	143 284	143 284	41 930	32 437	74 367	71 642	2 725	4%	143 284				
Funded by:															
National Government		43 013	86 154	86 154	32 083	24 361	56 445	43 077	13 368	31%	86 154				
Provincial Government		60 775	42 230	42 230	5 889	4 206	6 603	21 115	(14 512)	-69%	42 230				
District Municipality		-	-	-	-	-	-	-	-	-	-				
Transfers recognised - capital		103 788	128 384	128 384	37 973	28 567	63 048	64 192	(1 144)	-2%	128 384				
Internally generated funds		-	-	-	-	-	-	-	-	-	-				
Total Capital Funding		103 788	143 284	143 284	41 930	32 437	74 367	71 642	2 725	4%	143 284				

5. OPERATING REVENUE
TABLE 2 OPERATING REVENUE

EC157 King Sabata Dalindyebo - Quarterly Budget Statement - Financial Performance (revenue and expenditure)

Description	Ref	Budget Year 2021/22																		
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast									
R thousands																				
Revenue By Source																				
Property rates		244 824	288 577	288 577	254 561	9 686	264 247	268 577	(4 331)	-2%	288 577	288 577	(4 331)	-2%	288 577					
Service charges - electricity revenue		441 465	578 656	578 656	134 227	124 429	288 657	289 328	(30 671)	-11%	578 656	578 656	(30 671)	-11%	578 656					
Service charges - refuse revenue		56 563	71 288	71 288	54 554	1 250	55 804	71 288	(15 484)	-22%	71 288	71 288	(15 484)	-22%	71 288					
Rental of facilities and equipment		14 612	34 325	34 325	4 688	3 826	8 513	17 163	(8 649)	-50%	34 325	34 325	(8 649)	-50%	34 325					
Interest earned - external investments		1 361	3 335	3 335	507	175	683	1 667	(985)	-59%	3 335	3 335	(985)	-59%	3 335					
Interest earned - outstanding debtors		42 190	58 424	58 424	10 131	6 511	16 642	29 212	(12 570)	-43%	58 424	58 424	(12 570)	-43%	58 424					
Fines, penalties and forfeits		8 421	7 573	7 573	2 084	1 050	3 134	3 787	(653)	-17%	7 573	7 573	(653)	-17%	7 573					
Licences and permits		1 002	4 092	4 092	336	167	503	2 046	(1 543)	-75%	4 092	4 092	(1 543)	-75%	4 092					
Agency services		14 130	19 418	19 418	3 538	3 128	6 667	9 709	(3 042)	-31%	19 418	19 418	(3 042)	-31%	19 418					
Transfers and subsidies		459 562	384 352	384 352	155 515	131 785	287 300	283 611	3 689	1%	384 352	384 352	3 689	1%	384 352					
Other revenue		22 064	48 317	48 317	16 637	7 637	24 274	24 158	116	0%	48 317	48 317	116	0%	48 317					
Gains		(518)	1 815	1 815	-	406	406	907	(501)	-55%	1 815	1 815	(501)	-55%	1 815					
Total Revenue (excluding capital transfers and contributions)		1 305 675	1 480 173	1 480 173	636 779	290 050	926 829	1 001 454			1 480 173	1 480 173			1 480 173					

TABLE 3: CONSOLIDATED RECEIPTS VERSUS BILLING REPORT

	CONSOLIDATED RECEIPTS VERSUS BILLING UP TO 31 DECEMBER 2021											
	201819 Financial Year		201920 Financial Year		202021 Financial Year		202122 Financial Year					
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts
July	394 815 579	23 766 656	314 764 661	33 899 794	318 739 537	29 760 571	334 598 462	50 346 950				
August	(52 567 827)	41 174 322	19 221 544	47 040 385	27 555 389	30 123 921	38 508 309	42 783 050				
September	5 514 906	40 261 264	27 049 696	87 831 805	22 526 729	62 596 567	27 723 129	80 931 005				
October	15 958 794	73 024 242	26 777 207	50 023 182	19 126 476	94 313 288	27 469 168	27 351 872				
November	22 152 109	28 580 384	23 144 957	56 306 276	14 483 950	45 040 744	27 151 951	30 316 367				
December	20 836 038	30 636 709	27 346 400	33 811 941	24 238 137	42 573 833	26 907 485	31 083 387				
January	23 392 253	43 590 766	19 492 071	42 946 281	22 252 338	45 544 210	-	-				
February	17 044 769	24 433 041	14 455 305	25 413 312	23 438 011	36 855 234	-	-				
March	22 810 871	42 616 302	27 773 414	36 165 057	32 637 860	43 581 868	-	-				
April	23 951 836	27 846 229	19 885 330	21 414 479	29 013 556	48 438 504	-	-				
May	20 475 949	36 091 612	(1 363 184)	23 346 673	31 338 129	39 365 982	-	-				
June	19 113 827	35 607 701	41 806 569	59 407 951	9 293 965	36 602 047	-	-				
Annual Results	533 499 104	447 629 229	560 353 971	517 607 137	574 644 077	554 796 769	482 358 504	262 812 631	97%	97%	97%	54%

Six months comparison 58% 70% 71% 54%

6. DISCUSSION OF REVENUE BY SOURCE

6.1. Material Variances on Revenue as at 31 December 2021

1. Property Rates reflects a shortfall of R4.3 million which translates to 2%

Supplementary valuation has been published in the media and is awaiting gazetting.

Adjustment is not recommended.

2. Electricity Sales – Shortfall of 11% amounting to R30.7 million.

Electricity short fall might be due to:

- Lower usage during summer
- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities

An adjustment down is recommended.

Of the total billed income for electricity amounting to R156.1million and receipt is R153. million representing 98% of total billed income.

3. Refuse removal Trolley bins/Skips shows a shortfall of 22% amounting to R15.5 million.

Of the total billed income for refuse amounting to R56, million, R16 million has been collected representing 29% of total billed income.

The following is recommended:

- Service Level Agreements with waste generators must be entered into.
- Reconciliation of skips removed by the municipality to billing information must be implemented.

Tariffs for the refuse removal in Coffee Bay, Hole in the Wall, Viedgesville and peri urban areas are established and approved and this will have to be implemented. Attempts to recover costs associated with the collection must be implemented.

An adjustment downwards is recommended

4. Rental of facilities and equipment shows a shortfall of 50% amounting to R8.7 million is noted.

Of the total billed income for rental amounting to R8.5 million only R3.5million has been collected representing 41% of total billed income. This might be due to under utilising of premises intended for rental that still remain vacant.

Plans for the utilisation of facilities must be put in place.

Adjustment is recommended

5. Licences and permits reflect a Shortfall of 75% amounting to R1.5 million

Adjustment downwards is recommended

6. Interest on outstanding debtors reflects a shortfall of R12.5 million, representing 43% of the total budget.

This might be due to increase in collection levels of arrear debt

Adjustment down is recommended

7. Agency Services a shortfall of 31% translating to R3 million

An adjustment down is recommended.

8. Grants and subsidies

8.1 Operational overspent by R3.7 million.

LEDGER DESCRIPTION	OPERATIONAL GRANTS REPORT			
	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Grant Income - SETA	0,00	-303 824,19	0,00	303 824,19
VAT component: Operational Grants	0,00	-11 348,77	-11 348,77	0,00
VAT component: Operational Grants	0,00	-21 845,95	-21 845,95	0,00
VAT component: Operational Grants	0,00	-8 062,70	-8 062,70	0,00
Grant - Prov: Equitable Share	-365 575 000,00	-274 181 000,00	-274 181 000,00	0,00
Grant - State: Financial Manag	-2 650 000,00	-586 406,79	-1 325 000,00	-738 593,21
Grant income - Library	-1 750 000,00	0,00	-875 000,00	-875 000,00
Grant Income - Expanded Public Works (EPWP)	-1 882 000,00	-4 389 786,00	-941 000,00	3 448 786,00
Grant Income - Expanded Public Works (EPWP)	-1 882 000,00	-2 844 592,36	-941 000,00	1 903 592,36
Grant Income - Infrastructure	-5 500 000,00	-2 359 476,28	-2 750 000,00	-390 523,72
Grant - Prov: MIG	-5 113 350,00	-2 613 140,70	-2 556 675,00	56 465,70
	-384 352 350,00	-287 319 483,74	-283 610 932,42	3 708 551,32

- EPWP budget is overspent by R5.3 million
- FMG – underspent by R0.73 million
- Income on Library grant is still to be recognised, the allocation has been fully utilised.
- Infrastructure Skills Development grant underspent by R0.39 million
- SETA grant was not budgeted for, this will be provided for in the adjustment budget.

8.2. Capital Grants Spending income reflects overspending of R2.7 million as follows.

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Vat component - Capital grants	0,00	-1 558 288,86	0,00	-1 558 288,86
Vat component - Capital grants	0,00	-5 911 863,57	0,00	-5 911 863,57
Vat component - Capital grants	0,00	-103 756,39	0,00	-103 756,39
Vat component - Capital grants	0,00	-1 096 967,60	0,00	-1 096 967,60
Grant income - Prov - Human Settlements	-37 229 879,00	-6 603 007,76	-18 614 939,50	12 011 931,74
Grant - Prov: MIG	-86 153 650,00	-53 342 912,85	-43 076 825,00	-10 266 087,85
Small Town Revitalisation	-5 000 000,00	-2 928 789,01	-2 500 000,00	-428 789,01
TOTAL	-128 383 529,00	-71 545 586,04	-64 191 764,50	-7 353 821,54

- Human Settlement is underspent by R 12 million excluding VAT.
- The spending on MIG on average year to date budget has exceeded by R10 million.
- Small Town Revitalisation grant on average year to date budget has exceeded by R0.43 million

**6.2 RECEIPTS VERSUS BILLING FOR THE SIX MONTHS PERIOD
TABLE 4 RECEIPTS REPORT FOR PROPERTY RATES**

Property Rates History and Fire Brigade Fees		201819 Financial Year		201920 Financial Year		202021 Financial Year		202122 Financial Year	
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Cumulative
July	228 749 212	6 724 449	233 659 790	15 570 421	246 934 977	11 292 358	250 666 634	19 683 330	19 683 330
August	(96 584)	16 059 802	(1 059 667)	18 575 823	(49 146)	9 447 931	11 479 611	17 122 148	36 805 478
September	-	11 307 628	(234 075)	57 970 475	405 682	40 245 266	(190 175)	52 989 083	89 794 561
October	(3 859 500)	41 962 933	1 193 971	17 275 991	(1 440 944)	49 338 419	13 566 958	32 916 148	122 710 709
November	(815 371)	12 527 921	(1 026 598)	23 146 984	(9 194 611)	21 981 473	(77 424)	12 336 867	135 047 576
December	(82 443)	12 832 143	262 748	13 160 777	342 346	14 581 227	(3 782 267)	15 783 984	150 831 559
January	(141 711)	13 842 316	(865 432)	11 331 223	(455 369)	13 745 133			
February	(3 000 604)	10 294 454	(4 003 785)	7 083 939	(397 768)	12 680 001			
March	14 053	13 988 526	(1 236 482)	14 174 155	7 646 657	17 019 068			
April	235 578	9 030 321	(77 565)	5 888 954	(83 697)	17 522 216			
May	(1 363 252)	10 679 992	34 191	5 177 176	(5 055 061)	14 642 213			
June	(2 151 280)	8 896 217	(89 756)	32 497 304	(6 602 423)	12 506 905			
YTD comparison	217 488 098	168 146 703	226 557 341	221 853 222	232 050 643	235 002 210	271 663 338	150 831 559	(150 831 559)
		77%		98%		101%		56%	

The overall collection rate for rates and fire brigade fees is sitting at 56% of the property rates billed in July 2021.

TABLE 5 RECEIPTS REPORT FOR ELECTRICITY BILLED SALES

Electricity Sales History		201819 Financial Year		201920 Financial Year		202021 Financial Year		202021 Financial Year	
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	Receipts
July	118 561 384,43	14 696 544	30 855 308	15 570 421	16 137 713	20 752 998	28 730 484	27 170 947	27 170 947
August	(53 931 968)	23 082 434	18 724 773	24 734 716	18 313 823	21 346 024	24 903 463	22 993 450	22 993 450
September	4 040 385	26 472 708	25 901 562	24 025 935	22 766 016	22 766 016	25 998 263	24 217 974	24 217 974
October	18 071 605	27 128 131	23 371 080	29 200 732	41 041 266	20 333 317	26 322 959	22 853 990	22 853 990
November	21 344 169	13 385 614	22 321 170	28 432 864	18 909 579	22 359 928	25 225 739	26 998 610	26 998 610
December	19 583 762	15 949 767	25 799 108	18 804 077	21 134 882	21 134 882	24 903 955	28 981 207	28 981 207
January	21 878 879	27 527 567	17 716 608	29 350 541	20 698 390	29 078 847			
February	20 063 680	12 625 808	16 590 220	15 570 421	21 877 393	21 128 648			
March	21 346 606	25 129 878	26 648 330	19 574 660	23 377 991	21 664 767			
April	20 816 569	17 180 001	18 144 012	14 445 579	26 842 830	27 364 109			
May	20 684 563	21 839 754	(1 416 988)	16 767 348	37 313 285	21 411 210			
June	19 892 418	24 228 491	36 589 896	25 329 580	20 696 982	26 817 129			
YTD comparison	252 352 052	249 246 697	261 245 080	261 815 874	285 620 184	278 340 476	156 084 862	153 216 178	153 216 178
		99%		100%		97%		98%	

Of the total billed income for electricity amounting to R156 million, R153 million has been collected representing 98% of total billed income.

TABLE 6. RECEIPTS REPORT FOR REFUSE REMOVAL CHARGES

Refuse Removal History									
	201819 Financial Year		201920 Financial Year		202021 Financial Year		202122 Financial Year		Receipts
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	
July	46 086 225	1 942 043	48 649 884	2 300 685	49 302 380	1 758 297	53 740 408	2 830 963	
August	-	1 730 543	255 847	3 233 719	4 682 693	2 092 830	418 653	2 177 208	
September	159 834	2 014 094	(150 850)	5 288 462	(2 234 022)	5 061 110	394 671	3 208 241	
October	82 250	2 956 576	793 211	2 691 005	(1 348 144)	3 472 440	363 464	3 980 619	
November	124 264	2 308 415	374 856	4 137 872	386 999	3 724 970	386 501	2 522 429	
December	(59 022)	1 417 117	642 272	1 481 363	563 383	2 112 229	500 448	1 610 709	
January	164 960	1 703 168	281 494	1 823 957	352 054	2 359 217			
February	59 672	1 116 854	382 427	2 300 685	390 349	2 498 140			
March	179 734	3 054 730	769 638	2 039 701	454 805	3 874 787			
April	(129 988)	1 239 148	292 181	782 271	252 671	3 162 902			
May	274 442	2 996 338	19 613	1 169 996	446 317	1 930 419			
June		2 113 059	2 253 067	1 225 557	(10 956 109)	2 656 659			
YTD comparison	46 942 371	24 592 085	54 563 641	28 475 274	42 293 377	34 704 000	55 804 145	16 330 169	

52% 52% 82% 29%

Of the total billed income for refuse amounting to R55.8 million, R16.3 million has been collected representing 29% of total billed income.

TABLE 7. RECEIPTS REPORT FOR BILLED RENTAL INCOME.

Rental Income History									
	201819 Financial Year		201920 Financial Year		202021 Financial Year		202021 Financial Year		Receipts
	Billing	Receipts	Billing	Receipts	Billing	Receipts	Billing	Receipts	
July	1 418 758	403 620	1 599 679	458 267	1 749 182	572 203	1 460 936	661 710	
August	1 460 725	301 543	1 300 591	487 126	1 575 818	269 337	1 706 582	490 244	
September	1 314 687	466 834	1 533 058	546 933	1 589 053	356 163	1 520 370	515 707	
October	1 664 439	976 602	1 418 945	855 454	1 582 247	461 163	782 745	517 262	
November	1 499 047	358 434	1 475 529	588 556	931 634	424 722	1 539 711	795 328	
December	1 393 740	437 681	642 272	365 724	2 197 526	220 873	1 503 082	491 471	
February	1 490 125	517 715	2 359 401	440 560	1 657 263	361 013			
March	(77 979)	395 925	1 486 443	458 267	1 568 037	548 445			
April	1 270 479	443 168	1 591 928	376 541	1 158 406	1 023 246			
May	3 029 677	396 759	1 526 702	297 675	2 001 752	389 277			
June	880 196	575 528	-	232 153	(1 366 412)	1 382 140			
	1 372 689	369 935,15	3 053 362	355 510,18	35 367	741 502,31			
YTD comparison	16 716 583	5 643 744	17 987 910	5 462 767	14 679 873	6 750 084	8 513 427	3 471 723	

34% 30% 46% 41%

7. OPERATING EXPENDITURE

TABLE 8. OPERATING EXPENDITURE REPORT
EC157 King Sabata Dalindyebo - Quarterly Budget Statement - Financial Performance (revenue and expenditure)

Expenditure By Type	Ref	Description	Budget Year 2021/22									
			2020/21	Audited Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Employee related costs			511 151	552 644	552 698	127 440	141 897	269 337	276 322	6 985	3%	552 698
Remuneration of councillors			28 252	34 079	34 079	6 987	8 310	15 297	17 040	1 743	10%	34 079
Debt impairment			-	50 521	50 521	-	-	-	25 260	25 260	100%	50 521
Depreciation & asset impairment			161 895	147 486	147 486	-	73 101	73 101	73 743	642	1%	147 486
Finance charges			29 142	16 300	16 300	2 659	4 397	7 056	8 150	1 094	13%	16 300
Bulk purchases - electricity			322 020	399 187	399 187	134 934	78 629	213 563	199 593	(13 970)	-7%	399 187
Inventory consumed			10 130	20 058	7 995	9 865	9 497	19 363	10 029	(9 334)	-93%	7 995
Contracted services			73 549	47 239	40 336	16 242	18 832	35 074	23 619	(11 455)	-48%	40 336
Transfers and subsidies			826	300	300	994	1 963	2 957	150	(2 807)	-1871%	300
Other expenditure			165 069	164 252	183 163	25 697	36 511	62 208	82 126	19 917	24%	183 163
Losses			-	-	-	(94)	(568)	(662)	-	662	100%	-
Total Expenditure			1 302 034	1 432 066	1 432 066	324 725	372 569	697 294	716 033	(18 739)	-3%	1 432 066
Surplus/(Deficit)			3 641	48 107	48 107	312 054	(82 519)	229 535	294 769	18 739	0	48 107
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			113 902	128 384	128 384	38 674	30 113	68 787	64 192	(4 595)	(0)	128 384
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			117 543	176 490	176 490	350 727	(52 406)	298 322	358 960	14 144	(0)	176 490

8. DISCUSSION OF EXPENDITURE BY TYPE

The following significant variances were noted.

- 8.1. Employee related costs and remunerations of councilors reflects a savings of 13% at R8.7 million for a detailed report refer to S66 report below.

An adjustment down is recommended

- 8.2. Bulk purchases: Electricity. – there is an overspending of 7% amounting to R13.9 million. This could be due to less demand in warm months. This might be due the following:

- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities

An adjustment up is recommended

- 8.3. Debt impairment

A variance of R25.3 million is noted.

This will be dealt with at the end of the financial year.

Insignificant variance.

- 8.4. Finance Charges

Year to date budget has been underspent by R1 million.

An adjustment up is recommended.

- 8.5. Inventory Consumed shows an overspending of R9.3 million. The following significant variances were noted

LEDGER DESCRIPTION	TYPE	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Roads, Str Repair / Resealing	IE	13 066 632,00	7 501 643,07	6533316	968 327,07
Plastic Bags	IE	3 000 000,00	2 770 000,00	1500000	1 270 000,00
EPWP Dept of Transport- Maintenance of Roads	IE	0,00	6 884 515,55	0	6 884 515,55

An adjustment up is recommended.

8.6. Contracted Services shows an overspending of R11 million.

The table below indicates material variances above R500 000.

Adjustments will be made per individual item.

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Roads, Str Repair / Resealing	4 028 878,00	157 760,00	2014439	-1 856 679,00
Buildings Installation	2 722 215,00	100 825,85	1361107,5	-1 260 281,65
Rural Roads Maintenance	1 959 995,00	50 437,50	979997,5	-929 560,00
Consultants Professional Fees	1 320 790,00	2 660,00	660395	-657 735,00
Community Cleaning Project	750 000,00	879 320,00	375000	504 320,00
Collection of arrear debt	2 000 000,00	1 616 919,12	1000000	616 919,12
Contour Prepayment System	2 000 000,00	1 889 634,52	1000000	889 634,52
Debtors Database Cleansing	1 500 000,00	1 730 606,12	750000	980 606,12
Electr Infrastr, Mains Cable	974 625,00	1 499 698,12	487312,5	1 012 385,62
Electr Infrastr, Mains Cable	324 875,00	2 377 942,42	162437,5	2 215 504,92
Agency Payments- Security Serv	0,00	3 095 922,15	0	3 095 922,15
Electr Infrastr, Mains Cable	2 953 159,00	5 436 206,51	1476579,5	3 959 627,01
Legal Fees	5 392 130,00	7 936 835,03	2696065	5 240 770,03

An adjustment up is recommended.

8.7. Other expenditure is made up of various line items such as, repairs and maintenance, general expenditure, indigent subsidy and grants expenditure. In terms mSCOA some of expenditure on the above items is classified as contracted services. It is therefore necessary to expatiate further. An overall underspending of R19.9 million is noted. An adjustment downwards is recommended.

8.7.1. Repairs and maintenance

Items with variances above R500 000

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Roads, Str Repair / Resealing	4 028 878,00	157 760,00	2 014 439,00	-1 856 679,00
Rural Roads Maintenance	2 722 215,00	-0,01	1 361 107,50	-1 361 107,51
Buildings Installation	2 722 215,00	100 825,85	1 361 107,50	-1 260 281,65
Rural Roads Maintenance	1 959 995,00	50 437,50	979 997,50	-929 560,00
Roads, Str Repair / Resealing	1 959 995,00	175 110,00	979 997,50	-804 887,50
Vehicles, Machinery Plant	1 415 552,00	0,00	707 776,00	-707 776,00
Rural Roads Maintenance	1 524 440,00	195 000,00	762 220,00	-567 220,00
Roads, Str Repair / Resealing	13 066 632,00	7 501 643,07	6 533 316,00	968 327,07
Electr Infrastr, Mains Cable	974 625,00	1 499 698,12	487 312,50	1 012 385,62
Electr Infrastr, Mains Cable	324 875,00	2 377 942,42	162 437,50	2 215 504,92
Electr Infrastr, Mains Cable	2 141 742,00	4 367 776,59	1 070 871,00	3 296 905,59
Electr Infrastr, Mains Cable	2 953 159,00	5 436 206,51	1 476 579,50	3 959 627,01

An adjustment up is recommended

8.7.2. General expenditure

Items with variances above R500 000

LEDGER DESCRIPTION	2021 ORIG BUDGET	TOTAL ACTUAL	YTD BUDGET	VARIANCE
Indigent Subsidy	26 025 000,00	2 027 258,00	13012500	-10 985 242,00
Depreciation - Buildings	10 851 293,00	0,00	5425646,5	-5 425 646,50
Depreciation-Other Assets	14 548 210,00	2 161 124,10	7274105	-5 112 980,90
leasing charges	8 051 804,00	0,00	4025902	-4 025 902,00
Grant Exp - Infrastructure Skills Development	5 500 000,00	44 229,99	2750000	-2 705 770,01
Levy - Skills Development SETA	5 548 643,00	275 300,43	2774321,5	-2 499 021,07
Insurance	3 389 327,00	180 308,77	1694663,5	-1 514 354,73
Rural Roads Maintenance	2 722 215,00	-0,01	1361107,5	-1 361 107,51
Workmens Compensation	2 696 065,00	0,00	1348032,5	-1 348 032,50
Depreciation-Other Assets	18 275 863,00	7 921 129,60	9137931,5	-1 216 801,90
VEHICLE REGISTRATION	2 348 677,00	85 732,90	1174338,5	-1 088 605,60
Audit Fee - External	5 392 130,00	1 742 146,68	2696065	-953 918,32
Roads, Str Repair / Resealing	1 959 995,00	175 110,00	979997,5	-804 887,50
Vehicles, Machinery Plant	1 415 552,00	0,00	707776	-707 776,00
Leasing Charges	2 156 852,00	433 661,81	1078426	-644 764,19
Rural Roads Maintenance	1 524 440,00	195 000,00	762220	-567 220,00
Council ward committee meeting incentives	11 647 001,00	5 294 291,00	5823500,5	-529 209,50
Leasing Charges	0,00	501 085,93	0	501 085,93
Licence Fees	1 078 426,00	1 073 487,07	539213	534 274,07
Depreciation-Other Assets	5 711 207,00	3 421 679,55	2855603,5	566 076,05
FMG grant expend. - Appointment of interns	0,00	586 406,79	0	586 406,79
Rentals - K.D. Matanzima offices	1 617 639,00	1 408 286,49	808819,5	599 466,99
Commission on prepayment electricity sales	539 213,00	1 008 792,73	269606,5	739 186,23
Depreciation-Other Assets	2 413 552,00	2 072 423,36	1206776	865 647,36
Fuel Oil	2 588 222,00	2 542 585,24	1294111	1 248 474,24
Depreciation-Other Assets	1 242 885,00	1 875 653,49	621442,5	1 254 210,99
Post Telecommunications	4 313 704,00	3 821 660,25	2156852	1 664 808,25
Levy - SALGA Membership	5 607 815,00	5 423 084,72	2803907,5	2 619 177,22
Electr Infrastr, Mains Cable	2 141 742,00	4 367 776,59	1070871	3 296 905,59
Depreciation - Buildings	0,00	4 335 510,81	0	4 335 510,81
Depreciation-Other Assets	2 855 604,00	6 331 313,88	1427802	4 903 511,88
Hire Charges - Transport Extnl	2 156 852,00	6 147 306,74	1078426	5 068 880,74

An adjustment down is recommended

9. EMPLOYEE RELATED COSTS REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 IN TERMS OF S66 OF THE MFMA

TABLE 9 EMPLOYEE RELATED COSTS REPORT

Choose name from list - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		24 108	28 521	28 521	3 480	13 151	14 261	(1 110)	-8%	28 521
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		3 136	4 625	4 625	434	1 733	2 313	(580)	-25%	4 625
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1 008	933	933	48	413	466	(53)	-11%	933
Sub Total - Councillors		28 252	34 079	34 079	3 962	15 297	17 040	(1 743)	-10%	34 079
% increase	4		20,6%	20,6%						20,6%
Senior Managers of the Municipality										
Basic Salaries and Wages		17 728	13 720	30 907	926	5 433	6 860	(1 427)	-21%	30 907
Pension and UIF Contributions		32	67	72	3	21	33	(12)	-37%	72
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		100	641	641	-	-	320	(320)	-100%	641
Cellphone Allowance		86	31	106	0	2	15	(14)	-90%	106
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	1	1	-	-	1	(1)	-100%	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		17 946	14 459	31 728	930	5 455	7 230	(1 774)	-25%	31 728
% increase	4		-19,4%	76,8%						76,8%
Other Municipal Staff										
Basic Salaries and Wages		291 736	345 850	325 629	30 987	164 144	169 891	(5 746)	-3%	325 629
Pension and UIF Contributions		48 812	52 381	52 375	4 496	26 532	26 190	341	1%	52 375
Medical Aid Contributions		25 738	35 561	35 561	2 138	13 089	17 780	(4 691)	-26%	35 561
Overtime		37 729	8 982	12 076	2 727	16 098	7 585	8 512	112%	12 076
Performance Bonus		22 213	22 965	22 955	1 170	10 050	11 473	(1 423)	-12%	22 955
Motor Vehicle Allowance		11 702	15 374	15 354	1 198	7 047	7 667	(621)	-8%	15 354
Cellphone Allowance		1 528	1 278	1 202	132	822	639	183	29%	1 202
Housing Allowances		26 757	31 784	31 667	2 165	13 112	15 776	(2 664)	-17%	31 667
Other benefits and allowances		16 539	14 246	14 385	1 935	7 072	7 263	(190)	-3%	14 385
Payments in lieu of leave		3 979	1 725	1 725	1 348	2 449	863	1 586	184%	1 725
Long service awards		6 471	8 039	8 039	575	3 468	4 019	(551)	-14%	8 039
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		493 204	538 184	520 970	48 871	263 882	269 146	(5 264)	-2%	520 970
% increase	4		9,1%	5,6%						5,6%
Total Parent Municipality		539 403	586 723	586 777	53 763	284 634	293 415	(8 782)	-3%	586 777

9.1 COMMENTS ON SIGNIFICANT VARIANCES

The following line items reflects material variances as at 31 DECEMBER 2021

Employee Related Costs and Remuneration of councillors:

Overall savings of R8.7 million.

- Basic salaries reflect savings of R8.2 million
- Medical Aid Contributions savings by R4.7 million
- Overtime reflect overspending of R8.5 million.
- Housing allowances reflect savings of R2.6 million.

9.2. DEPARTMENTAL REVENUE AND EXPENDITURE REPORT

Executive and Council

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 11 - Executive & Council					
EXPENDITURE					
Employee Related Costs	21 043 608	30 428 965	60 857 930	9 385 357	31%
Remuneration Of Councillors	15 372 166	17 112 531	34 225 062	1 740 365	10%
General Expenses - Other	15 458 429	14 173 131	28 346 262	(1 285 298)	-9%
Repairs & Maintenance - Municipal Assets	490	61 288	122 575	60 798	99%
Contributions From Operating To Capital	-	-	-	-	0%
TOTAL EXPENDITURE	51 874 693	61 775 915	123 551 829	9 901 222	16%
REVENUE					
Rent of Facilities and Equipment	(12 587)	(917)	(1 833)	11 671	-100%
Fines	(21 408)	(139 878)	(279 755)	(118 470)	85%
Licenses and Permits	(791 834)	(992 138)	(1 984 275)	(200 304)	20%
Other Revenue	(9 782)	(350 656)	(701 311)	(340 874)	97%
TOTAL REVENUE	(835 611)	(1 483 587)	(2 967 174)	(647 976)	44%
AREA TOTAL	51 039 082	60 292 328	120 584 655	9 253 246	15%

Corporate Services

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 12 - Corporate Services					
EXPENDITURE					
Employee Related Costs	20 727 352	20 968 495	41 936 990	241 143	1%
General Expenses - Other	10 172 142	8 518 315	17 036 630	(1 653 827)	-19%
General Expenses: Grants & Subs - Operat	-	-	-	-	0%
Repairs & Maintenance - Municipal Assets	-	51 749	103 497	51 749	100%
Depreciation - Property, Plant & Equip	102 522	159 914	319 827	57 392	36%
TOTAL EXPENDITURE	31 002 016	29 698 472	59 396 944	(1 303 544)	-4%
REVENUE					
Rent of Facilities and Equipment	(108 810)	(218 836)	(437 671)	(110 026)	50%
Grants & Subsidies Received - Operating	(303 824)	-	-	303 824	-100%
Other Revenue	-	(1 618)	(3 235)	(1 618)	0%
TOTAL REVENUE	(412 634)	(220 453)	(440 906)	192 181	-87%
AREA TOTAL	(310 112)	(60 540)	(121 079)	249 573	-412%

Finance and Asset Management

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 13 - Finance & Asset Management					
EXPENDITURE					
Employee Related Costs	26 469 487	40 085 580	80 171 160	13 616 093	34%
General Expenses - Contracted Services	5 385 377	3 024 774	6 049 548	(2 360 603)	-100%
General Expenses - Grants & Subsidies Pa	2 027 258	13 012 500	26 025 000	10 985 242	84%
General Expenses - Other	32 921 050	28 252 592	56 505 184	(4 668 458)	-17%
General Expenses: Grants & Subs - Operat	586 407	1 325 000	2 650 000	738 593	56%
Repairs & Maintenance - Municipal Assets	3 556 893	3 355 230	6 710 460	(201 663)	-6%
Depreciation - Property, Plant & Equip	14 614 902	8 681 667	17 363 334	(5 933 235)	-68%
Interest Expense - External Borrowings	3 126 461	8 150 232	16 300 464	5 023 771	62%
Contributions From Operating To Capital	109 326	-	-	(109 326)	-100%
Contributions To / From Provisions & Res	-	25 260 386	50 520 771	25 260 386	100%
TOTAL EXPENDITURE	88 797 161	131 147 961	262 295 921	42 350 800	32%
REVENUE					
Property Rates	(271 376 736)	(276 577 483)	(276 577 483)	(5 200 747)	2%
Rent of Facilities and Equipment	(7 459 828)	(15 499 381)	(30 998 762)	(8 039 553)	52%
Interest Earned - External Investments	(682 593)	(1 667 311)	(3 334 622)	(984 718)	59%
Interest Earned - Outstanding Debtors	(16 641 846)	(29 211 808)	(58 423 616)	(12 569 962)	43%
Grants & Subsidies Received - Operating	(274 808 664)	(184 112 500)	(368 225 000)	90 696 164	-100%
Grants & Subsidies Received - Capital	(8 670 876)	-	-	8 670 876	-100%
Other Revenue	(485 041)	(1 722 798)	(3 445 595)	(1 237 757)	72%
Gains \Losses on Disposal Of Property, P	1 009 441	(907 368)	(1 814 736)	(1 916 809)	100%
Internal Recoveries	-	88 245 226	176 490 451	88 245 226	100%
				-	0%
TOTAL REVENUE	(579 116 143)	(421 453 423)	(566 329 363)	157 662 720	-37%
AREA TOTAL	(490 318 982)	(290 305 463)	(304 033 442)	200 013 520	-69%

Local and Economic Development

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 14 - Planning, Social & Ec Dev					
EXPENDITURE					
Employee Related Costs	16 282 447	19 278 666	38 557 331	2 996 219	16%
General Expenses - Other	7 261 480	6 519 645	13 039 289	(741 836)	-11%
General Expenses: Grants & Subs - Operat	-	-	-	-	0%
Repairs & Maintenance - Municipal Assets	-	111 184	222 367	111 184	100%
				-	0%
TOTAL EXPENDITURE	23 543 927	25 909 494	51 818 987	2 365 567	9%
REVENUE					
Rent of Facilities and Equipment	(29 395)	(60 259)	(120 518)	(30 864)	51%
Licenses and Permits	(211 867)	(240 784)	(481 568)	(28 917)	12%
Grants & Subsidies Received - Operating	-	(875 000)	(1 750 000)	(875 000)	100%
Other Revenue	(9 534)	(69 752)	(139 503)	(60 218)	86%
TOTAL REVENUE	(250 796)	(1 245 795)	(2 491 589)	(994 999)	80%
AREA TOTAL	23 293 131	24 663 699	49 327 398	1 370 568	6%

Human Settlement

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 15 - Human Settlement					
EXPENDITURE					
Employee Related Costs	15 632 656	17 547 851	35 095 702	1 915 195	11%
General Expenses - Other	855 303	2 464 561	4 929 122	1 609 258	65%
Repairs & Maintenance - Municipal Assets	-	91 177	182 353	91 177	100%
				-	0%
				-	0%
TOTAL EXPENDITURE	16 487 959	20 103 589	40 207 177	3 615 630	18%
REVENUE					
Service Charges	(411 529)	(158 486)	(316 971)	253 044	-160%
Grants & Subsidies Received - Capital	(6 603 008)	(18 614 940)	(37 229 879)	(12 011 932)	65%
Other Revenue	(1 115 164)	(1 162 781)	(2 325 562)	(47 617)	4%
TOTAL REVEUNE	(8 129 701)	(19 936 206)	(39 872 412)	(11 806 505)	59%
AREA TOTAL	8 358 258	167 383	334 765	(8 190 876)	-4894%

Community Services

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 16 - Community Services					
EXPENDITURE					
Employee Related Costs	40 512 674	38 278 057	76 556 114	(2 234 617)	-6%
General Expenses - Contracted Services	110 000	142 352	284 704	32 352	23%
General Expenses - Other	5 988 608	5 095 120	10 190 239	(893 489)	-18%
General Expenses: Grants & Subs - Operat	1 834 103	941 000	1 882 000	(893 103)	-95%
Repairs & Maintenance - Municipal Assets	3 974	516 671	1 033 342	512 697	99%
Depreciation - Property, Plant & Equip	7 921 130	9 137 932	18 275 863	1 216 802	13%
				-	0%
TOTAL EXPENDITURE	56 370 489	54 111 131	108 222 262	(2 259 358)	-4%
REVENUE					
Service Charges	(55 540 708)	(35 644 191)	(71 288 382)	19 896 517	-100%
Rent of Facilities and Equipment	(902 809)	(1 381 503)	(2 763 006)	(478 694)	35%
Grants & Subsidies Received - Operating	(4 389 786)	(941 000)	(1 882 000)	3 448 786	100%
TOTAL REVENUE	(60 833 303)	(37 966 694)	(75 933 388)	22 866 609	-60%
AREA TOTAL	(4 462 814)	16 144 437	32 288 874	20 607 251	128%

Public Safety

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 17 - Public Safety					
EXPENDITURE					
Employee Related Costs	75 260 485	69 387 725	138 775 449	(5 872 761)	-8%
General Expenses - Contracted Services	3 095 922	-	-	(3 095 922)	-100%
General Expenses - Other	2 425 393	3 389 765	6 779 530	964 372	28%
General Expenses: Grants & Subs - Operat	12 600	-	-	(12 600)	0%
Repairs & Maintenance - Municipal Assets	183 565	526 122	1 052 244	342 557	65%
Contributions From Operating To Capital	-	-	-	-	0%
TOTAL EXPENDITURE	80 977 965	73 303 612	146 607 223	(7 674 354)	-10%
REVENUE					
Service Charges	(7 417 028)	(5 409 106)	(10 818 212)	2 007 922	-100%
Fines	(1 293 636)	(3 009 807)	(6 019 613)	(1 716 171)	57%
Licenses and Permits	(6 022 986)	(10 345 365)	(20 690 729)	(4 322 379)	42%
Other Revenue	(142 781)	(196 692)	(393 383)	(53 911)	27%
				-	0%
TOTAL REVEUNE	(14 876 431)	(18 960 969)	(37 921 937)	(4 084 538)	22%
AREA TOTAL	66 101 534	54 342 643	108 685 286	(11 758 891)	-22%

Infrastructure

DESCRIPTION	YTD AMOUNT	YTD BUDGET	ANNUAL BUDGET	DIFFERENCE	DIFF %
AREA: 18 - Infrastructure					
EXPENDITURE					
Employee Related Costs	47 492 778	40 649 828	81 299 655	(6 842 951)	-17%
General Expenses - Bulk Purchases	213 563 275	199 593 472	399 186 943	(13 969 804)	-7%
General Expenses - Contracted Services	-	55 121	110 242	55 121	100%
General Expenses - Other	13 578 798	7 310 875	14 621 749	(6 267 924)	-86%
General Expenses: Grants & Subs - Operat	5 325 843	3 691 000	7 382 000	(1 634 843)	-44%
Repairs & Maintenance - Municipal Assets	24 479 653	20 918 765	41 837 530	(3 560 888)	-17%
Depreciation - Property, Plant & Equip	50 462 301	55 763 583	111 527 166	5 301 282	10%
		-		-	0%
TOTAL EXPENDITURE	354 902 648	327 982 643	655 965 285	(26 920 006)	-8%
REVENUE					
Service Charges	(258 519 361)	(293 162 066)	(586 324 131)	(34 642 705)	12%
Fines	(85 200)	-	-	85 200	-100%
Grants & Subsidies Received - Operating	(7 817 209)	(6 247 675)	(12 495 350)	1 569 534	-25%
Grants & Subsidies Received - Capital	(56 271 702)	(45 576 825)	(91 153 650)	10 694 877	-23%
Other Revenue	(13 918 233)	(16 067 864)	(32 135 728)	(2 149 631)	13%
TOTAL REVENUE	(336 611 705)	(361 054 430)	(722 108 859)	(24 442 725)	7%
AREA TOTAL	(18 290 943)	33 071 787	66 143 574	51 362 730	155%

10. CAPITAL EXPENDITURE EXCLUDING CONTRIBUTIONS TO CAPITAL OUTLAY

TABLE 10 CAPITAL EXPENDITURE REPORT ROADS

EC157 King Sabata Dalindyebo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2020/21		Budget Year 2021/22								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Q1 Actual	Q2 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1											
Capital Expenditure - Functional Classification												
Governance and administration		-	150	150	3	169	1 819	1 988	75	1 913	2551%	150
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	150	150	3	169	1 819	1 988	75	1 913	2551%	150
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		58 220	48 609	48 609	-	6 185	1 764	7 949	24 305	(16 356)	-67%	48 609
Community and social services		-	5 379	5 379	-	838	508	1 346	2 690	(1 344)	-50%	5 379
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	6 000	6 000	-	2 950	(2 950)	-	3 000	(3 000)	-100%	6 000
Housing		58 220	37 230	37 230	-	2 397	4 206	6 603	18 615	(12 012)	-65%	37 230
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		37 597	93 824	93 824	4 763	32 083	24 362	56 445	46 912	9 533	20%	93 824
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		37 597	93 824	93 824	4 763	32 083	24 362	56 445	46 912	9 533	20%	93 824
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		7 971	700	700	1 945	3 492	4 492	7 985	350	7 635	2181%	700
Energy sources		7 971	-	-	1 945	3 492	4 492	7 985	-	7 985	#DIV/0!	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	700	700	-	-	-	-	350	(350)	-100%	700
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	103 788	143 284	143 284	6 712	41 930	32 437	74 367	71 642	2 725	4%	143 284
Funded by:												
National Government		43 013	86 154	86 154	4 763	32 083	24 361	56 445	43 077	13 368	31%	86 154
Provincial Government		60 775	42 230	42 230	1 945	5 889	4 206	6 603	21 115	(14 512)	-69%	42 230
District Municipality		-	-	-	-	-	7 985	7 985	-	7 985	#DIV/0!	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		103 788	128 384	128 384	6 708	37 973	36 552	71 032	64 192	6 841	11%	128 384
Borrowing	6	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	14 900	14 900	3	3 957	(4 115)	3 335	7 450	(4 115)	-55%	14 900
Total Capital Funding		103 788	143 284	143 284	6 712	41 930	32 437	74 367	71 642	2 725	4%	143 284

10.1. COMMENTS ON CAPITAL SPENDING

❖ **Roads MIG** -The spending is at 60% of the total annual budget.

❖ **Electricity Projects-**

The spending on electricity projects were funded by the municipal funds amounting to R1.2 million and R6.8 million funded by Amatola water.

Human Settlement Projects- reflect a slow spending at 18% of the annual budget.

11. ROLLOVERS

Roll over approvals or rejections by National Treasury are still to confirmed during the midyear assessment engagement.

12. STAFF IMPLICATIONS

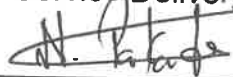
Own staff

13. FINANCIAL IMPLICATIONS

Non normal operating budget

14. RECOMMENDATIONS

- 14.1. That the Report of the Municipal Manager to the Executive Mayor of the KSD Local Municipality on the assessment carried out in terms of section 72 of the MFMA be noted.
- 14.2. That the Executive Mayor considers the report in terms of section 54 (1) of the MFMA.
- 14.3. That the Executive Mayor in terms of section 54(1)(f) of the MFMA, submits the report to the Council by 25 January 2022.
- 14.4. That the Executive Mayor, in terms of section 54(2)(a)(ii) of the MFMA, tables an adjustments budget before the end of February 2022 as contemplated in section 28(a), (b), (d) and (f) of the MFMA.
- 14.5. That the adjustments budget, in terms of section 23 of the Municipal budget and reporting regulations 393 of 2009, be considered and tabled in the municipal council not later than 28 February 2022.
- 14.6. That the council notes Midyear performance report and considers whether amendments are necessary in the Integrated development plan and related Service Delivery Implementation Plan.



N Pakade
Municipal Manager