



Local Municipality • Mmasepala wa seLehōe • Plaaslike Munisipaliteit

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REPORT BY THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL

MUNICIPAL COST CONTAINMENT MEASURERS REPORT FOR THE 1st QUARTER ENDING 30 SEPTEMBER 2022

1. EXECUTIVE SUMMARY

The purpose of this report is to inform the 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 the 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



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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.



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9. FINANCIAL IMPLICATIONS

The quarterly expenditure allocation based on the budget is **R22.9 million**, however the total cost during the **1st quarter** amounted to **R29.1 million** resulting to the total overspending of **R6.1 million** against the quarterly target. The items which had expenditure which was more than the target are acting allowances which exceeded by **R5.2 million** and overtime which exceeded by **R13.7 million**.

Cost Containment In-Year Report 2022/23						
Reduction in non-core expenditure						
Description	Budget	Quarterly Allocation	1st quarter outcomes	1st quarter savings	Year to date outcomes	Annual Savings
Use of consultants	55 200 450	13 800 113	3 105 218	- 10 694 894	3 105 218	52 095 232
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	75 373	67 127	502 873
C&Ps: B&A Business & Fin Management	17 988 000	4 497 000	44 170	4 452 830	44 170	17 943 830
Indigent register	2 000 000	500 000	-	500 000	-	2 000 000
Reading Of Meters	2 700 000	675 000	859 475	184 475	859 475	1 840 525
Vat Review	10 000 000	2 500 000	-	2 500 000	-	10 000 000
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	429 960	2 033 152	7 819 298
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	2 488 706	101 294	10 258 706
Travelling expenses	3 711 700	927 925	142 143	- 785 782	142 143	3 569 557
Subsistence and travelling	1 568 650	392 163	53 266	338 897	53 266	1 515 384
Accommodation	2 143 050	535 763	88 877	446 885	88 877	2 054 173
Reduction in Employee costs	27 167 897	6 791 974	25 740 917	18 948 943	25 740 917	1 426 980
Acting Allowances	7 433 391	1 858 348	7 080 261	5 221 913	7 080 261	353 130
Overtime	19 734 506	4 933 627	18 660 657	13 727 030	18 660 657	1 073 849
Sponsorships, events and catering	1 900 000	475 000	53 044	- 421 956	53 044	1 846 956
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	16 600	45 900	204 100
Mayco items	250 000	62 500	-	62 500	-	250 000
Catering services	800 000	200 000	7 144	192 856	7 144	792 856
Communications (adverts, telephone)	3 960 000	990 000	135 295	- 854 705	135 295	3 824 705
OC: Adv/Pub/Mark - Corp & Mun Activities	1 255 000	313 750	72 401	241 349	72 401	1 182 599
OC: Adv/Pub/Mark - Staff Recruitment	100 000	25 000	62 894	37 894	62 894	37 106
OC: Adv/Pub/Mark - Tenders	605 000	151 250	-	151 250	-	605 000
OC: Comm - Phone Fax Telegraph & Tel	2 000 000	500 000	-	500 000	-	2 000 000
Total	91 940 047	22 985 012	29 176 617	6 191 605	29 176 617	62 763 430



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10. STAFF IMPLICATIONS

None

11. COMMENTS FROM OTHER DIRECTORS

None

12. RECOMMENDATIONS

It is recommended that:

- The Council takes note of the municipal cost containment measures report for the **1st quarter ending 30 September 2022.**
- Departments contain costs by adhering the cost containment regulations.
- That departments ^{must not} avoid incurring costs where the movements have exceeded the allocated budget. ¹

SUBMITTED BY:

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Cllr. T.G. MOKOTSO
EXECUTIVE MAYOR

27.01.2023

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DATE