

EXTRACT COUNCIL MINUTES: 25 AUGUST 2021

UNANIMOUSLY RESOLVED

Item A122/25/08/2021

1. that the Council of Swellendam Municipality, acting in terms of section 28(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1 The roll-over Adjustments Budget of Swellendam Municipality for the 2021/2022 financial year, as set out in the schedules contained in Section 4, circulated with the agenda and approved as contained in the following prescribed budget tables;
 - (i) Table B1: Adjustments budget summary
 - (ii.) Table B2: Adjustments Budget Financial Performance (expenditure by standard classification)
 - (iii.) Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote)
 - (iv.) Table B4: Adjustments Budget Financial Performance (revenue by source)
 - (v.) Table B5 to B10:
2. that the following roll-over adjustments permitted in terms of section 28(2) of the Municipal Finance Management Act and reflected in the tables referred to in resolution 1 above, be approved.

Item number A122. 25.08.2021

ADJUSTMENTS BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2021/2022 (ROLL-OVER BUDGET)

Report from the Director Financial Services: Ms E Wassermann

Department	Financial Services
Section	Budget & Reporting
File number	5/1/1/20

PURPOSE OF THE REPORT

The purpose of the report is to submit the 2021/2022 roll-over Adjustments Budget in respect of unspent grants as at 30 June 2021 as well as to incorporate virements that were approved during the 2021/2022 financial year.

FACTS AND BACKGROUND

If any grants received from National or Provincial Government during a financial year and are unspent on 30 June of a financial year Council must apply for the roll-over of that grant and reasons for the underspending must be provided.

The Adjustment Budget is circulated under Annexure A.

DISCUSSION

The following grants received are unspent as at 30 June 2021:

Capital Projects:

Community Library Services Grant	R 10,265,351-00	<p>The Swellendam Municipality is in the process of constructing a new library in Station Street, Swellendam. The R12 million funding for the project was approved in 2018/19 for implementation in 2019/20 from the Department of Cultural Affairs and Sport (DCAS). The indication at that stage was that the municipality would receive R 4million grant funding over 3 consecutive years, starting in the 2019/20 financial year. The construction of a building structure was not feasible, hence the municipality requested that the tranche of 2019/20 be rolled over to 2020/21. The Department of Cultural Affairs and Sport agreed that R 8 million be made available in 2020/21 for the library project, bringing the project total budget to R 12 million for implementation in the 2020/21 financial year. An additional grant funding allocation of R 428 000.00 was approved, separately.</p> <p>The funding for the total project costs was secured in September 2021, hence the municipality had a late start in the procurement process. The Professional Services Provider was procured and appointed by 26 October 2021. The municipality assessed the feasibility for implementation and the projections showed that the project might have to be implemented through a multi-year project approach, namely the 2020/21 and 2021/22 financial years, respectively.</p>
Human Settlement Development Grant	R 4,446,000-00	<p>This agreement was signed by both Transnet and the Municipality in July 2021.</p> <p>Funding will be paid over to Transnet within the next 2 months where after the property will be transferred to Swellendam Municipality</p>
Municipal Infrastructure Grant	R 345,144-00	Suurbraak Bulk Water Supply Scheme Phase 2

		<p><u>SMT 52/20/21 Suurbrak Concrete Footing.</u> Issues with the poor workmanship of this contractor. The matter is in process of being remedied through the Employer's Agent.</p> <p><u>SMT 38/20/21 Elevated Water Tank.</u> The elevated water tank could not be installed due to issues related to the footing.</p>
Water Service Infrastructure Grant	R 10,084,472-00	<p>Swellendam Pressure Management Project (SMT 58/20/21)</p> <p>The municipality applied for grant funding from the Water Services Infrastructure Grant (WSIG) for the Swellendam Pressure Management Project. This allocation was not in the original Dora Gazette for the 2020/2021 financial year. The grant application was successful and the additional grant amount for WSIG was included in the Dora amendment gazette in February and subsequently included in the February 2021 Adjustment Budget.</p> <p>The available time from February to June 2021 was too little to conclude the procurement of a contractor, as well as the implementation thereof. The municipality was committed to ensure that the procurement of a contractor was concluded by 30 June 2021, to ensure that the project can be completed before 30 June 2022.</p>
Library Service Replacement Funding for most vulnerable B3 municipalities	R 912,185-00	<p>The unspent funds are due to two vacant positions which could not be filled in the Covid-19 disaster period This rollover is necessary to address the building shortfall of the new Library. The funding was unspent due to vacant posts, the lockdown of any external library functions, and security services that were not required in the lockdown period</p> <p>Furthermore, the activities in library services came to a complete standstill due to Covid-19 and services like security, newspapers, and overtime amongst others came to a complete standstill with no expenditure and thus creating the unspent amounts.</p>

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Development of Sport and Recreation facilities	R 600,000-00	<p>The municipality applied for DCAS grant funding in September 2020. The project plan (application) was the construction of dual netball courts in Railton. The Transfer Payment Agreement was signed in February 2021. The Minister attended the handover ceremony in Swellendam and indicated that the dual netball courts are going to be constructed at Powell Stadium in Swellendam.</p> <p>The location of the netball courts had to be confirmed, as there was a difference between the location in the application and that of the approval. The matter of the location was resolved by the end of April 2021.</p> <p>The funding for the project was received late in the financial year. The procurement and tender documentation process were initiated and the 1st advertisement was on 21 May 2021 (see attached). The</p>

		<p>municipality received a single offer. The offer was priced far above the cost estimated and available budget. The Bid Evaluation Committee made a recommendation that the tender be cancelled and re-advertised. The 2nd advertisement was on 09 July 2021 and the closing date is 23 July 2021.</p>
Drought Relief Grant	R 1,093,350-00	<p>The project (in part) was approved on 31 August 2021 for an amount of R 1 250 000.00. The Transfer Payment Agreement was finalized in September 2021. The funding was made available in February 2021 and was then included in the Adjustments Budget of the municipality. The procurement process was initiated, once the Adjustments Budget was approved.</p> <p>The tender advertisement was done on 05 February 2021. The tender evaluation process experienced challenges due to the high-priced bids that were received. This finalization of the evaluation report delayed the award of the tender.</p> <p>The contractor had to agree with the changes in terms of the BoQ items before they could commence with work. The matters were resolved and the contractor is on site.</p>
Equitable share	R 50,000-00	<p>The strategic goal of the grant is to enable a timely response to immediate needs after a disaster has occurred. The grant assisted with the mitigation and response to the spread of COVID-19.</p> <p>We are still facing the pandemic and we must intensify our response. This is also supported by the National State of Disaster.</p>

Operating Projects:

Human Settlement Development Grant	R 276,111-00	<p>The unspent funds consisted of the following projects:</p> <p>Title Deeds Restoration Programme – The backlog in the transfer of ownership has led to the implementation of a National initiative, the Title Restoration Programme (TRP), which seeks to address the transfer of ownership in historic housing subsidy development. The transfer process is now well underway, and the transferring attorneys have been appointed and some of the transfers have already been</p>
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		<p>submitted and prepared documents to the Deeds Office for registration.</p> <p>Provision of access to basic services – The installation of one precast toilet and underground septic tank in Barrydale and toilet holes for Malagas, Nuwedorp. Pit – toilets were delayed due to the Covid-19 Pandemic and will now again start to get the necessary momentum.</p>
SETA	R 349,658-00	The SETA funds are received regularly through the year and it is not possible to plan properly in advance for the spending thereof.
Western Cape Financial Management Capacity Building Grant	R 300,000-00	The total allocation was received late in the 2020-2021 financial year. There was no time left to advertise and consider applications from students for this purpose. Our efforts were also hampered due to Covid-19 Regulations.
Equitable share (Covid relief grant)	R 2,090,853-00	<p>The strategic goal of the grant is to enable a timely response to immediate needs after a disaster has occurred. The grant assisted with the mitigation and response to the spread of COVID-19.</p> <p>We are still facing the pandemic and we must intensify our response. This is also supported by the National State of Disaster.</p>

The municipality applied on 15 July 2021 for the roll-over of unspent provincial capital grants for the 2020/2021 financial year per the guidelines received from Provincial Treasury. A letter was received from Provincial Treasury where they have approved the roll-over of the following unspent grants in principle:

- R340 000 for the Library Services Replacement Funding
- R8 428 000 for Community Library Services Grant
- R600 000 for Development of Sport and Recreation Facilities
- R1 093 350.91 for Municipal Drought Relief Grant
- R4 446 000 for Human Settlement Grant
- R172 061.38 for Title Deeds Restoration Grant
- R104 049.30 for Provincial Acceleration of Housing Delivery
- R1 837 351.05 for Community Library Services Grant

The application for the roll-over of the balance of the unspent grants will be submitted by 31 August 2021 to National as well as Provincial Treasury.

LEGAL IMPLICATIONS

In terms of section 16 of the MFMA (act 56 of 2003),

"Municipal adjustments budgets

28. (1) A municipal may revise an approved annual budget through an adjustment budget.

(2) An adjustments budget-

(e) may authorise the spending of funds that were unspent at the end of the past financial year where the underspending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by Council."

Also in terms of the Municipal Budget and Reporting Regulations: section 23(3) and (5):

"23(3) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustment budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues."

"23(5) An adjustments budget referred to in section 28(2)(e) of the Act may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the municipal council by the 25 August of the financial year following the financial year to which the roll-overs relate."

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

RECOMMENDED

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