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Local Municipality • Mmasepala wa seLehae • Plaaslike Munisipaliteit

REPORT BY THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL

MUNICIPAL COST CONTAINMENT MEASURERS REPORT FOR THE 2ND QUARTER ENDING 31 DECEMBER 2022

1. EXECUTIVE SUMMARY

The purpose of this report is to inform Council of the status of implementing the municipal cost containment measures.

2. BUSINESS PLAN

IDP and Budget Process Plan

3. STRATEGIC OBJECTIVE

To ensure compliance to statutory reporting deadlines.

4. DELEGATED AUTHORITY

Delegated powers vests with Council.

5. ANNEXURES

None

6. POLICY

Cost containment measures policy

7. LEGAL REQUIREMENTS

MFMA Act No 56 of 2003

National Treasury Instruction 01 of 2013/2014

Municipal Cost Containment Regulations, 2019

MFMA Circular 97

8. BACKGROUND & DISCUSSION

National Treasury issued the Municipal Cost Containment Regulations (MCCR) 2019 and the MFMA Circular 97 on the 31 July 2019. This Circular replaces MFMA Circular 82 issued in March 2016.

This circular will assist municipalities and municipal entities to implement cost containment measures in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others, consistent with the MCCR.

Municipalities and municipal entities are required to utilise existing reporting requirements, to report internally and externally on cost saving measures.

It is also requested that the measures implemented are captured in quarterly reports submitted to the Municipal Public Accounts Committee and Mayor for review and recommendations to Council on additional measures to be taken.

9. FINANCIAL IMPLICATIONS

The quarterly expenditure allocation based on the budget is **R22.9 million,** and the total cost during the **2nd quarter** amounted to **R16.9 million** resulting to the total savings of **R6 million**. However the acting allowances have exceeded the budget by **R1.3 million** and overtime has exceeded the budget by **R5.1 million.**

Cost Containment In-Year Report 2022/23										
Description	**Budget**	**Quarterly Allocation**	**1st quarter outcomes**	**Oct-22**	**Nov-22**	**Dec-22**	**2nd quarter outcomes**	**2nd quarter savings**	**Mid-year Outcomes**	**Annual Savings**
Use of consultants	**55 200 450**	**13 800 113**	**3 105 218**	**732 455**	**1 620 317**	**5 226 892**	**7 579 665**	**- 6 220 448**	**10 684 883**	**44 515 567**
C&Ps: B&A Air Pollution	250 000	62 500	-	-	-	-	-	- 62 500	-	250 000
C&Ps: B&A Audit Committee	570 000	142 500	67 127	5 238	43 458	-	48 696	- 93 804	115 823	454 177
C&Ps: B&A Business & Fin Management	17 988 000	4 497 000	44 170	-	-	1 374 156	1 374 156	- 3 122 844	1 418 326	16 569 674
Indigent register	2 000 000	500 000	-	-	-	-	-	- 500 000	-	2 000 000
Reading Of Meters	2 700 000	675 000	859 475	-	94 488	96 794	191 282	- 483 718	1 050 758	1 649 242
Vat Review	10 000 000	2 500 000	-	-	766 329	2 541 472	3 307 801	807 801	3 307 801	6 692 199
C&Ps: B&A Organisational	120 000	30 000	-	-	-	-	-	- 30 000	-	120 000
C&Ps: B&A Project Management (PMU)	9 852 450	2 463 113	2 033 152	677 717	677 717	677 717	2 033 152	- 429 960	4 066 304	5 786 146
C&Ps: B&A Valuer & Assessors	1 000 000	250 000	-	-	-	-	-	- 250 000	-	1 000 000
C&Ps: Lab Serv Water	360 000	90 000	-	-	-	-	-	- 90 000	-	360 000
C&Ps: Legal Cost Advice & Litigation	10 360 000	2 590 000	101 294	49 500	38 325	536 753	624 578	- 1 965 422	725 872	9 634 128
Travelling expenses	**3 816 700**	**954 175**	**142 143**	**194 494**	**56 992**	**104 951**	**356 437**	**- 597 738**	**498 579**	**3 318 121**
Subsistence and travelling	1 673 650	418 413	53 266	45 988	20 628	35 212	101 829	- 316 584	155 094	1 518 556
Accommodation	2 143 050	535 763	88 877	148 506	36 363	69 739	254 608	- 281 155	343 485	1 799 565
Reduction in Employee costs	**27 167 897**	**6 791 974**	**25 740 917**	**- 2 191 549**	**6 143 482**	**4 035 626**	**7 987 559**	**1 195 585**	**33 728 476**	**- 6 560 579**
Acting Allowances	7 433 391	1 858 348	7 080 261	- 909 410	1 284 474	1 367 846	1 742 910	- 115 438	8 823 170	- 1 389 779
Overtime	19 734 506	4 933 627	18 660 657	- 1 282 138	4 859 007	2 667 780	6 244 649	1 311 023	24 905 306	- 5 170 800
Sponsorships, events and catering	**1 900 000**	**475 000**	**53 044**	**29 700**	**-**	**3 360**	**33 060**	**- 441 940**	**86 104**	**1 813 896**
Old persons project	120 000	30 000	-	-	-	-	-	- 30 000	-	120 000
Children projects	120 000	30 000	-	-	-	-	-	- 30 000	-	120 000
People with disability	120 000	30 000	-	-	-	-	-	- 30 000	-	120 000
Substance abuse project	120 000	30 000	-	-	-	-	-	- 30 000	-	120 000
Women projects	120 000	30 000	-	-	-	-	-	- 30 000	-	120 000
Events: Mayoral imbizo	250 000	62 500	45 900	-	-	-	-	- 62 500	45 900	204 100
Mayco items	250 000	62 500	-	-	-	-	-	- 62 500	-	250 000
Catering services	800 000	200 000	7 144	29 700	-	3 360	33 060	- 166 940	40 204	759 796
Communications (adverts, telephone)	**3 960 000**	**990 000**	**135 295**	**450 262**	**43 081**	**466 399**	**959 742**	**- 30 258**	**1 095 037**	**2 864 963**
OC: Adv/Pub/Mark - Corp & Mun Activities	1 255 000	313 750	72 401	- 19 406	43 081	3 209	26 883	- 286 867	99 284	1 155 716
OC: Adv/Pub/Mark - Staff Recruitment	100 000	25 000	62 894	-	-	-	-	- 25 000	62 894	37 106
OC: Adv/Pub/Mark - Tenders	605 000	151 250	-	19 406	-	-	19 406	- 131 844	19 406	585 594
OC: Comm - Phone Fax Telegraph & Tel	2 000 000	500 000	-	450 262	-	463 190	913 452	413 452	913 452	1 086 548
Total	**92 045 047**	**23 011 262**	**29 176 617**	**- 784 637**	**7 863 871**	**9 837 228**	**16 916 462**	**- 6 094 800**	**46 093 079**	**45 951 968**

10. STAFF IMPLICATIONS

None

11. COMMENTS FROM OTHER DIRECTORS

None

12. RECOMMENDATIONS

It is recommended that:

- Council takes note of the municipal cost containment measures report for the **2nd quarter** ending **31 December 2022.**
- Departments adhere to the cost containment regulations.
- That departments must not avoid incurring costs were the movements have exceeded the allocated budget.

SUBMITTED BY:

.... 27-01-2023 ....

THE EXECUTIVE MAYOR **DATE**

Cllr. G. MOKOTSO