

**MID-YEAR**  
**PERFORMANCE ASSESSMENT REPORT**  
**FOR THE PERIOD**  
**1 JULY 2020 TO 31 DECEMBER 2020**



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# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



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### 1. SERVICE DELIVERY PERFORMANCE PLANNING

#### 1.1 LEGISLATIVE OVERVIEW

In terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act (MFMA) No. 56 of 2003 the Accounting Officer must by 25 January of each year assess the performance of the Municipality during the first half of the financial year. A report on such assessment must in terms of Section 72(1)(b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury. Once the Mayor has considered the report, it must be submitted to Council by 31 January in terms of Section 54(1)(f) of the MFMA.

The Mayor approved the Top Layer Services Delivery and Budget Implementation Plan (SDBIP) for 2020/21 on 17 July 2020 in terms of Section 53(1)(c)(ii) of the MFMA, MFMA Circular No. 13 and the Budgeting and Reporting Regulation, which include the Municipality's key performance indicators (KPI's) for 2020/21.

#### 1.2 CREATING A CULTURE OF PERFORMANCE

##### Performance Framework

Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." This framework, inter alia, reflects the linkage between the Integrated Development Plan (IDP), Budget, SDBIP and individual and service provider performance.

##### Monitoring Performance

The Municipality utilizes an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI's by documenting the following information on the performance system:

- ☉ The actual result in terms of the target set
- ☉ The output/outcome of achieving the KPI
- ☉ The calculation of the actual performance reported (If %)
- ☉ A performance comment
- ☉ Actions to improve the performance against the target set, if the target was not achieved
- ☉ It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated

Performance results are monitored and reviewed in terms of:

- ☉ Quarterly KPI monitoring sessions held by the Municipal Manager with all managers
- ☉ Quarterly reports tabled before the Portfolio Committees of the Mayor
- ☉ Quarterly reports tabled before the Executive Mayoral Committee and Council

#### 1.3 LINK TO THE IDP AND THE BUDGET

The Municipality identified the following strategic objectives based on the inputs from the community in the 5-year IDP:

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## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD 1 JULY TO 31 DECEMBER 2020



- 🌐 Build a capable, corruption-free administration that is able to deliver on developmental mandate
- 🌐 Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns
- 🌐 Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development
- 🌐 Universal access to decent quality of services
- 🌐 Spatially integrate areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities
- 🌐 Eradicate poverty and uplift previously disadvantaged communities, promote social cohesion
- 🌐 An active and engaged citizenry, able to engage with and shape the municipality's programme

### 1.3.1 PERFORMANCE INDICATORS SET IN THE APPROVED TOP LAYER SDBIP FOR 2020/21 PER STRATEGIC OBJECTIVE

#### 1.3.1.1 Build a capable, corruption-free administration that is able to deliver on developmental mandate

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Q3	Q4	Annual
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2021/22 financial year to the Audit Committee by 30 June 2021	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1	0	0	0	1	1
TL2	Complete 80% of audits as scheduled in the RBAP applicable for 2020/21 by 30 June 2021 (Actual audits completed divided by the audits scheduled for the year)x100	% of audits completed	All	89.47%	10%	40%	60%	80%	80%
TL3	Hold quarterly meetings of the Audit Committee	Number of meetings held	All	5	1	1	1	1	4
TL4	Complete the annual risk assessment for 2020/21 and submit to the Audit Committee by 31 March 2021	Risk assessment submitted to the Audit Committee	All	0	0	0	1	0	1
TL5	Review the Performance Management Framework and submit to Council for	Performance Management Framework reviewed and	All	0	0	0	1	0	1

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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Q3	Q4	Annual
	approval by 31 March 2021	submitted to Council							
TL6	Achieve risk maturity (control level) by 30 June 2021	Risk maturity (control level) achieved	All	0	0	0	0	1	1
TL7	Submit the reviewed final IDP for 2021/22 to Council by 31 May 2021	Reviewed IDP submitted to Council	All	0	0	0	0	1	1
TL8	Submit the Community Survey to Council by 30 June 2021	Community Survey submitted to Council	All	0	0	0	0	1	1
TL36	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2021 {(Number of people from employment equity target groups	% of people employed	All	66%	0.00%	0.00%	0.00%	70%	70%
TL37	Spent 0.10% of operational budget on training by 30 June 2021 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.12%	0.10%	0.10%	0.10%	0.10%	0.10%
TL38	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2021	Customer survey conducted	All	0	0	0	0	1	1
TL39	Review 20 human resources policies, with the SALGA Policy Framework Scope as basis and submit to Council by 30 June 2021	Number of human resource policies submitted to Council	All	0	5	5	5	5	20

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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Q3	Q4	Annual
TL40	Review the "System of Operational Delegations" and submit to Council by 31 March 2021	System of operational delegations submitted to Council	All	0	0	0	1	0	1
TL41	Spend 90% of the approved capital budget for IT by 30 June 2021	% budget spent	1	77%	0.00%	0.00%	0.00%	90%	90%
*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available									

Table 1: Build a capable, corruption-free administration that is able to deliver on development mandate

### 1.3.1.2 Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns 2. Economic development of local economy

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Q3	Q4	Annual
TL32	Spend 100% of the budget allocated for the upgrade of the Small, Medium and Micro-sized Enterprises (SMMEs) Shelters by 30 June 2020 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent	All	0%	10%	40%	60%	100%	100%
TL33	Spend 90% of the budget allocated for the upgrade of the Qolweni Cultural Village by 30 June 2021 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent	All	0%	10%	40%	60%	90%	90%
*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available									

Table 2: Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns 2. Economic development of local economy

### 1.3.1.3 Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Q3	Q4	Annual
TL9	Spend 90% of the municipal capital	% budget spent	All	65%	10%	40%	60%	90%	90%

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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Target				
					Q1	Q2	Q3	Q4	Annual
	budget on capital projects by 30 June 2021 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}								
TL10	Provide subsidies for free basic services to indigent households as at 30 June 2021	Number of indigent households receiving subsidies for free basic services as per Financial System	All	2 357	4 300	4 300	4 300	4 300	4 300
TL14	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2021 (Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	% of debt coverage	All	22%	0.00%	0.00%	0.00%	45%	45%
TL15	Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	All	63%	0.00%	0.00%	0.00%	11.80%	11.80%
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational	Number of months it takes to cover fix operating expenditure with available cash	All	2	0	0	0	2	2

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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Q3	Q4	Annual
	Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71								
TL17	Achieve a debtor payment percentage of 85% by 30 June 2021 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	% debtor payment achieved	All	81%	85%	85%	85%	85%	85%

*\*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available*

*Table 3: Manage expenditure prudently, grow revenue base and build long term financial sustainable so as to invest in social and economic development*

#### 1.3.1.4 Provision of basic services

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Q3	Q4	Annual
TL11	Provide piped water to properties which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2021	Number of properties that receive piped water	All	11 670	0	11 495	0	11 495	11 495
TL12	Provide electricity to properties connected to the municipal electrical infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2021	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)	All	18 246	0	14 285	0	14 285	14 285
TL13	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service,	Number of residential properties which are billed for sewerage	All	12 409	0	12 111	0	12 111	12 111



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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Target Q3	Q4	Annual
	irrespective of the number of water closets (toilets) as at 30 June 2021								
TL18	Limit bulk water handling losses to less than 5% as at 30 June 2021 {(System input-billed consumption (incl free basic water)/ system input)x100}	% bulk water handling losses	All	New key performance indicator for 2020/21. No comparative results available	0.00%	0.00%	0.00%	5%	5%
TL19	Limit unaccounted for electricity to less than 12% as at 30 June 2021 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	6.42%	0.00%	0.00%	0.00%	12%	12%
TL20	Finalise 100% the SCM procurement planning of all approved capital projects for PMU (excluding housing and multi year) by 31 July 2020	% of SCM processes finalised	All	100%	100%	0.00%	0.00%	0.00%	100%
TL21	Spend 90% of the approved capital budget for Fleet services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	54%	10%	40%	60%	90%	90%
TL22	Spend 90% of the approved capital budget for Waste Water services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	82%	10%	40%	60%	90%	90%
TL23	Spend 90% of the approved capital budget for Electrical & Mechanical services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	90%	10%	40%	60%	90%	90%

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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Target Q3	Q4	Annual
TL24	Spend 90% of the approved capital budget for Water services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	80%	10%	40%	60%	90%	90%
TL25	Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	64%	10%	40%	60%	90%	90%
TL26	Spend 100% of MIG Funding allocation by 30 June 2021 {(Total actual MIG expenditure /Total MIG amount budgeted)x100}	% budget spent	All	71.30%	0.00%	40%	0.00%	100%	100%
TL27	Conduct 240 potential electricity theft investigations annually	Report from Electrical and Mechanical department	2.7	New key performance indicator for 2020/21. No comparative results available	0	0	0	240	240
TL28	Spend 90% of the approved budget for the upgrade of the Kranshoek sewer reticulation by 30 June 2021	% budget spent	All	New key performance indicator for 2020/21. No comparative results available	0.00%	40%	60%	90%	90%
TL29	Spend 90% of the approved budget for the Qolweni new electrification by 30 June 2021	% budget spent	All	New key performance indicator for 2020/21. No comparative results available	0.00%	40%	60%	90%	90%
TL30	Spend 90% of the approved budget for the Kwano upgrade tank by 30 June 2021	% budget spent	All	New key performance indicator for 2020/21. No comparative results available	0.00%	40%	60%	90%	90%

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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Target Q3	Q4	Annual
TL31	Create 97 job opportunities in terms of the EPWP by 30 June 2021	Number of job opportunities created	All	203	0	0	0	97	97
TL35	Spend 90% of the budget allocated for Mobile Camera Security for wards 2 and 7 by 30 June 2021 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent	All	87%	0.00%	0.00%	0.00%	90%	90%
TL42	Submit funding application for the development of FLISPS in the vicinity of Shell Ultra City to the Department of Human Settlements by 30 June 2021	Funding application completed and submitted to the Department of Human Settlements	4	0	0	0	0	1	1
TL43	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2021	Number of residential properties which are billed for refuse removal	All	16 500	0	14 700	0	14 700	14 700
TL44	Complete the establishment of the new regional cemetery portion 33 of the Farm Hill View 437 by 30 June 2021	Portion 33 Hill View Cemetery establishment completed	4	0	0	0	0	1	1

\*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available

Table 4: Provision of basic services

### 1.3.1.5 Spatial integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Q1	Q2	Target Q3	Q4	Actual
TL34	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2021	Spatial Development Framework (SDF) submitted to Council	All	0	0	0	1	0	1
TL45	Complete the project to upgrade of the Kurland Sport Facility by 30 June 2021	Project completed	1	0	0	0	0	1	1

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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Target				Actual
					Q1	Q2	Q3	Q4	
TL46	Complete the project to upgrade of the New Horizons Sport Facility by 30 June 2021	Project completed	4	0	0	0	0	1	1
TL47	Complete the project to upgrade of the New Horizons Community Hall by 30 June 2021	Project completed	4	0	0	0	0	1	1
TL48	Spend 90% of the approved capital budget for the construction of the Harkerville Community Hall by 30 June 2021	% budget spent	7	0	10%	40%	60%	95%	95%
TL49	Complete the upgrade of the sports facility (building of new cloakrooms) at Bossiesgif by 30 June 2021	Completed cloakrooms at Bossiesgif	2	New key performance indicator for 2020/21. No comparative results available	0	0	0	1	1
TL50	Complete 169 Top Structures at Qolweni/Bossiesgif (phase 3A) by 30 June 2021	Number of Top Structures completed	2	New key performance indicator for 2020/21. No comparative results available	0	0	0	169	169
TL51	Complete 164 Temporary Relocating Areas (TRA's) at Qolweni	Number of TRA's completed	2	New key performance indicator for 2020/21. No comparative results available	0	0	0	164	164
TL52	Complete 441 Top Structures at the housing project in Kwanokuthula by 30 June 2021	Number of Top Structures completed at Kwanokuthula	5	New key performance indicator for 2020/21. No comparative results available	0	0	0	441	441
TL53	Complete the Temporary Relocating Ablution facility at Qolweni by 30 June 2021	Number of Temporary Relocating Ablution facilities completed	2	New key performance indicator for 2020/21. No comparative results available	0	0	0	1	1

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Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Target				Actual
					Q1	Q2	Q3	Q4	
TL54	Complete the planning of 1500 erven at Kurland by 30 June 2021	Number of erven planned at Kurland	1	New key performance indicator for 2020/21. No comparative results available	0	0	0	1 500	1 500
*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available									

*Table 5: Spatial integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities*

### 1.3.2 BUDGET SPENDING PER IDP STRATEGIC OBJECTIVE

The table below provide an analysis of the budget per Municipal Strategic Objective

Municipal Strategic Objective		Capital Budget R'000	Operational Budget R'000
1	An active and engaged citizenry, able to engage with and shape the municipality's programme	130	34 838
2	Build a capable, corruption free administration that is able to deliver on developmental mandate	6 167	70 523
3	Eradicate poverty and uplift previously disadvantaged communities, promote social cohesion	8 947	183 950
4	Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns 2. Economic development of local economy	245	17 299
5	Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development	0	69 924
6	Provision of basic services	58 198	383 911
7	Spatially integrate areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities	0	12 244
<b>Total</b>		<b>73 687</b>	<b>772 689</b>

*Table 6: Budget capital and operating expenditure (excluding internal transfers) per IDP Key Performance Area*

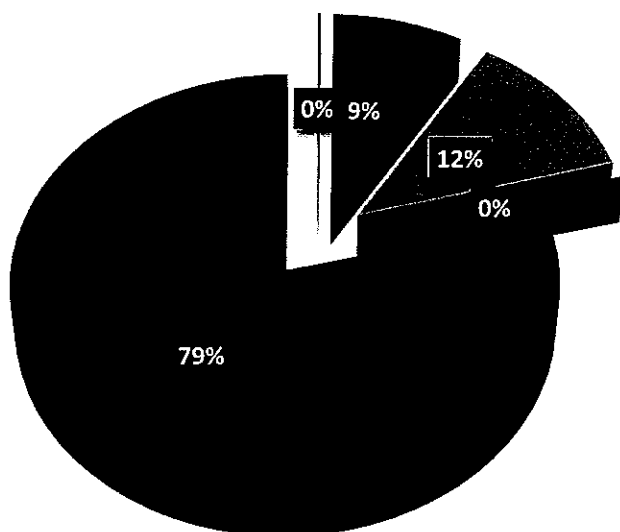
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#### Budget capital expenditure per strategic objective for 2020/21



- An active and engaged citizenry, able to engage with and shape the municipality's programme
- Build a capable, corruption free administration that is able to deliver on developmental mandate
- Eradicate poverty and uplift previously disadvantaged communities, promote social cohesion
- Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns 2. Economic development of local economy
- Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development
- Provision of basic services
- Spatially integrate areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

Figure 1: Budgeted operating expenditure for 2020/21

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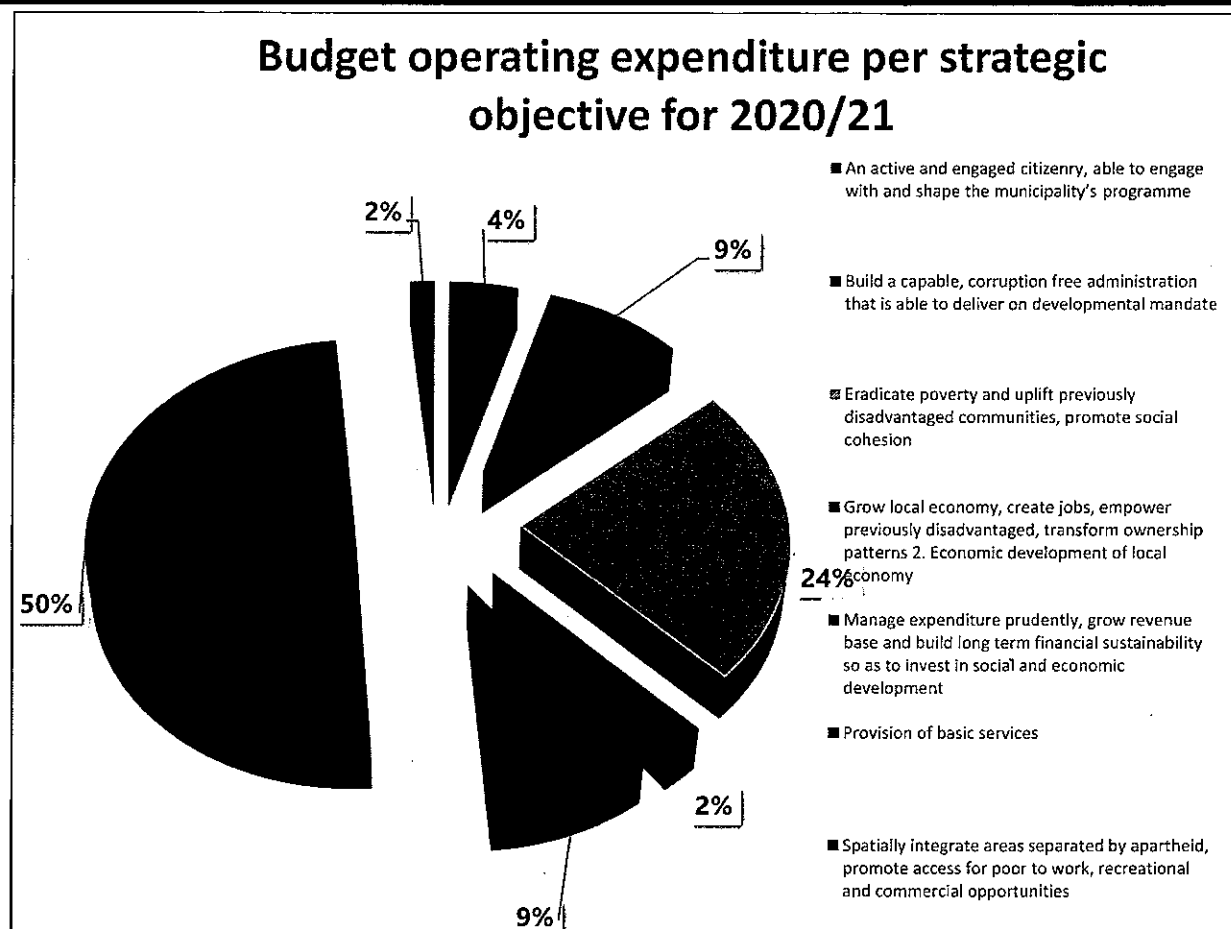


Figure 2: Budgeted capital expenditure for 2020/21

The table below provides an analysis of the actual budget spending per strategic objective for the mid-year ending 31 December 2020

Municipal Strategic Objective		Capital Budget R'000	Operational Budget R'000
1	An active and engaged citizenry, able to engage with and shape the municipality's programme	0	18 537
2	Build a capable, corruption free administration that is able to deliver on developmental mandate	554	24 052
3	Eradicate poverty and uplift previously disadvantaged communities, promote social cohesion	5 191	82 028
4	Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns 2. Economic development of local economy	0	6 182
5	Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development	0	30 757
6	Provision of basic services	27 361	183 143

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Municipal Strategic Objective		Capital Budget R'000	Operational Budget R'000
7	Spatially integrate areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities	0	6 586
Total		33 106	351 286

Table 7: Actual expenditure of capital and operating budget per IDP Key Performance Area

### Actual capital expenditure per strategic objective for the mid-year ending December 2020

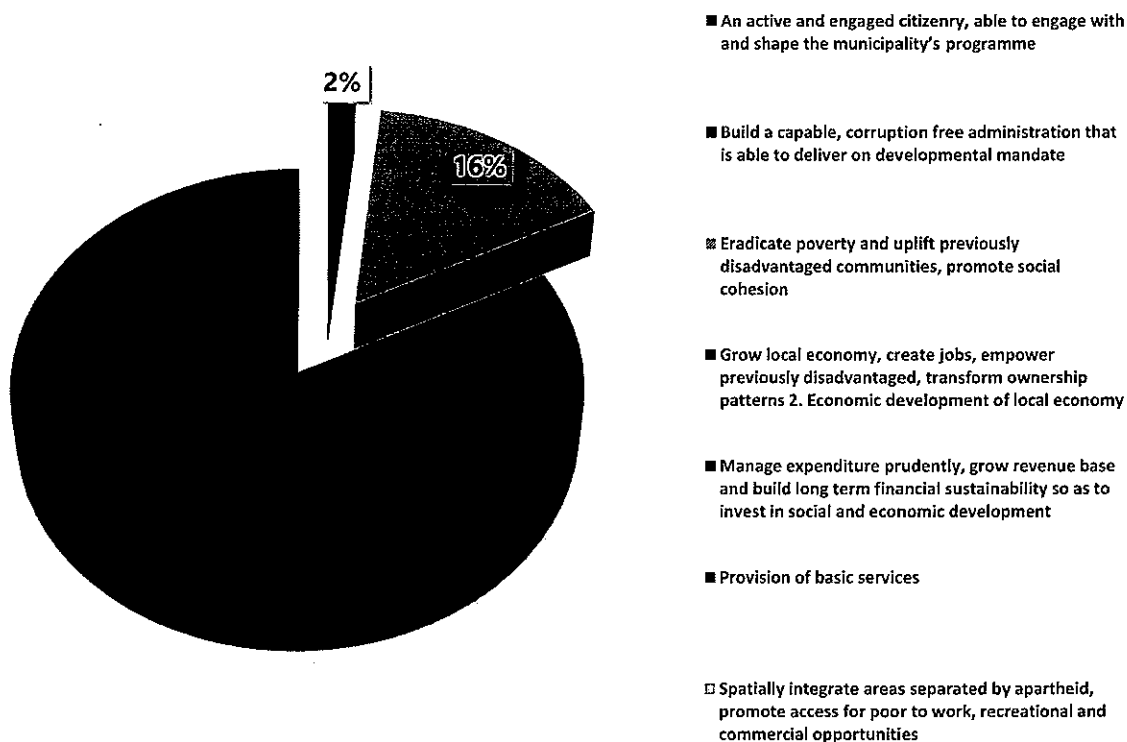


Figure 3: Actual operating expenditure per municipal key performance area for the mid-year ending December 2020



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#### Actual operational expenditure per strategic objective for the mid-year ending December 2020

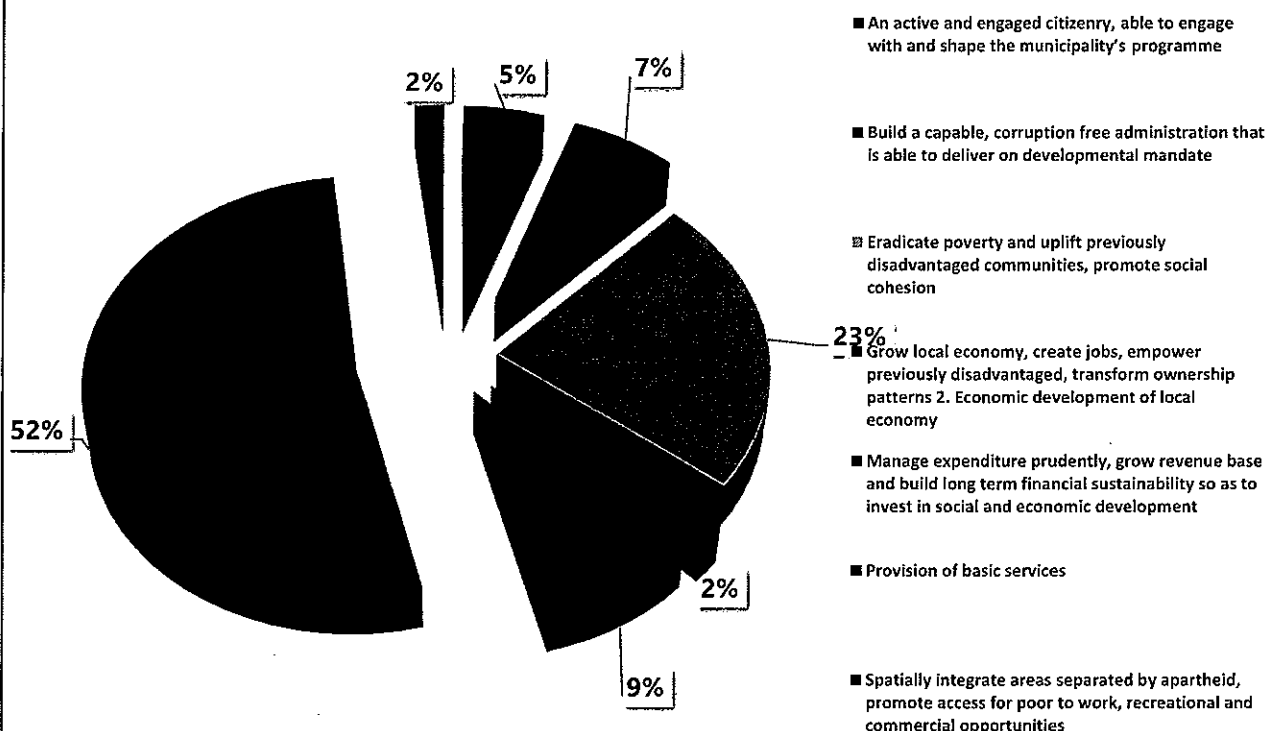


Figure 4: Actual capital expenditure per municipal key performance area for the mid-year ending December 2020

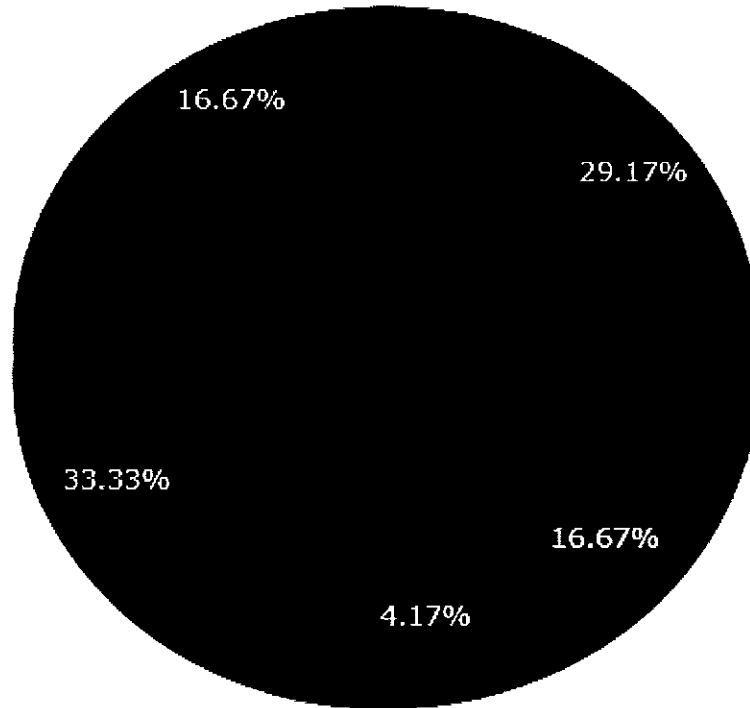
# BITOU MUNICIPALITY

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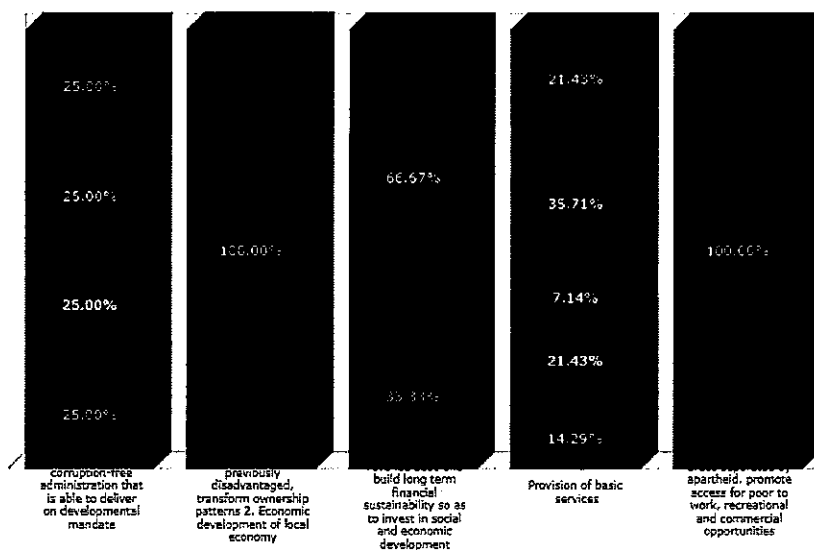


### 2. MID-YEAR PERFORMANCE AGAINST THE PERFORMANCE INDICATORS SET IN THE APPROVED TOP LAYER SDBIP FOR 2020/21

#### 2.1 OVERALL ACTUAL PERFORMANCE OF INDICATORS FOR THE MID-YEAR ENDING 31 DECEMBER 2020



*Graph 1: Overall actual strategic performance*



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## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD 1 JULY TO 31 DECEMBER 2020



Bitou Municipality	Strategic Objective					
	<i>Build a capable, corruption free administration that is able to deliver on developmental mandate</i>	Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns 2. Economic development of local economy	Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development	Provision of basic services	Spatial integrate areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities	Total
KPIs not met	1	2	1	2	1	7
KPIs almost met	1	0	0	3	0	4
KPIs met	0	0	0	1	0	1
KPIs well met	1	0	2	5	0	8
KPIs extremely well met	1	0	0	3	0	4
<b>Total:</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>14</b>	<b>1</b>	<b>24</b>

*Figure 5: Overall actual performance of indicators for the mid-year ending 31 December 2020*

Category	Colour	Explanation
KPI's Not Met		0% >= Actual/Target < 75%
KPI's Almost Met		75% >= Actual/Target < 100%
KPI's Met		Actual/Target = 100%
KPI's Well Met		100% > Actual/Target < 150%
KPI's Extremely Well Met		Actual/Target >= 150%

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## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

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## 2.2 ACTUAL PERFORMANCE PER STRATEGIC OBJECTIVE OF INDICATORS FOR THE MID-YEAR ENDING 31 DECEMBER 2020

Detailed below is the unaudited Top Layer SDBIP for the first half of the financial year ending 31 December 2020 which measures the Municipality's overall performance per strategic objective. The tables, furthermore, includes the performance comments and corrective measures indicated for targets not achieved.

The Municipality met 24.07% (13 of 24) of the applicable KPI's for the period as at 31 December 2020. The remainder of the KPI's 55.56% (30) on the Top Layer SDBIP out of the total number of 54 KPI's do not have targets for this period and will be reported on in future quarters when they are due. 20.37% (11 of 24) KPI targets were not achieved as at 31 December 2020 of which the details are included in the tables below.

### 2.2.1 ACTUAL PERFORMANCE PER STRATEGIC OBJECTIVE OF INDICATORS FOR THE MID-YEAR ENDING 31 DECEMBER 2020

#### 2.2.1.1 Building a capable corruption free administration that is able to deliver on developmental mandate

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				
					Q1	Q2	Target	Actual	R
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2021/22 financial year to the Audit Committee by 30 June 2021	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1	0	0	0	0	N/A
TL2	Complete 80% of audits as scheduled in the RBAP applicable for 2020/21 by 30 June 2021 (Actual audits completed divided by the audits scheduled for the year)x100	% of audits completed	All	89.47%	5%	33%	40%	33%	O
<b>Corrective Measure</b>		In accordance to the approved internal audit plan, most of the projects are earmarked for the 3 <sup>rd</sup> and 4 <sup>th</sup> quarter of the financial year							
TL3	Hold quarterly meetings of the Audit Committee	Number of meetings held	All	5	0	2	2	3	B
TL4	Complete the annual risk assessment for 2020/21 and submit to the Audit Committee by 31 March 2021	Risk assessment submitted to the Audit Committee	All	0	0	0	0	0	N/A
TL5	Review the Performance Management Framework and submit to Council for approval by 31 March 2021	Performance Management Framework reviewed and submitted to Council	All	0	0	0	0	0	N/A
TL6	Achieve risk maturity (control level) by 30 June 2021	Risk maturity (control level) achieved	All	0	0	0	0	0	N/A

# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				
					Q1	Q2	Target	Actual	R
TL7	Submit the reviewed final IDP for 2021/22 to Council by 31 May 2021	Reviewed IDP submitted to Council	All	0	0	0	0	0	N/A
TL8	Submit the Community Survey to Council by 30 June 2021	Community Survey submitted to Council	All	0	0	0	0	0	N/A
TL36	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2021 {(Number of people from employment equity target groups	% of people employed	All	66%	0%	0%	0%	0%	N/A
TL37	Spent 0.10% of operational budget on training by 30 June 2021 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.12%	0.03%	0.09%	0.10%	0.12%	G2
TL38	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2021	Customer survey conducted	All	0	0	0	0	0	N/A
TL39	Review 20 human resources policies, with the SALGA Policy Framework Scope as basis and submit to Council by 30 June 2021	Number of human resource policies submitted to Council	All	0	0	0	10	0	R
<b>Corrective Measure</b>		The policies will be workshopped during the course of February and March 2021 where after it will be tabled at the LLF for their inputs and then to Council for final approval.							
TL40	Review the "System of Operational Delegations" and submit to Council by 31 March 2021	System of operational delegations submitted to Council	All	0	0	0	0	0	N/A
TL41	Spend 90% of the approved capital budget for IT by 30 June 2021	% budget spent	All	77%	0%	0%	0%	0%	N/A

\*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available

Table 8: Build a capable, corruption free administration that is able to deliver on development mandate

# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



#### 2.2.1.2 Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns 2. Economic development of local economy

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				R
					Q1	Q2	Target	Actual	
TL32	Spend 100% of the budget allocated for the upgrade of the Small, Medium and Micro-sized Enterprises (SMMEs) Shelters by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% budget spent	2	0%	0%	0%	40%	0%	R
Corrective Measure		No funds were allocated for this project. KPI will therefore be removed with the Adjustment Budget at end of February 2021							
TL33	Spend 90% of the budget allocated for the upgrade of the Qolweni Cultural Village by 30 June 2021 [(Actual expenditure divided by the total approved project budget)x100]	% budget spent	3	0%	0%	0%	40%	0%	R
Corrective Measure		No funds were allocated for this project. KPI will therefore be removed with the Adjustment Budget at end of February 2021							
*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available									

Table 9: Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns 2.  
Economic development of local economy

#### 2.2.1.3 Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				R
					Q1	Q2	Target	Actual	
TL9	Spend 90% of the municipal capital budget on capital projects by 30 June 2021 {(Actual amount spent on projects /Total amount budgeted for capital projects)x100}	% budget spent	All	65%	13%	44%	40%	44%	G2
TL10	Provide subsidies for free basic services to indigent households as at 30 June 2021	Number of indigent households receiving subsidies for free basic services as per Financial System	All	2 357	3 624	0	4 300	364	R
<b>Corrective Measure</b>		The figure will increase during the 3 <sup>rd</sup> and 4 <sup>th</sup> quarter. Municipality will utilize public participation session, free advertising and word of mouth to ensure information reaches applicable community members to register on the Municipal database.							

# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020					R
					Q1	Q2	Target	Actual		
TL14	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2021 (Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term	% of debt coverage	All	22%	0%	0%	0%	0%	N/A	
TL15	Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	All	63%	0%	0%	0%	0%	N/A	
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excl	Number of months it takes to cover fix operating expenditure with available cash	All	2	0	0	0	0	N/A	
TL17	Achieve a debtor payment percentage of 85% by 30 June 2021 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	% debtor payment achieved	All	81%	125%	114%	85%	114%	G2	
*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available										

*\*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available*

*Table 10: Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development*

#### 2.2.1.4 Provision of basic services

Ref		KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				
						Q1	Q2	Target	Actual	R
TL11	Provide piped water to properties which are connected to the municipal water infrastructure network	Number of properties that receive piped water	All	11 670	0	11 865	11 495	11 865		G2

# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				R
					Q1	Q2	Target	Actual	
	and billed for the service as at 30 June 2021								
TL12	Provide electricity to properties connected to the municipal electrical infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2021	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)	All	18 246	0	12 666	14 285	12 666	O
Corrective Measure		The figure will increase during the 3 <sup>rd</sup> and 4 <sup>th</sup> quarter. The target will be adjusted after the audit outcomes on the actual figure for 2019/20 financial year.							
TL13	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2021	Number of residential properties which are billed for sewerage	All	12 409	0	1 236	12 111	12 997	G2
TL18	Limit bulk water handling losses to less than 5% as at 30 June 2021 {(System input- billed consumption (incl free basic water)/ system input)x100}	% bulk water handling losses	All	New key performance indicator. No comparative results available	0%	0%	0%	0%	N/A
TL19	Limit unaccounted for electricity to less than 12% as at 30 June 2021 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	6.42%	0%	0%	0%	0%	N/A
TL20	Finalise 100% the SCM procurement planning of all approved capital projects for PMU (excluding housing and multi year) by 31 July 2020	% of SCM processes finalised	All	100%	100%	0%	100%	100%	G
TL21	Spend 90% of the approved capital budget for Fleet services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	54%	0%	45%	40%	45%	G2
TL22	Spend 90% of the approved capital budget for Waste Water services	% budget spent	All	82%	7%	64%	40%	64%	B



# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				R
					Q1	Q2	Target	Actual	
	by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}								
TL23	Spend 90% of the approved capital budget for Electrical & Mechanical services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	90%	31.21%	36.67%	40%	36.67%	O
Corrective Measure		Appointment to be made by late January 2021							
TL24	Spend 90% of the approved capital budget for Water services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	80%	20%	64%	40%	64%	B
TL25	Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	64%	0%	44%	40%	44%	G2
TL26	Spend 100% of MIG Funding allocation by 30 June 2021 {(Total actual MIG expenditure /Total MIG amount budgeted)x100}	% budget spent	All	71.30%	0%	42.70%	40%	42.70%	G2
TL27	Conduct 240 potential electricity theft investigations annually	Report from Electrical and Mechanical department	All	New key performance indicator. No comparative results available	0	0	0	0	N/A
TL28	Spend 90% of the approved budget for the upgrade of the Kranshoek sewer reticulation by 30 June 2021	% budget spent	All	New key performance indicator. No comparative results available	0%	0%	40%	0%	R
Corrective Measure		Inception meeting will be held on 15 January 2021							
TL29	Spend 90% of the approved budget for the Qolweni new electrification by 30 June 2021	% budget spent	All	New key performance indicator. No comparative results available	0%	0%	40%	0%	R

# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



Ref		KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				
						Q1	Q2	Target	Actual	R
Corrective Measure		The consultant will be appointed on 15 January 2021 and then the commencement of the design and the electrification tender is currently in the procurement process								
TL30	Spend 90% of the approved budget for the Kwano upgrade tank by 30 June 2021	% budget spent	All	New key performance indicator. No comparative results available	0%	88%	40%	88%	B	
TL31	Create 97 job opportunities in terms of the EPWP by 30 June 2021	Number of job opportunities created	All	203	0	0	0	0	N/A	
TL35	Spend 90% of the budget allocated for Mobile Camera Security for wards 2 and 7 by 30 June 2021 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent	2	87%	0%	0%	0%	0%	N/A	
TL42	Submit funding application for the development of FLISPS in the vicinity of Shell Ultra City to the Department of Human Settlements by 30 June 2021	Funding application completed and submitted to the Department of Human Settlements	2	0	0	0	0	0	N/A	
TL43	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2021	Number of residential properties which are billed for refuse removal	All	16 500	0	7 584	14 700	13 623	R	
Corrective Measure		The figure will increase during the 3 <sup>rd</sup> and 4 <sup>th</sup> quarter. The target will be adjusted after the audit outcomes on the actual figure for 2019/20 financial year.								
TL44	Complete the establishment of the new regional cemetery portion 33 of the Farm Hill View 437 by 30 June 2021	Portion 33 Hill View Cemetery establishment completed	All	0	0	0	0	0	N/A	
*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available										

\*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available

Table 11: Provision of basic services

# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



**2.2.1.6 Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities**

Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				
					Q1	Q2	Target	Actual	R
TL34	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2021	Spatial Development Framework (SDF) submitted to Council	All	0	0	0	0	0	N/A
TL45	Complete the project to upgrade of the Kurland Sport Facility by 30 June 2021	Project completed	1	0	0	0	0	0	N/A
TL46	Complete the project to upgrade of the New Horizons sport facility by 30 June 2021	Project completed	4	0	0	0	0	0	N/A
TL47	Complete the project to upgrade of the New Horizons Community Hall by 30 June 2021	Project completed	4	0	0	0	0	0	N/A
TL48	Spend 90% of the approved capital budget for the construction of the Harkerville Community Hall by 30 June 2021	% budget spent	7	0	0%	0%	40%	0%	R
<b>Corrective Measure</b>		Contractor will be appointed during January 2021							
TL49	Complete the upgrade of the sports facility (building of new cloakrooms) at Bossiesgif by 30 June 2021	Completed cloakrooms at Bossiesgif	2	New key performance indicator for 2020/21. No comparative results available	0	0	0	0	N/A
TL50	Complete 169 Top Structures at Qolweni/Bossiesgif (phase 3A) by 30 June 2021	Number of Top Structures completed	2	New key performance indicator for 2020/21. No comparative results available	0	0	0	0	N/A
TL51	Complete 164 Temporary Relocating Areas (TRA's) at Qolweni	Number of TRA's completed	2	New key performance indicator for 2020/21. No comparative results available	0	0	0	0	N/A
TL52	Complete 441 Top Structures at the housing project in Kwanokuthula by 30 June 2021	Number of Top Structures completed at Kwanokuthula	5	New key performance indicator for 2020/21. No comparative	0	0	0	0	N/A

# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD 1 JULY TO 31 DECEMBER 2020



Ref	KPI	Unit of Measurement	Wards	*Unaudited Actual performance of 2019/20	Overall performance for the mid-year ending 31 December 2020				
					Q1	Q2	Target	Actual	R
				results available					
TL53	Complete the Temporary Relocating Ablution facility at Qolweni by 30 June 2021	Number of Temporary Relocating Ablution facilities completed	2	New key performance indicator for 2020/21. No comparative results available	0	0	0	0	N/A
TL54	Complete the planning of 1500 erven at Kurland by 30 June 2021	Number of erven planned at Kurland	1	New key performance indicator for 2020/21. No comparative results available	0	0	0	0	N/A

*\*The audit for the 2019/20 financial year is still in progress and therefore no audited actuals to report on are available*

*Table 12: Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities*

### 3. ADJUSTMENT OF THE TOP LAYER SDBIP FOR 2020/21

In terms of Section 27(2)(b), when submitting an adjustments budget to the National Treasury and the relevant provincial treasury in terms of Section 28(7) of the MFMA read together with Section 24(3) of the MFMA, the Municipal Manager must also submit the amended SDBIP, within ten working days after the Council has approved the amended plan in terms of Section 54(1)(c) of the MFMA.

The Top Layer SDBIP will be revised if needed and submitted with the Adjustments Budget to Council with the necessary motivation where KPI targets require amendment as a result of the Adjustments Budget and/or corrections as a result of the audit outcomes of 2019/20.

### 4. ANNUAL REPORT 2019/20

The draft Annual Report of the 2019/20 financial year will be tabled on or before 31 March 2020.

As prescribed in Section 72(1)(a)(iii) of the MFMA the Accounting Officer must assess the performance of the Municipality in the first 6 months taking into account the past year's Annual Report and progress on resolving the problems identified in the Annual Report. Council has appointed a Municipal Public Accounts Committee (MPAC), who will compile an oversight report. However due to the COVID-19 pandemic the President declared a national lockdown with effect from 26 March 2020. In response to the national lockdown and the impact on the financial management functions of auditees governed by the Public Financial Management Act, 1999 (Act no.1 of 1999) (PFMA) the Minister of Finance issued Government Gazette No. 43188 on 31 March 2020 that exempted municipalities and institutions from complying with the relevant deadlines contained in certain sections of the PFMA. As a result, the deadlines for submission of the Annual Financial Statements (AFS) were extended for auditees. The Minister subsequently issued Government Gazette No.43582 which exempts municipalities and municipal entities from complying

# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020

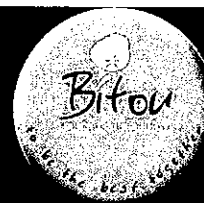


with deadlines in sections 126(1) and (2), 127(1) and (2), 129(1) and 133(2) of the Local Government MFMA. A two-month extension was granted to auditees and as a result of the extension of the PFMA timelines and resourcing, AGSA resolved that the audit report submission to the accounting officer to be extended as well.

This report will subsequently include a summary of comments and conclusions on the Annual Report of the Municipality and will include one or more of the following:

- ☹ Misstatements in the Financial Statements
- ☹ Material under spending of the budget
- ☹ Planned key performance indicators not achieved
- ☹ Non-compliance with laws and regulations
- ☹ Assessment by Internal Audit on predetermined objectives
- ☹ Financial management
- ☹ Governance

The Annual Performance Report is currently being audited by the Auditor-General. The final draft will only be sent to the Auditor-General for final verification during the course of February 2020, therefore the final report will be scrutinized for accuracy, reliability and correctness not only by the management team but also by the Auditor-General prior to tabling to Council.



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# BITOU MUNICIPALITY

## PERFORMANCE REPORT FOR THE MID-YEAR PERIOD

### 1 JULY TO 31 DECEMBER 2020



The assessment of the municipality's service delivery performance for the first half of the financial year is herewith submitted in terms of Section 72(1)(a)(ii) of the Municipal Finance Management Act (MFMA). This submission further serves to inform the Executive Mayor that an adjustment budget will be tabled to council.

Print Name

Adh. Mhondoro Moyo

MUNICIPAL MANAGER OF BITOU MUNICIPALITY

Signature

[Signature]

Date

25/01/2021

Acknowledgment of receipt by the Mayor

Print Name

PETER MSIMBOTI LOBESE

MAYOR OF BITOU MUNICIPALITY

Signature

[Signature]

Date

25/01/2021

BITOU LOCAL MUNICIPALITY



**Mid-Year Budget Performance  
Assessment as at 31  
December 2020**

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## BITOU LOCAL MUNICIPALITY

### Glossary

**Adjustments budget** – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**Budget** – The financial plan of the Municipality.

**Budget related policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

**Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

**MFMA** – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

## BITOU LOCAL MUNICIPALITY

**Operating expenditure** – Spending on the day to day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising monthly performance targets and monthly budget estimates.

**Strategic objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** – Generally, is spending without, or in excess of, an approved budget.

**Virement** – A transfer of budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**Vote** – one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

### **Legislative Framework**

This report has been prepared in terms of the following enabling legislation. The Municipal Finance Management Act – No. 56 of 2003 Section 71 monthly budget statements. Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations (MBRR)

## **PART 1 – IN-YEAR REPORT**

### **Section 1 Purpose of the Report**

#### ***1.1 Mid-Year Budget Performance Assessment Statement***

The purpose of this report is to inform Council of the progress made in the implementation of the budget for the first six (6) months against the targets as contained in the SDBIP that was duly adopted by Council at the beginning of the financial year

### **Section 2 – Legislative requirements**

#### ***Mid-terms budget performance assessment***

The mid-year budget report has been prepared in terms of the section 72 of the Municipal Finance Management Act which state he following:

1. The accounting officer of a municipality ,must by 25 January of each year
  - a. Assess performance of the municipality during the first half of the financial year, taking into account-
    - i) The monthly statement referred to in section 71 for the first half of the financial year;
    - ii) The municipality's delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery;
    - iii) The past annual report and progress on resolving problems identified in the annual report;
    - 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
    - iii) The relevant provincial treasury.

## **BITOU LOCAL MUNICIPALITY**

2. The statement referred to in section 71(1) for the six months 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.

### ***RECOMMENDATION:***

- That council notes the mid-terms budget performance assessment report and supporting tables as at 31 December 2020
- Consider the adjustments budget based on the assessment made by below.

## **Section 3 – Report of the Municipal Manager**

### **3.1 Introduction**

The report of the Municipal Manager for purposes of this report is based on the analysis conducted and the inputs from engagements with various stakeholders from both internal and external.

### **Revenue by Source**

Bitou Municipality has a budget of operating revenue amounting to R776 million excluding capital transfers and grants amounting to R27.8 million this combined totals to R803.9 million, the main sources of this expected revenue include but are not limited to the following:

**BITOU LOCAL MUNICIPALITY**

Description	Budget Year 2020/21						
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>						%	
<b>Revenue By Source</b>							
Property rates	148 975	148 975	79 494	74 487	5 007	7%	148 975
Service charges - electricity revenue	178 111	178 111	82 149	89 056	(6 906)	-8%	178 111
Service charges - water revenue	87 044	87 044	41 372	43 522	(2 150)	-5%	87 044
Service charges - sanitation revenue	77 658	77 658	42 905	38 829	4 076	10%	77 658
Service charges - refuse revenue	46 558	46 558	25 277	23 279	1 998	9%	46 558
Service charges - other	-	-	-	-	-	-	-
Rental of facilities and equipment	1 253	1 253	756	627	130	21%	1 253
Interest earned - external investments	9 667	9 667	2 626	4 834	(2 208)	-46%	9 667
Interest earned - outstanding debtors	16 627	16 627	7 623	8 314	(691)	-8%	16 627
Dividends received	-	-	-	-	-	-	-
Fines, penalties and forfeits	37 274	37 274	139	18 637	(18 498)	-99%	37 274
Licences and permits	967	967	278	484	(206)	-43%	967
Agency services	2 184	2 184	1 277	1 092	185	17%	2 184
Transfers and subsidies	143 571	161 998	105 190	80 999	24 191	30%	161 998
Other revenue	6 897	6 897	2 692	3 449	(757)	-22%	6 897
Gains on disposal of PPE	867	867	-	434	(434)	-100%	867
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>757 655</b>	<b>776 082</b>	<b>391 777</b>	<b>388 041</b>	<b>3 737</b>	<b>1%</b>	<b>776 082</b>
<b>Expenditure By Type</b>							
Employee related costs	268 985	272 616	129 403	136 307	(6 904)	-5%	272 616
Remuneration of councillors	7 323	7 323	3 182	3 661	(480)	-13%	7 323
Debt impairment	103 350	103 350	65 524	51 675	13 850	27%	103 350
Depreciation & asset impairment	36 691	36 691	16 360	18 345	(1 985)	-11%	36 691
Finance charges	13 510	13 510	6 901	6 755	146	2%	13 510
Bulk purchases	144 251	144 251	61 535	72 125	(10 590)	-15%	144 251
Other materials	13 565	20 177	8 097	8 657	(561)	-6%	20 177
Contracted services	105 160	110 679	37 585	55 272	(17 687)	-32%	110 679
Transfers and subsidies	6 700	7 700	3 699	3 850	(151)	-4%	7 700
Other expenditure	56 092	56 391	19 000	28 195	(9 195)	-33%	56 391
Loss on disposal of PPE	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>755 626</b>	<b>772 688</b>	<b>351 286</b>	<b>384 842</b>	<b>(33 557)</b>	<b>-9%</b>	<b>772 688</b>
<b>Surplus/(Deficit)</b>	<b>2 029</b>	<b>3 394</b>	<b>40 492</b>	<b>3 199</b>	<b>37 293</b>	<b>0</b>	<b>3 394</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	30 352	27 897	11 615	13 948	(2 334)	(0)	27 897
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)	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>32 381</b>	<b>31 291</b>	<b>52 107</b>	<b>17 147</b>			<b>31 291</b>
Taxation	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>32 381</b>	<b>31 291</b>	<b>52 107</b>	<b>17 147</b>			<b>31 291</b>
Attributable to minorities	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>32 381</b>	<b>31 291</b>	<b>52 107</b>	<b>17 147</b>			<b>31 291</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>32 381</b>	<b>31 291</b>	<b>52 107</b>	<b>17 147</b>			<b>31 291</b>

## **BITOU LOCAL MUNICIPALITY**

### **Revenue by Source**

#### **Service Charges**

Revenue from property rates as at end of December 2020 amounts R79.5 million YTD. The YTD actual exceeds the YTD budget by R5 million and this is due to some properties being billed annually, there is no indication that the adjustment is required

Services charges (Water, Sanitation and Refuse) for the month amounts to R18.7 million and R109.5 million on YTD. Water Revenue is underperforming by 5% while Sanitation and Refuse are over performing by 10% and 9% respectively compared to the year-to-date budget. There's a need for the two revenue category to be adjusted slightly upward.

Revenue from Electricity amounts to R14.2 million for December 2020 and YTD amounts to R82.1 million. This is an underperformance of 8% when compared to the year-to-date budget. Under performance of this source of revenue can be attributed to the fact that it is consumption based.

#### **Revenue for fines, penalties and forfeits**

The revenue from Fines amounts to 139 thousands as at the end of December 2020. The significant under performance from this source of revenue was due to a contractual issue between the municipality and the appointed service provider. The challenges have been resolved, however journals to recognise income still to be processed. Therefore adjustment is eminent and should be adjusted downwards

#### **Transfers and Subsidies**

Revenue from grants amounts to R105.1 million which included the COVID19 relief grant and Equitable Share allocation. This translates to an over performance of R30% as compared to YTD Budget. There's a need to adjust this item as per the gazette not to be overstated in the budget.

#### **Other revenue**

Over performance of 17% on revenue from Agency Services. This is an agency fee paid to the municipality from the Western Cape Provincial Government for collection of motor vehicle registration fees on behalf. A 46% under-performance on Interest earned on External Investments compared to the year-to-date budgets. Rental of Facilities are performing greater than anticipated with a positive variance of 21% for the month. This is due to an increased use or higher demand of rental facilities (community halls, etc.). There is a need to consider to adjusting these revenue items based on the above analysis.

**Total revenue** for the mid-year amounts to R391.7 million, which translates to over performance of 1% compared to YTD Budget. This is attributed to the over performance of transfers and subsidies, slight over performance of property rates refuse and sanitation. Total revenue YTD actual does not include the capital grants of R11.1 million.

## **Expenditure by Type**

### **Employee related cost**

Employee related cost as at the end of December 2020 amounts to R129.4 million year-to-date. This translates to an under performance of 5% compared to the YTD budget. This is due to vacant positions not yet filled as well as the adjusted budget of the danger allowance anticipated to be paid out. The monthly actual for December 2020 is slightly more than that reported in November. This can be attributed to overtime paid over the peak season. It must be noted that overtime is overspent by 42% when compared to the year-to-date budget.

### **Remuneration of councillors**

Remuneration of councillor's amounts to R3.1 million currently underspending of 13% reflects when compared to the YTD budget. This is due to the fact that the municipality has not received the Gazette on Council Remuneration as per the norm. However do not anticipate any significant increase as Treasury took into consideration the current pandemic into account. The budget will be adjusted in line with the Gazette.

### **Debt Impairment**

This expenditure item at the end of December 2020 amounts to R65.5 million which translates to an over expenditure of 27% compared to YTD budget. This therefore means there's a need to scrutinise the debt impairment and adjust the budget based on the outcome of the debt impairment assessment report.

### **Bulk Purchases**

Expenditure on Bulk Purchases which mostly relates to purchases from Eskom amounts to R61.5 million at the end of December 2020. This is not consistent with the budget to date and can be due to bulk invoices from Eskom received by our creditors section between the 1st and 5th of the month for the previous month. In some cases the financial period close before the invoice is captured and paid on the system. An underperformance of 15% currently reflects on the Bulk Purchases budget. Management will have a clear indication after the month after these invoices has been into account. The adjustment budget will be based on this and determined then.

### **Depreciation**

The cost relating to depreciation of assets and the impairment of assets are estimated each month. The GRAP standards requires management to assess assets for impairments at the end of each financial year. Depreciation amount year to date is R16.3 million which is an under performance of 11% as compared to YTD budget. Management does not foresee over or under expenditure on this item as these estimates were realistic.



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### **Other Material**

Expenditure as at end December 2020 amounts to R8.09 million to date. This is an under spending of 6%. This expenditure type relates to the purchasing of materials and supplies/inventory. Management does not anticipate increased expenditure due to COVID19 that has slowed down the response from the suppliers to the needs of the municipality. Therefore there's need for a slight downward adjustment on this line item.

### **Contracted Services**

Expenditure as at end of December 2020 amounts to R37.5 million to date. This is an under performance of 32% and can be due to delays in procurement. There is a need to adjust the budget downwards due to slow performance and COVID19 having impacted this expenditure category items

### **Transfers and subsidies**

Transfers and subsidies as at end of December 2020 amounts to R3.6 million, which translate to an under performance of 4% as compared to YTD budget. This is various grant in aid payments from the Mayoral budget. There is no need to adjust this expenditure downwards as this is part of the grants from the Mayor's office to assist the previously disadvantaged individuals and SMME.

### **Other expenditure**

Other expenditure as at end of December 2020 amounts R19 million. Major contributors under this expenditure category includes leases of buildings, skills development levy, wet fuel, postage/stamps, municipal services, bank charges and telephone cost.

These expenses are identified as running costs and are incurred on a monthly basis. Insurance premiums, which are paid annually, are also a major contributor in this category.

Slow spending still reflects on operational items such as travel and subsistence, accommodation, registration fees for conferences and this due to an increase in the use of online meeting platforms such as Teams and Skype due to the COVID 19 pandemic. There is a need to adjust these expenditure line items downwards in the upcoming adjustments budget. Significant under spending currently reflects on the software licences budget.

**Total expenditure** for the mid-year amounts to R351.2 million which is an under expenditure of 9% as compared to YTD budget

# BITOU LOCAL MUNICIPALITY

Summary of Employee and Councillor remuneration	Budget Year 2020/21						
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	B	C				%	D
<b>Councillors (Political Office Bearers plus Other)</b>							
Basic Salaries and Wages	5 110	5 110	2 133	2 555	(422)	-17%	5 110
Pension and UIF Contributions	767	767	198	383	(185)	-48%	767
Medical Aid Contributions	117	117	43	58	(15)	-26%	117
Motor Vehicle Allowance	675	675	358	337	20	6%	675
Cellphone Allowance	655	655	289	328	(39)	-12%	655
Housing Allowances	-	-	161	-	161	#DIV/0!	-
Other benefits and allowances	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>	<b>7 323</b>	<b>7 323</b>	<b>3 182</b>	<b>3 661</b>	<b>(480)</b>	<b>-13%</b>	<b>7 323</b>
<b>% increase</b>	<b>0,0%</b>	<b>0,0%</b>					<b>0,0%</b>
<b>Senior Managers of the Municipality</b>							
Basic Salaries and Wages	6 892	6 692	1 943	3 346	(1 403)	-42%	6 692
Pension and UIF Contributions	229	229	4	114	(111)	-97%	229
Medical Aid Contributions	156	156	53	78	(25)	-32%	156
Overtime	-	-	-	-	-	-	-
Performance Bonus	255	255	149	128	21	17%	255
Motor Vehicle Allowance	936	936	401	468	(67)	-14%	936
Cellphone Allowance	328	328	130	164	(34)	-21%	328
Housing Allowances	12	12	-	6	(6)	-100%	12
Other benefits and allowances	636	636	0	318	(318)	-100%	636
Payments in lieu of leave	105	105	61	52	9	17%	105
Long service awards	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>9 549</b>	<b>9 349</b>	<b>2 740</b>	<b>4 675</b>	<b>(1 935)</b>	<b>-41%</b>	<b>9 349</b>
<b>% increase</b>	<b>0,0%</b>	<b>0,0%</b>					<b>0,0%</b>
<b>Other Municipal Staff</b>							
Basic Salaries and Wages	155 868	155 303	70 224	77 652	(7 428)	-10%	155 303
Pension and UIF Contributions	25 263	25 263	11 729	12 631	(902)	-7%	25 263
Medical Aid Contributions	17 656	17 656	8 517	8 828	(311)	-4%	17 656
Overtime	13 000	13 789	9 759	6 894	2 865	42%	13 789
Performance Bonus	77	77	45	38	6	17%	77
Motor Vehicle Allowance	7 462	7 462	4 325	3 731	594	16%	7 462
Cellphone Allowance	1 093	1 101	689	550	139	25%	1 101
Housing Allowances	1 878	1 878	593	939	(346)	-37%	1 878
Other benefits and allowances	16 885	20 485	8 968	10 242	(1 274)	-12%	20 485
Payments in lieu of leave	2 395	2 395	1 397	1 198	200	17%	2 395
Long service awards	869	869	507	434	72	17%	869
Post-retirement benefit obligations	16 990	16 990	9 911	8 495	1 416	17%	16 990
<b>Sub Total - Other Municipal Staff</b>	<b>259 435</b>	<b>263 267</b>	<b>126 663</b>	<b>131 632</b>	<b>(4 969)</b>	<b>-4%</b>	<b>263 267</b>
<b>% increase</b>	<b>0,0%</b>	<b>0,0%</b>					<b>0,0%</b>
<b>Total Parent Municipality</b>	<b>276 308</b>	<b>279 939</b>	<b>132 585</b>	<b>139 968</b>	<b>(7 383)</b>	<b>-5%</b>	<b>279 939</b>

The municipality's employee related costs budget amounts to R272.6 million, this includes the danger allowance that has been recently approved by council as well as EPWP. Total employee and councillor remuneration budget amounts to R279.9 million. The above table reflect a slight under performance of 5%. Management will be reviewing the organisational structure to ensure that positions that are a priority to the municipality and will improve service delivery are funded without increasing the structure.

The municipality's funded posts constitutes 36% of the total operating expenditure budget. This is a slightly over the acceptable norm of Treasury MFMA circular 71 by 1%. The municipality needs to guard against this and ensure that this does not increase as this will have a negative impact on the cash flow that is committed elsewhere.

## **Section 4 – In-year budget statement tables**

### ***4.1 Mid-year budget statements***

The tables included in section 4 to the end of this report are from the 'C Schedule Monthly Budget Statement legislated as part of the MBRR.

The municipality is reporting a surplus of R17.1 million as at end December 2020.

Below tables analyse the income and expenditure by Function and the performance of each sub function. As mentioned above the performance will increased with the implementation of the SDBIP.

Table below relates to the budget performance by municipal vote. Most of the departments has underspent on their expenditure budget and under collected on their revenue budget below. The improved expenditure is anticipated to be seen in the next month

See tables below C1 and C3 for the as at end December 2020

# BITOU LOCAL MUNICIPALITY

Description	Budget Year 2020/21						
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>							
<b>Financial Performance</b>							
Property rates	148 975	148 975	79 494	74 487	5 007	7%	148 975
Service charges	389 372	389 372	191 703	194 686	(2 983)	-2%	389 372
Investment revenue	9 667	9 667	2 626	4 834	(2 208)	-46%	9 667
Transfers and subsidies	143 571	161 998	105 190	80 999	24 191	30%	161 998
Other own revenue	66 070	66 070	12 764	33 035	(20 271)	-61%	66 070
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>757 655</b>	<b>776 082</b>	<b>391 777</b>	<b>388 041</b>	<b>3 737</b>	<b>1%</b>	<b>776 082</b>
Employee costs	268 985	272 616	129 403	136 307	(6 904)	-5%	272 616
Remuneration of Councillors	7 323	7 323	3 182	3 661	(480)	-13%	7 323
Depreciation & asset impairment	36 691	36 691	16 360	18 345	(1 985)	-11%	36 691
Finance charges	13 510	13 510	6 901	6 755	146	2%	13 510
Materials and bulk purchases	157 816	164 428	69 632	80 783	(11 151)	-14%	164 428
Transfers and subsidies	6 700	7 700	3 699	3 850	(151)	-4%	7 700
Other expenditure	264 601	270 419	122 109	135 141	(13 032)	-10%	270 419
<b>Total Expenditure</b>	<b>755 626</b>	<b>772 688</b>	<b>351 286</b>	<b>384 842</b>	<b>(33 557)</b>	<b>-9%</b>	<b>772 688</b>
<b>Surplus/(Deficit)</b>	<b>2 029</b>	<b>3 394</b>	<b>40 492</b>	<b>3 199</b>	<b>37 293</b>	<b>1166%</b>	<b>3 394</b>
Transfers and subsidies - capital (monetary allo	30 352	27 897	11 615	13 948	(2 334)	-17%	27 897
Contributions & Contributed assets	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>32 381</b>	<b>31 291</b>	<b>52 107</b>	<b>17 147</b>	<b>34 960</b>	<b>204%</b>	<b>31 291</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>32 381</b>	<b>31 291</b>	<b>52 107</b>	<b>17 147</b>	<b>34 960</b>	<b>204%</b>	<b>31 291</b>
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	<b>71 484</b>	<b>70 773</b>	<b>33 106</b>	<b>35 387</b>	<b>(2 281)</b>	<b>-6%</b>	<b>70 773</b>
Capital transfers recognised	27 432	24 347	12 434	12 173	261	2%	24 347
Public contributions & donations	-	-	-	-	-		-
Borrowing	-	-	11 805	-	11 805	#DIV/0!	-
Internally generated funds	46 146	46 426	8 866	23 213	(14 347)	-62%	46 426
<b>Total sources of capital funds</b>	<b>73 578</b>	<b>70 773</b>	<b>33 106</b>	<b>35 387</b>	<b>(2 281)</b>	<b>-6%</b>	<b>70 773</b>
<b>Financial position</b>							
Total current assets	177 668	177 668	213 574				177 668
Total non current assets	1 273 434	1 273 434	1 147 935				1 273 434
Total current liabilities	(167 334)	(167 334)	101 687				(167 334)
Total non current liabilities	(153 371)	(153 371)	200 506				(153 371)
<b>Community wealth/Equity</b>	<b>1 771 807</b>	<b>1 771 807</b>	<b>1 059 316</b>				<b>1 771 807</b>
<b>Cash flows</b>							
Net cash from (used) operating	43 776	42 866	66 718	21 433	(45 285)	-211%	(632 647)
Net cash from (used) investing	(73 578)	(70 773)	(33 111)	(35 387)	(2 275)	6%	(70 773)
Net cash from (used) financing	(22 621)	(22 621)	(10 189)	(11 311)	(1 121)	10%	-
<b>Cash/cash equivalents at the month/year end</b>	<b>19 727</b>	<b>21 622</b>	<b>149 134</b>	<b>46 886</b>	<b>(102 248)</b>	<b>-218%</b>	<b>(577 704)</b>
<b>Debtors &amp; creditors analysis</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>							
Total By Income Source	16 150	13 784	264 609	-	-	-	344 542
<b>Creditors Age Analysis</b>							
Total Creditors	312	155	0	50	476	372	11 488

## BITOU LOCAL MUNICIPALITY

Vote Description	Budget Year 2020/21							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Revenue by Vote</b>								
Vote 1 - Council	2 804	2 804	-	2 804	1 402	1 402	100,0%	2 804
Vote 2 - Office of the Municipal Manager	44 889	44 889	195	44 562	22 444	22 118	98,5%	44 889
Vote 3 - Community Services	138 418	138 956	4 830	37 124	69 478	(32 353)	-46,6%	138 956
Vote 4 - Corporate Services	417	417	-	-	208	(208)	-100,0%	417
Vote 5 - Financial Services	174 085	191 407	62 451	132 694	95 704	36 991	38,7%	191 407
Vote 6 - Economic Development & Planning	10 586	9 698	234	5 869	4 849	1 020	21,0%	9 698
Vote 7 - Engineering Services	416 809	415 809	29 819	180 339	207 905	(27 566)	-13,3%	415 809
<b>Total Revenue by Vote</b>	<b>788 007</b>	<b>803 979</b>	<b>97 529</b>	<b>403 392</b>	<b>401 989</b>	<b>1 403</b>	<b>0,3%</b>	<b>803 979</b>
<b>Expenditure by Vote</b>								
Vote 1 - Council	11 308	11 308	1 234	5 603	5 654	(51)	-0,9%	11 308
Vote 2 - Office of the Municipal Manager	23 531	23 531	2 541	12 934	11 765	1 169	9,9%	23 531
Vote 3 - Community Services	220 804	227 896	22 831	105 560	112 449	(6 889)	-6,1%	227 896
Vote 4 - Corporate Services	63 973	70 523	5 550	24 052	35 261	(11 209)	-31,8%	70 523
Vote 5 - Financial Services	69 924	69 924	6 503	30 757	34 962	(4 205)	-12,0%	69 924
Vote 6 - Economic Development & Planning	27 623	29 543	2 770	12 768	14 771	(2 003)	-13,6%	29 543
Vote 7 - Engineering Services	338 465	339 965	36 356	159 611	169 982	(10 370)	-6,1%	339 965
<b>Total Expenditure by Vote</b>	<b>755 626</b>	<b>772 688</b>	<b>77 785</b>	<b>351 286</b>	<b>384 842</b>	<b>(33 557)</b>	<b>-8,7%</b>	<b>772 688</b>
<b>Surplus/ (Deficit) for the year</b>	<b>32 381</b>	<b>31 291</b>	<b>19 744</b>	<b>52 107</b>	<b>17 147</b>	<b>34 960</b>	<b>203,9%</b>	<b>31 291</b>

### Financial Performance Expenditure by Municipal Vote

#### Revenue by vote

The performance of revenue by vote as at end December 2020 R403.9 million to date. This is a significant improvement. Compared to the YTD budget, this is an over performance 0.3%, however in terms of the analysis above. There are revenue line items that needs to be adjusted accordingly not to indicate over performance

#### Council

The underperformance is attributed to council remuneration, travel and subsistence and depreciation. There's a need to reduce snt as most meetings and workshops are conducted virtually

#### Office of the Municipal Manager

The underperformance of this directorate is attributed to the employee cost, subsistence and travel and Advertising, Publicity and Marketing Municipal Newsletters. Therefore there's a need to adjust these line items downwards

## **BITOU LOCAL MUNICIPALITY**

### **Community Services**

The underperformance is attributed to the following expenditure Haulage, under human settlement the following are expenditure items with a significant underspending are Buildings and Infrastructure and Planning: Engineering: Civil. The department did not provide any indication as to whether these funds will be 100% spent this financial year.

### **Corporate Services**

The significant underperformance is attributed to the following expenditure line items, workmen's compensation, the COVID19 projects which is municipal staff, Pest Control and Fumigation, substance and travel and Skills Development Fund Levy and software licenses and legal fees. Therefore there's a need for downward adjustment budget. Except where there's an indication that there a commitment and this budget will be spent by April 2021.

### **Financial Services**

The underperformance is attributed to Consultants and Professional Services, Audit fees as a result of audit that resumed 2 months later than the norm, substance and travel and software licenses. Therefore there's a need to adjust some of the items downwards where there's no commitment.

### **Economic Development and Planning**

The underperformance on this directorate is attributed to the contracted service ecological, Removal of Structures and Illegal Signs this is a result of grants received from provincial and national government. This therefore means that there's a need for a downward adjustments.

### **Engineering Services**

The significant underperformance is attributed to the following expenditure line item, bulk purchases on water and electricity, Contacted services Project management, electrical , quality control and Water Takers. Other general expenses Interest, Dividends and Rent on Land: Interest Paid: Borrowings: Annuity Loans

### **Expenditure by vote**

The expenditure by vote amounts to R351.2 million on year-to-date. The total expenditure budget is underperforming by 8.7% and this is caused by the delays in spending during the first quarter of the financial year. There is a need to adjust downwards some of the expenditure items as indicated on the Consolidated Financial Performance

# BITOU LOCAL MUNICIPALITY

## Capital Budget

WC047 Bitou - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06  
December

Vote Description	Budget Year 2020/21						
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>						%	
<b>Multi-Year expenditure appropriation</b>							
Vote 1 - Council	-	-	-	-	-		-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-		-
Vote 3 - Community Services	8 980	6 892	4 490	3 446	1 044	30%	6 892
Vote 4 - Corporate Services	882	882	105	441	(336)	-76%	882
Vote 5 - Financial Services	-	-	-	-	-		-
Vote 6 - Economic Development & Planning	-	-	-	-	-		-
Vote 7 - Engineering Services	23 978	23 662	2 472	11 831	(9 359)	-79%	23 662
<b>Total Capital Multi-year expenditure</b>	<b>33 841</b>	<b>31 436</b>	<b>7 067</b>	<b>15 718</b>	<b>(8 651)</b>	<b>-55%</b>	<b>31 436</b>
<b>Single Year expenditure appropriation</b>							
Vote 1 - Council	130	130	-	65	(65)	-100%	130
Vote 2 - Office of the Municipal Manager	-	-	-	-	-		-
Vote 3 - Community Services	2 202	2 075	9 410	1 037	8 373	807%	2 075
Vote 4 - Corporate Services	2 092	2 372	448	1 186	(737)	-62%	2 372
Vote 5 - Financial Services	(2 094)	-	-	-	-		-
Vote 6 - Economic Development & Planning	245	245	-	122	(122)	-100%	245
Vote 7 - Engineering Services	35 069	34 516	16 180	17 258	(1 078)	-6%	34 516
<b>Total Capital single-year expenditure</b>	<b>37 643</b>	<b>39 337</b>	<b>26 039</b>	<b>19 669</b>	<b>6 370</b>	<b>32%</b>	<b>39 337</b>
<b>Total Capital Expenditure</b>	<b>71 484</b>	<b>70 773</b>	<b>33 106</b>	<b>35 387</b>	<b>(2 281)</b>	<b>-6%</b>	<b>70 773</b>
<b>Capital Expenditure - Functional Classification</b>							
<b>Governance and administration</b>	<b>3 104</b>	<b>3 384</b>	<b>554</b>	<b>1 692</b>	<b>(1 138)</b>	<b>-67%</b>	<b>3 384</b>
Executive and council	130	130	-	65	(65)	-100%	130
Finance and administration	2 974	3 254	554	1 627	(1 073)	-66%	3 254
Internal audit	-	-	-	-	-		-
<b>Community and public safety</b>	<b>11 162</b>	<b>8 947</b>	<b>5 191</b>	<b>4 473</b>	<b>718</b>	<b>16%</b>	<b>8 947</b>
Community and social services	1 126	1 106	41	553	(512)	-93%	1 106
Sport and recreation	8 595	6 507	4 543	3 253	1 290	40%	6 507
Public safety	1 441	1 334	607	667	(60)	-9%	1 334
Housing	-	-	-	-	-		-
Health	-	-	-	-	-		-
<b>Economic and environmental services</b>	<b>13 860</b>	<b>13 860</b>	<b>3 033</b>	<b>6 930</b>	<b>(3 897)</b>	<b>-56%</b>	<b>13 860</b>
Planning and development	245	245	-	122	(122)	-100%	245
Road transport	13 615	13 615	3 033	6 808	(3 775)	-55%	13 615
Environmental protection	-	-	-	-	-		-
<b>Trading services</b>	<b>45 452</b>	<b>44 582</b>	<b>24 328</b>	<b>22 291</b>	<b>2 037</b>	<b>9%</b>	<b>44 582</b>
Energy sources	13 557	12 688	893	6 344	(5 450)	-86%	12 688
Water management	13 241	13 241	8 798	6 621	2 178	33%	13 241
Waste water management	18 633	18 633	5 927	9 316	(3 390)	-36%	18 633
Waste management	20	20	8 709	10	8 699	87027%	20
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>73 578</b>	<b>70 773</b>	<b>33 106</b>	<b>35 387</b>	<b>(2 281)</b>	<b>-6%</b>	<b>70 773</b>
<b>Funded by:</b>							
National Government	21 794	20 924	9 025	10 462	(1 437)	-14%	20 924
Provincial Government	5 638	3 423	3 409	1 711	1 697	99%	3 423
District Municipality	-	-	-	-	-		-
Other transfers and grants	-	-	-	-	-		-
<b>Transfers recognised - capital</b>	<b>27 432</b>	<b>24 347</b>	<b>12 434</b>	<b>12 173</b>	<b>261</b>	<b>2%</b>	<b>24 347</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>11 805</b>	<b>-</b>	<b>11 805</b>	<b>#DIV/0!</b>	<b>-</b>
<b>Internally generated funds</b>	<b>46 146</b>	<b>46 426</b>	<b>8 866</b>	<b>23 213</b>	<b>(14 347)</b>	<b>-62%</b>	<b>46 426</b>
<b>Total Capital Funding</b>	<b>73 578</b>	<b>70 773</b>	<b>33 106</b>	<b>35 387</b>	<b>(2 281)</b>	<b>-6%</b>	<b>70 773</b>

## Capital expenditure

The monthly Capital Expenditure as attend 31 December 2020 amounts to R5 729 million and the YTD Capital Expenditure amounts to R33 106 million which

# BITOU LOCAL MUNICIPALITY

translates to 47 % of the total Capital Budget. The spending for December 2020 has improved when compared to the spending of 1st quarter which was at 13%. We anticipate to see a more improved expenditure performance in the next months. The adjustment on Capital Budget will be in done in between projects. The will be no significant increase on the Capital Budget. Management will create and fund some of the projects from the operating expenditure budget.

**WC047 Bitou - Table C6 Monthly Budget Statement - Financial Position - M06**

Description	Budget Year 2020/21			
	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	14 260	14 260	45 019	14 260
Call investment deposits	57 041	57 041	104 115	57 041
Consumer debtors	79 073	79 073	48 951	79 073
Other debtors	24 733	24 733	476	24 733
Current portion of long-term receivables	-	-	(4)	-
Inventory	2 560	2 560	15 017	2 560
<b>Total current assets</b>	<b>177 668</b>	<b>177 668</b>	<b>213 574</b>	<b>177 668</b>
<b>Non current assets</b>				
Long-term receivables	-	-	13	-
Investments	8 090	8 090	8 355	8 090
Investment property	55 425	55 425	22 226	55 425
Investments in Associate	-	-	-	-
Property, plant and equipment	1 209 327	1 209 327	1 117 341	1 209 327
Agricultural	-	-	-	-
Biological assets	-	-	-	-
Intangible assets	592	592	(0)	592
Other non-current assets	-	-	-	-
<b>Total non current assets</b>	<b>1 273 434</b>	<b>1 273 434</b>	<b>1 147 935</b>	<b>1 273 434</b>
<b>TOTAL ASSETS</b>	<b>1 451 103</b>	<b>1 451 103</b>	<b>1 361 509</b>	<b>1 451 103</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	-
Borrowing	(21 249)	(21 249)	328	(21 249)
Consumer deposits	(8 354)	(8 354)	8 768	(8 354)
Trade and other payables	(127 712)	(127 712)	41 633	(127 712)
Provisions	(10 018)	(10 018)	50 958	(10 018)
<b>Total current liabilities</b>	<b>(167 334)</b>	<b>(167 334)</b>	<b>101 687</b>	<b>(167 334)</b>
<b>Non current liabilities</b>				
Borrowing	(107 372)	(107 372)	122 309	(107 372)
Provisions	(45 999)	(45 999)	78 198	(45 999)
<b>Total non current liabilities</b>	<b>(153 371)</b>	<b>(153 371)</b>	<b>200 506</b>	<b>(153 371)</b>
<b>TOTAL LIABILITIES</b>	<b>(320 705)</b>	<b>(320 705)</b>	<b>302 194</b>	<b>(320 705)</b>
<b>NET ASSETS</b>	<b>1 771 807</b>	<b>1 771 807</b>	<b>1 059 316</b>	<b>1 771 807</b>
<b>COMMUNITY WEALTH/EQUITY</b>				
Accumulated Surplus/(Deficit)	1 649 994	1 649 994	966 316	1 649 994
Reserves	121 814	121 814	93 000	121 814
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 771 807</b>	<b>1 771 807</b>	<b>1 059 316</b>	<b>1 771 807</b>



# BITOU LOCAL MUNICIPALITY

## Statement of financial position analysis

The table above reflects the statement of financial position of the municipality. The total Current assets as at end of December amounts to R213 million. This is an increase in current assets reported in the previous month due an increase in cash and cash equivalents and consumer deposits.

The current liabilities for the month amounts to R101.6 million, which is an increase from the R97.6 million reported in the previous month. The current ratio for the month is 2.1 to 1 which is within the acceptable norm from National Treasury, this means that the municipality will be able to pay its short term obligations. This is a slight increase from last month's current ratio.

WC047 Bitou - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Budget Year 2020/21						
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>							
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Property rates	119 180	119 180	68 366	59 590	8 776	15%	119 180
Service charges	347 120	347 120	214 016	173 560	40 456	23%	347 120
Other revenue	16 892	16 892	9 690	8 446	1 244	15%	16 892
Government - operating	134 181	152 608	50 233	76 304	(26 071)	-34%	152 608
Government - capital	39 542	37 087	26 275	18 544	7 731	42%	37 087
Interest	9 667	9 667	10 248	4 834	5 415	112%	9 667
Dividends	-	-	-	-	-	-	-
<b>Payments</b>							
Suppliers and employees	(602 596)	(618 478)	(301 510)	(309 239)	(7 729)	2%	(618 478)
Finance charges	(13 510)	(13 510)	(6 901)	(6 755)	146	-2%	(13 510)
Transfers and Grants	(6 700)	(7 700)	(3 699)	(3 850)	(151)	4%	(7 700)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>43 776</b>	<b>42 866</b>	<b>66 718</b>	<b>21 433</b>	<b>(45 285)</b>	<b>-211%</b>	<b>42 866</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	(6)	-	(6)	0%	-
Decrease (increase) in non-current investments	-	-	0	-	0	0%	-
<b>Payments</b>							
Capital assets	(73 578)	(70 773)	(33 106)	-	33 106	0%	(70 773)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(73 578)</b>	<b>(70 773)</b>	<b>(33 111)</b>	<b>-</b>	<b>33 111</b>	<b>0%</b>	<b>(70 773)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Short term loans	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	222	-	222	0%	-
<b>Payments</b>							
Repayment of borrowing	(22 621)	(22 621)	(10 412)	(11 311)	(899)	8%	(22 621)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(22 621)</b>	<b>(22 621)</b>	<b>(10 189)</b>	<b>(11 311)</b>	<b>(1 121)</b>	<b>10%</b>	<b>(22 621)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(52 423)</b>	<b>(50 528)</b>	<b>23 417</b>	<b>10 123</b>			<b>(50 528)</b>
Cash/cash equivalents at beginning:	72 150	72 150	-	72 150			72 150
Cash/cash equivalents at month/year end:	19 727	21 622	23 417	82 273			21 622

## BITOU LOCAL MUNICIPALITY

### Cash flow analysis

The municipality is reporting R74.8 million on net cash **from** operating activities for the month of December 2020.

Net cash **used** on investing activities amounts to R5.7 million and is mostly influenced by payments relating to capital spending and change in the non-current receivables

The net cash from financing activities are mostly influenced by the repayment of the loans. The repayment of loans amounts to R8.7 million for the month and an increase of R35 108.79 in consumer deposits for the month.

The municipality reports cash and cash equivalents to date amounting to R149.1 million for the month compared to R135.1million reported in the previous months. This includes cash at bank and current investments.

## Section 5 – Debtors' analysis

### 5.1 Supporting Table SC3

WC047 Bitou - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Budget Year 2020/21												
Description	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts L.T.o Council Policy
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	7 709	4 911	4 284	3 284	84 405	-	-	-	104 593	87 689	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	10 458	2 357	1 550	702	13 476	-	-	-	28 544	14 178	-	-
Receivables from Non-exchange Transactions - Property Rates	9 461	2 137	1 517	1 222	33 919	-	-	-	48 256	35 141	-	-
Receivables from Exchange Transactions - Waste Water Management	6 782	4 048	3 828	3 752	90 436	-	-	-	108 847	94 189	-	-
Receivables from Exchange Transactions - Waste Management	4 019	2 362	2 264	2 208	53 406	-	-	-	64 258	55 613	-	-
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Other	175	335	340	227	(11 034)	-	-	-	(9 957)	(10 807)	-	-
Total By Income Source	38 605	16 150	13 784	11 394	264 609	-	-	-	344 542	276 003	-	-
2019/20 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	341	158	139	117	(26)	-	-	-	729	91	-	-
Commercial	5 012	1 017	446	330	3 657	-	-	-	10 462	3 987	-	-
Households	33 252	14 974	13 200	10 947	260 978	-	-	-	333 351	271 925	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	38 605	16 150	13 784	11 394	264 609	-	-	-	344 542	276 003	-	-

### Debtor's age analysis

The debtors' book of the municipality reflects R264.6 million on outstanding debtors older than 121 days and a total outstanding amount of R344.5 million. This is a slight increase from debtors reported in last month.

The contributors to this huge debts still remains the household debt which represents more than 96% of the total debt, followed by Businesses and then Organs of State contributing

A slight increase in the debtors' book can be seen in December when compared to November 2020. The total debtors' book for November amounts to R339.6 million compared to R344.5 million in December 2020.

# BITOU LOCAL MUNICIPALITY

## Section 6 – Creditors' age analysis

### 6.1 Supporting Table SC4

Table SC4 reflects the trade creditors,

WC047 Bitou - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	Budget Year 2020/21								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	10 088	312	155	35	0	50	476	372	11 488
Auditor General	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>10 088</b>	<b>312</b>	<b>155</b>	<b>35</b>	<b>0</b>	<b>50</b>	<b>476</b>	<b>372</b>	<b>11 488</b>

### Creditors Age Analysis

The municipality reports an amount of R10.08 million trade creditors which are 30 days old. Total age creditor's amounts to R11.4 million as at the end of December 2020.

## Section 7 – Investment portfolio analysis

### 7.1 Supporting Table SC5

WC047 Bitou - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of Institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b>Municipality</b>									
Standard Bank: 48-860-7000-057		Call deposit	Call deposit	Call deposit	31	0.288767146	10,811	31	10,843
Standard Bank: 48-860-7000-061		Call deposit	Call deposit	Call deposit	31	0.293059525	10,484	31	10,514
Standard Bank: 48-860-7000-063		150 days	Fixed deposit	07/12/2020	590	-101.965323	30,000	(30,590)	(0)
Standard Bank: 48-860-7000-064		90 days	Fixed deposit	07/01/2021	-	0	13,000	-	13,000
Investec: 1100443838501		Call deposit	Call deposit	Call deposit	33	0.284520559	11,593	33	11,626
Investec: 1100443838500		Call deposit	Call deposit	Call deposit	31	0.284520521	10,804	31	10,835
Investec: 1100443838504		Call deposit	Call deposit	Call deposit	12	-	-	10,012	10,012
Nedbank: 03/7881052406/000075		LONG TERM	Fixed deposit	30/12/2022	-	0	8,355	-	8,355
Nedbank: 03/7881052406/000067		Call deposit	Call deposit	Call deposit	56	-73.8767125	20,229	(14,944)	5,284
Nedbank: 03/7881052406/000097		120 days	Fixed deposit	05/02/2021	-	-	17,000	-	17,000
Nedbank: 03/7881052406/000097		90 days	Fixed deposit	16/03/2021	-	-	-	15,000	15,000
<b>Municipality sub-total</b>					<b>783</b>		<b>132,277</b>	<b>(20,396)</b>	<b>112,470</b>

### Investment portfolio analysis

The market value of investments as at December 2020 is R112.4 million. Total interest earned amounts to R783 214.31 for the month.

## **Section 8 - Conclusion**

As highlighted in the MM's comments, the financial position of the municipality is sound however if the measures to ensure that expenditure is not spent in line with the SDBIP, the municipality might find itself regressing as there will not be sufficient cash flow to cover operating expenditure.

Through the budget assessment that has been performed, this dictates that the budget of the municipality needs to be adjusted the proposed adjustment will mainly within the revenue and expenditure line items. Management does not foresee significant adjustment to the budget.

BITOU LOCAL MUNICIPALITY

**Municipal manager's quality certification**

*Municipal manager's quality certification*

*An in-year report must be covered by a quality certificate in the format described below.*


**QUALITY CERTIFICATE**

I, Advocate Lonwabo Ngoqo, the Municipal Manager of Bitou Local Municipality, hereby certify that - (mark as appropriate)

- ☐ The Monthly budget statement
- ☐ Monthly report on the implementation of the budget and financial state of affairs of the municipality
- ☒ Mid-year budget performance assessment

for the ending 31 December 2020 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Signature



Print Name: Adv. Lonwabo Ngoqo

Municipal Manager of Bitou Local Municipality – WC047

Date

25/01/2021