

REPORT TO COUNCIL: 22 AUGUST 2024

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AUTHOR: Executive Mayor (P. Faku)/my

FIRST ADJUSTMENT BUDGET REPORT FOR THE 2024/2025 FINANCIAL YEAR

1. PURPOSE

The purpose of the report is for Council to **CONSIDER** and **APPROVE** the first adjustment budget of Buffalo City Metropolitan Municipality for the 2024/2025 financial year.

2. AUTHORITY

Buffalo City Metropolitan Council.

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003 Chapter 4, Section 28

Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 28, of the Municipal Finance Management Act No. 56, 2003, Chapter 4, the following applies: -

(1) *"A municipality may revise an approved annual budget through an adjustment budget.*

(2) *An adjustments budget—*

- a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*
- b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;*
- c) may, within a prescribed framework, authorise unforeseeable and*

unavoidable expenditure recommended by the mayor of the municipality;

- d) may authorise the utilisation of projected savings in one vote towards spending under another vote;*
- e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;*
- f) may correct any errors in the annual budget; and*
- g) may provide for any other expenditure within a prescribed framework.*

(3) An adjustments budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

(5) When an adjustments budget is tabled, it must be accompanied by—

- a) an explanation how the adjustments budget affects the annual budget;*
- b) a motivation of any material changes to the annual budget;*
- c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and*
- d) any other supporting documentation that may be prescribed.*

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

(7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.”

Furthermore, the Municipal Budget and Reporting Regulations (MBRR), 2009, (Reg. 23) (5) stipulates the following:

“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 25 August of the financial year following the financial year to which the roll-overs relate.”

“An adjustment budget and supporting documentation of a municipality must be in the format specified in Schedule B and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of S168(1) of the Act” (MFMA).

This report responds to the above sections of MFMA (28(2) (e) and (f)) and follows the legislative requirements of the Municipal Budget and Reporting Regulations (Schedule B format).

5. EXPOSITION OF FACTS

The first adjustment budget is being prepared as informed by requests from various directorates for roll-over of own funding and unconditional grants that were unspent at the end of 2023/2024 financial year. At year end on 30 June 2024, various directorates indicated that certain capital projects provided for execution in the 2023/2024 financial year could not be completed. Such under-spending on capital projects could not reasonably have been foreseen at the time of execution and finalisation of 2024/2025 MTREF.

An intensive process of assessing and determining whether the unspent funding that is requested to be rolled over is committed to identifiable projects was undertaken. To enable the completion of these projects, it is necessary to incorporate these projects in the already approved 2024/2025 budget. This process is in line with the legislative requirements of section 28 of the MFMA and Municipal Budget and Reporting Regulations for submitting a municipal rollover budget to Council for adoption.

A. The following table provides a high-level summary of the Operating and Capital Budget Adjustments for the Parent Municipality (BCMM):

OPERATING AND CAPITAL BUDGET EXPENDITURE	2024/2025	ADJUSTMENTS	2024/2025	2025/2026	2026/2027
	APPROVED		FIRST	FINAL	FINAL
	BUDGET		ADJ. BUDGET	BUDGET	BUDGET
Total Revenue	(10 045 925 785)	(42 105 859)	(10 088 031 644)	(10 931 597 465)	(11 773 418 282)
Total Operating Expenditure Excluding Operating Projects	9 675 178 134	0	9 675 178 134	10 367 169 865	11 230 326 466
Operating Projects	365 551 741	42 105 859	407 657 600	545 172 500	492 932 233
Total Operating Expenditure Including Operating Projects	10 040 729 875	42 105 859	10 082 835 734	10 912 342 365	11 723 258 699
(Surplus) / Deficit	(5 195 910)	0	(5 195 910)	(19 255 100)	(50 159 583)
Total Capital Expenditure	1 230 864 811	90 489 060	1 321 353 871	1 278 092 976	1 343 573 663
Total Opex and Capex Budget	11 271 594 686	132 594 919	11 404 189 605	12 190 435 341	13 066 832 362

B. The following table provides a high-level summary of the Consolidated Operating and Capital Budget Adjustments:

OPERATING AND CAPITAL BUDGET EXPENDITURE	2024/2025	ADJUSTMENTS	2024/2025	2025/2026	2026/2027
	APPROVED		FIRST	FINAL	FINAL
	BUDGET		ADJ. BUDGET	BUDGET	BUDGET
Total Revenue	(10 134 811 291)	(42 105 859)	(10 176 917 150)	(10 977 642 052)	(11 821 177 918)
Total Operating Expenditure Excluding Operating Projects	9 764 063 615	0	9 764 063 615	10 413 214 453	11 278 086 102
Operating Projects	365 551 741	42 105 859	407 657 600	545 172 500	492 932 233
Total Operating Expenditure Including Operating Projects	10 129 615 356	42 105 859	10 171 721 215	10 958 386 953	11 771 018 335
(Surplus) / Deficit	(5 195 935)	0	(5 195 935)	(19 255 099)	(50 159 583)
Total Capital Expenditure	1 231 114 811	90 489 060	1 321 603 871	1 278 342 998	1 344 193 682
Total Opex and Capex Budget	11 360 730 167	132 594 919	11 493 325 086	12 236 729 951	13 115 212 017

Further details on exposition of facts are detailed below for the Consolidated adjustments in the prescribed format.

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ABBREVIATIONS AND ACRONYMS

AMR	Automated Meter Reading	EU	European Union
ASGISA	Accelerated and Shared Growth Initiative South Africa	ELIDZ	East London Industrial Development Zone
BCMM	Buffalo City Metropolitan Municipality	FBS	Free Basic Services
BCMDA	Buffalo City Development Agency	FMG	Finance Management Grant
BEPP	Built Environment Performance Plan	GAMAP	Generally Accepted Municipal Accounting Practice
BSC	Budget Steering Committee	GDP	Gross Domestic Product
CBD	Central Business District	GFS	Government Financial Statistics
CFO	Chief Financial Officer	GRAP	Generally Recognized Accounting Practice
CM	City Manager	HR	Human Resources
CoGTA	Cooperative Government & Traditional Affairs	HSDG	Human Settlement Development Grant
CPI	Consumer Price Index	HSRC	Human Science Research Council
CRRF	Capital Replacement Reserve Fund	ICDG	Integrated City Development Grant
DBSA	Development Bank South Africa	IDP	Integrated Development Plan
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	INEP	Integrated National Electrification Programme
DoRA	Division of Revenue Act	IT	Information Technology
DRDLR	Department of Rural Development and Land Reform	ISUPG	Informal Settlements Upgrading Partnership Grant
DTI	Department of Trade & Industry	KPI	Key Performance Indicator
DWA	Department of Water Affairs	kℓ	Kilolitre
ECDC	Easter Cape Development Corporation	KFA	Key Focus Area
EE	Employment Equity	Km	Kilometre
EEDSM	Energy Efficiency Demand Side	KPA	Key Performance Area

	Management		
EM	Executive Mayor	kWh	Kilowatt hour
EPWP	Expanded Public Works Programme	ℓ	Litre
ECPTA	Eastern Cape Parks & Tourism	LED	Local Economic Development
MBRR	Municipal Budgeting and Reporting Regulations	PPP	Public Private Partnership
MDGS	Metro Growth and Development Strategy	PT	Provincial Treasury
MEC	Member of the Executive Committee	PMS	Performance Management System
MFMA	Municipal Finance Management Act	PTIS	Public Transport Infrastructure System
MIG	Municipal Infrastructure Grant	SALGA	South African Local Government Association
MMC	Member of Mayoral Committee	SAT	South African Tourism
MPRA	Municipal Property Rates Act	SDBIP	Service Delivery Budget Implementation Plan
MSA	Municipal Systems Act	SDF	Spatial Development Framework
MTEF	Medium-term Expenditure Framework	SMME	Small Micro and Medium Enterprises
MTREF	Medium-term Revenue and Expenditure Framework	TRAs	Temporary Relocation Areas
NDPG	Neighbourhood Development Partnership Grant	UK	United Kingdom
NERSA	National Electricity Regulator South Africa	US	United States
NGO	Non-Governmental Organisations	USDG	Urban Settlement Development Grant
NKPIs	National Key Performance Indicators	VAT	Value Added Tax
NT	National Treasury	WSA	Waster Services Authority
OP	Operational Plan	WSDP	Water Services Development Plan
PPE	Property, Plant and Equipment		

PART 1 – ADJUSTMENT BUDGET

5.1 EXECUTIVE MAYOR'S REPORT

The primary reason for the recommendation to consider and adopt the first adjustment budget during August 2024 emanates from prior year commitment that compels rollovers and re-alignment of budgetary provision.

The first adjustment budget is being tabled at Council in terms of the Section 28 (2)(e) of the MFMA and Regulation 23 (5) of the Municipal Budget and Reporting Regulations.

The following table provides a high-level summary of the Consolidated Operating and Capital Budget adjustments:

Table 1: High Level Summary of Consolidated Operating and Capital Budget Adjustments

OPERATING AND CAPITAL BUDGET EXPENDITURE	2024/2025	ADJUSTMENTS	2024/2025	2025/2026	2026/2027
	APPROVED BUDGET		FIRST ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	(10 134 811 291)	(42 105 859)	(10 176 917 150)	(10 977 642 052)	(11 821 177 918)
Total Operating Expenditure	10 129 615 356	42 105 859	10 171 721 215	10 958 386 953	11 771 018 335
(Surplus) / Deficit	(5 195 935)	0	(5 195 935)	(19 255 099)	(50 159 583)
Total Capital Expenditure	1 231 114 811	90 489 060	1 321 603 871	1 278 342 998	1 344 193 682
Total Opex and Capex Budget	11 360 730 167	132 594 919	11 493 325 086	12 236 729 951	13 115 212 017

The following factors were taken into cognisance when formulating the 2024/2025 first adjustment budget:

- a) Those contractual components or works awarded or commenced during the 2023/2024 financial year but not yet completed and settled by 30 June 2024 and therefore no budgetary provision made on the 2024/2025 budget.
- b) Reasons explaining why the 2023/2024 budgetary provisions were committed but not spent by 30 June 2024.
- c) Consideration of roll-over proposals on Council's 2024/2025 operating and capital budget was taken in the context of affordability and funding certainty for the period, and furthermore informed by the adopted 2024/2025 MTREF as well as implementation capacity for the financial period.
- d) HSDG funded projects that do not have funding agreements are not allocated budget in the current financial year.

The City continues to budget for a surplus and produce a funded budget which is in line with National Treasury requirements.

The roll-over of own funded operating projects has the potential of reducing the surplus budgeted in the original approved budget and may even drive it into a deficit. To avoid the above, the roll-over of own funded operating projects was not considered in this adjustment budget as there are no savings realised in the 2024/2025 financial year budget that could be used to fund such roll-overs. The net effect of the consolidated Metro's budget after first adjustment is nil and the surplus remains constant at R5 195 935 before capital transfers recognised.

5.2 COUNCIL RESOLUTIONS

On 31 May 2024 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2023/2024 MTREF Budget. In terms of Chapter 4, Section 28 (1) to (7) of the Municipal Finance Management Act No. 56 of 2003, "A municipality may adjust an approved budget through an adjustment budget."

It is therefore recommended that the BCMM Council **considers** and **approves**:

A. The adjusted budget of the Parent municipality (BCMM) for the 2024/2025 First Adjustment Budget as follows:

- i. The adjustment from R10 045 925 785 to R10 088 031 644 of the BCMM 2024/2025 Operating Revenue Budget.
- ii. The adjustment from R10 040 729 875 to R10 082 835 734 of the BCMM 2024/2025 Operating Expenditure Budget.
- iii. The adjustment from R1 230 864 811 to R1 321 353 871 of the BCMM 2024/2025 Capital Budget.

B. The consolidated adjusted budget for the 2024/2025 First Adjustment Budget as follows:

- i. The adjustment from R10 134 811 291 to R10 176 917 150 of the consolidated 2024/2025 Operating Revenue Budget.
- ii. The adjustment from R10 129 615 356 to R10 171 721 215 of the consolidated 2024/2025 Operating Expenditure Budget.
- iii. The adjustment from R1 231 114 811 to R1 321 603 871 of the consolidated 2024/2025 Capital Budget.

C. Council **NOTE** that, in order to improve operational efficiency, the detailed consolidated schedules of capital projects and operating projects that are attached as annexure 1 and 2 respectively have been rolled up to project and or programme level to allow budget transfers between vote/account numbers that make up that particular project or programme to be managed at

administrative level rather than being treated as a virement or an adjustment budget (annexure 1.1 and 2.1 are provided for information only).



P. FAKU
EXECUTIVE MAYOR
BUFFALO CITY METROPOLITAN MUNICIPALITY
MXOLISI YAWA/ VP

DATE

ANNEXURES:

- Annexure 1: Detailed Schedule of Operating Projects (Rolled-up)
- Annexure 1.1: Detailed Schedule of Operating Projects
- Annexure 2: Detailed Schedule of Capital Projects (Rolled-up)
- Annexure 2.1: Detailed Schedule of Capital Projects
- Annexure 3: National Treasury B Schedules (Parent Municipality)
- Annexure 4: National Treasury B – Consolidated Schedules

5.3 EXECUTIVE SUMMARY

BCMM continues to take a more conservative approach in the manner in which it approaches budgeting including this first adjustment budget. This approach involved an intensive internal process of assessing and determining whether the unspent funding that is requested to be rolled over is committed to identifiable projects. This process is in line with the process followed by National Treasury for approval of conditional grants roll-overs.

The consolidated operating revenue budget has been increased by R42 105 859 from R10 134 811 291 to R10 176 917 150. The consolidated operating expenditure budget has also increased by R42 105 859 from R10 129 615 356 to R10 171 721 215.

The reasons for the increase and decrease are detailed in section 5.4 and 5.5 of the report. The consolidated overall operating surplus before capital transfers recognised remains constant at R5 195 935.

The consolidated capital expenditure budget is increasing by R90 489 060 from R1 231 114 811 to R1 321 603 871. These are detailed in section 5.6 of the report.

5.3.1 Budget Adjustment Summary

The reasons for this adjustment budget is to roll-over budget that was unspent in the 2023/2024 financial year but committed to identifiable projects for own funding and unconditional grants.

The table below indicates the summary of the 2024/2025 consolidated first adjustment budget.

Table 2: 2024/2025 Consolidated First Adjustment Budget Summary

OPERATING AND CAPITAL BUDGET EXPENDITURE	2024/2025	ADJUSTMENTS	2024/2025	2025/2026	2026/27027
	APPROVED BUDGET		FIRST ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	(10 134 811 291)	(42 105 859)	(10 176 917 150)	(10 977 642 052)	(11 821 177 918)
Total Operating Expenditure Excluding Operating Projects	9 764 063 615	0	9 764 063 615	10 413 214 453	11 278 086 102
Operating Projects	365 551 741	42 105 859	407 657 600	545 172 500	492 932 233
Total Operating Expenditure Including Operating Projects	10 129 615 356	42 105 859	10 171 721 215	10 958 386 953	11 771 018 335
(Surplus) / Deficit	(5 195 935)	0	(5 195 935)	(19 255 099)	(50 159 583)
Total Capital Expenditure	1 231 114 811	90 489 060	1 321 603 871	1 278 342 998	1 344 193 682
Total Opex and Capex Budget	11 360 730 167	132 594 919	11 493 325 086	12 236 729 951	13 115 212 017

5.4 OPERATING REVENUE FRAMEWORK

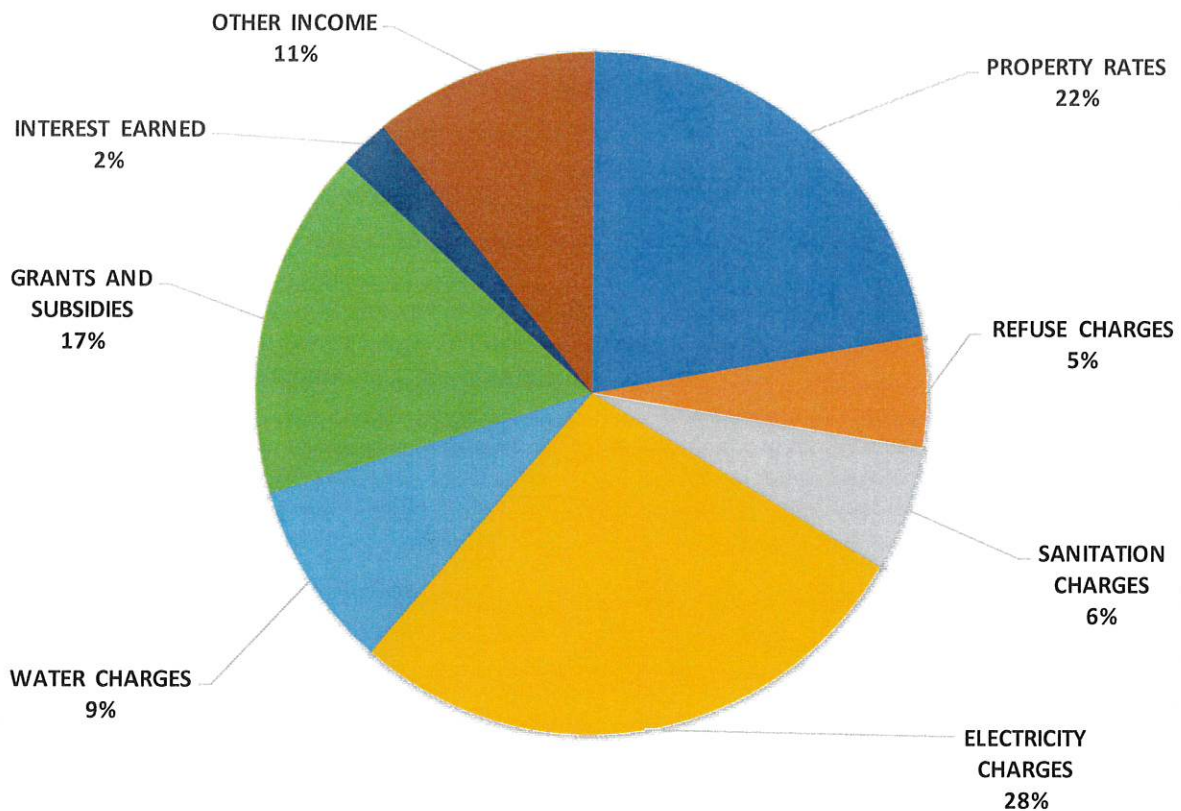
The following table depicts an upward adjustment to the consolidated operating revenue budget per source totalling to R42 105 859.

Table 3: 2024/2025 First Adjusted Revenue per Source

2024/2025 FIRST ADJUSTMENT BUDGET REVENUE FRAMEWORK	2024/2025 APPROVED BUDGET	ADJUSTMENTS	2024/2025 FIRST ADJUSTMENT BUDGET	2025/2026 BUDGET	2026/2027 BUDGET
Revenue by Source					
Service charges - Electricity	2 835 813 816	0	2 835 813 816	3 281 036 586	3 796 159 327
Service charges - Water	911 567 707	0	911 567 707	971 184 235	1 034 699 685
Service charges - Waste Water Management	603 379 368	0	603 379 368	631 134 819	660 167 020
Service charges - Waste Management	535 776 573	0	535 776 573	560 422 295	586 201 721
Sale of Goods and Rendering of Services	153 109 768	0	153 109 768	160 152 816	167 519 847
Agency services	28 176 903	0	28 176 903	29 473 041	30 828 801
Interest earned from Receivables	222 299 092	0	222 299 092	232 524 852	243 220 994
Interest earned from Current and Non-Current Assets	25 655 547	0	25 655 547	27 650 926	29 804 149
Rental from Fixed Assets	24 262 696	0	24 262 696	25 378 783	26 546 208
Operational Revenue	88 261 110	0	88 261 110	92 321 117	96 567 890
Property rates	2 269 496 542	0	2 269 496 542	2 373 893 384	2 483 092 481
Fines, penalties and forfeits	9 691 234	0	9 691 234	10 137 033	10 603 335
Licences or permits	14 022 111	0	14 022 111	14 667 125	15 341 814
Transfer and subsidies - Operational	1 636 166 824	42 105 859	1 688 272 683	1 758 450 040	1 796 994 646
Fuel Levy	777 132 000	0	777 132 000	809 215 000	843 430 000
Total Direct Operating Revenue	10 134 811 291	42 105 859	10 186 917 150	10 977 642 052	11 821 177 918

The figure below provides a split of consolidated operating revenue budget per source. In terms of revenue services, electricity continues to be the main contributor to the revenue of the municipality by generating 28% of the total revenue. This is followed by water tariffs at 9%, sanitation tariff at 6% and refuse tariff at 5%. The implementation of valuations roll continues to have a positive impact on the property rates revenue which totals 22% of the total municipal revenue. The municipality receives grants and subsidies totalling 17% of the total revenue. Other revenue contributes 11% and interest earned 2% of the total revenue.

Figure 1: Operating Revenue per Source



5.5 OPERATING EXPENDITURE FRAMEWORK

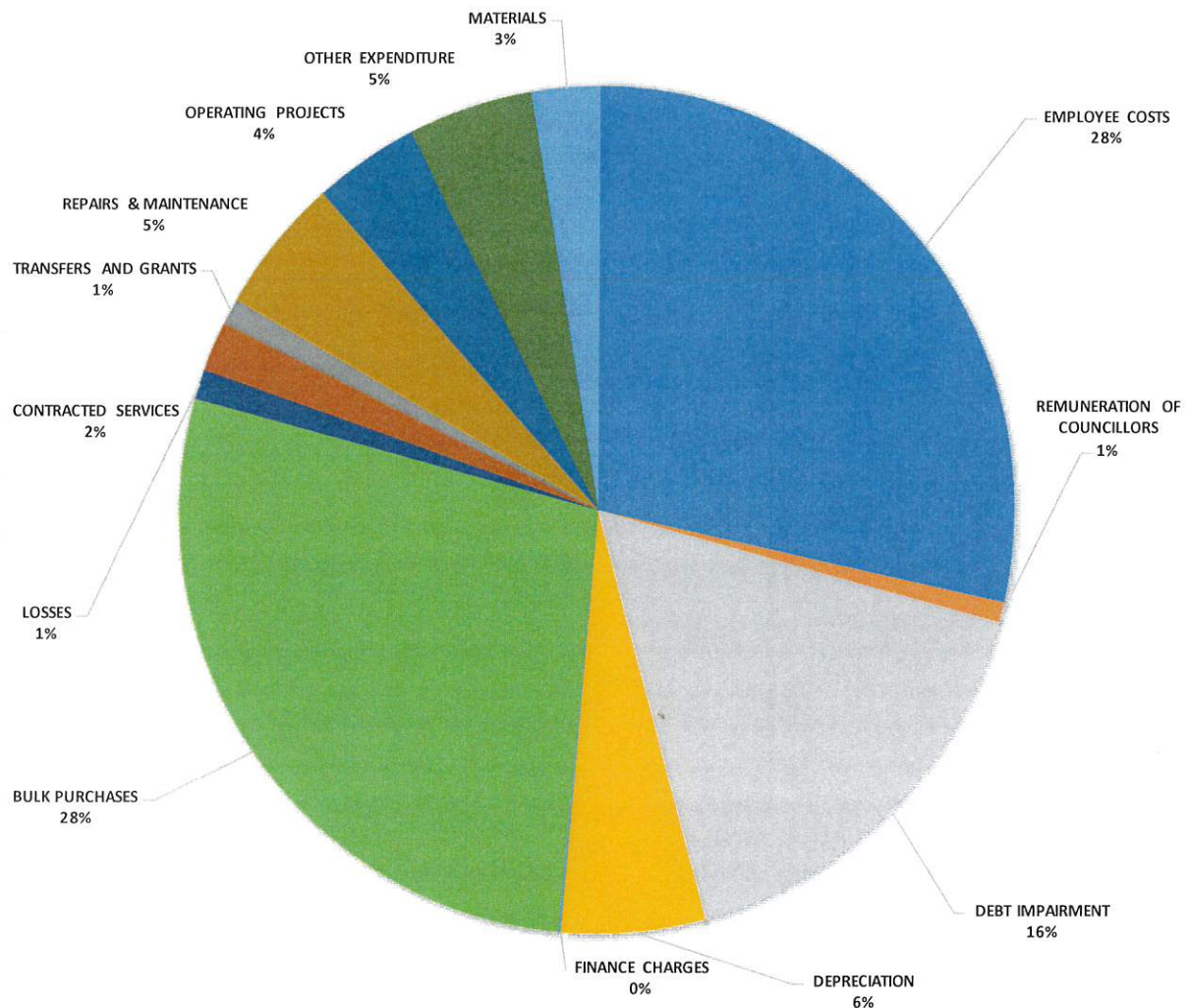
The following table depicts An upward adjustment to the consolidated operating budget per expenditure type totalling to R42 105 859.

Table 4: 2024/2025 First Adjusted Expenditure Budget per Category

2024/2025 FIRST ADJUSTMENT BUDGET EXPENDITURE FRAMEWORK	2024/2025 APPROVED BUDGET	ADJUSTMENTS	2024/2025 FIRST ADJUSTMENT BUDGET	2025/2026 BUDGET	2026/2027 BUDGET
Expenditure Per Category					
Employee related costs	2 900 668 489	0	2 900 668 489	3 146 336 473	3 290 900 441
Remuneration of councillors	77 685 850	0	77 685 850	81 259 399	84 997 331
Debt impairment	1 681 728 272	0	1 681 728 272	1 596 133 491	1 658 825 653
Depreciation & asset impairment	567 615 359	0	567 615 359	591 346 130	616 015 168
Finance charges	8 966 469	0	8 966 469	6 553 943	4 671 941
Electricity Bulk Purchases	2 832 585 844	0	2 832 585 844	3 278 434 856	3 794 460 502
Contracted services	193 323 715	0	193 323 715	175 009 250	182 995 155
Transfers and grants	100 950 580	0	100 950 580	72 356 882	75 685 299
Repairs and Maintenance	525 069 817	0	525 069 817	549 110 563	604 021 619
Operating projects	365 551 741	42 105 859	407 657 600	545 172 500	492 932 233
Other expenditure	490 735 934	0	490 735 934	511 147 921	534 665 555
Losses	114 998 963	0	114 998 963	105 039 967	111 909 580
Other materials	269 734 323	0	269 734 323	300 485 579	318 937 844
Total Direct Operating Expenditure	10 129 615 356	42 105 859	10 171 721 215	10 958 386 953	11 771 018 322

The figure below gives the split of consolidated operating expenditure budget per category. Employee costs represent the largest cost of the municipality and totals 28% of the total operating expenditure. Bulk Purchases for Electricity also represents 28% of the total costs. Operating projects contribute 4% of total operating expenditure. Depreciation totals 6% of the total cost base for the institution. This represents the proportional funding requirements for the replacement of existing infrastructure assets. Repairs and Maintenance and Other Expenditure both account for 5% of the total operating budget. Debt impairment account for 16%. Contracted Services and Other materials account for 2% and 3% of the total operating budget respectively. Remuneration of Councillors, Losses and Transfers and Grants each account for 1% of the total expenditure.

Figure 2: 2024/2025 Operating Expenditure per Type



5.5.1 First Adjustment Budget on Operating Projects

The following tables (table 5 and 6) tabulates adjustments to the operating projects expenditure budget per funding source and per directorate respectively. It shows a total increase of R42 105 859 to the operating projects budget.

In order to improve operational efficiency, the detailed schedule of operating projects that is attached as Annexure 1 has been rolled up to the project level to allow budget transfers between votes/account numbers that

make up that particular project to be managed at administrative level rather than being treated as a virement or an adjustment budget. Annexure 1.1 has also been attached for information only, it contains the detailed mSCOA breakdown of the rolled-up operating projects.

Table 5: 2024/2025 Operating Projects Per Funding Source First Adjustment Budget

FUNDING SOURCE	2024/2025 APPROVED OPEX BUDGET	ADJUSTMENTS	2024/2025 FIRST ADJUSTMENTS BUDGET	2025/2026 APPROVED OPEX BUDGET	2026/2027 APPROVED OPEX BUDGET
OWN FUNDING	84 597 617	0	84 597 617	148 428 122	143 167 673
TOTAL OWN FUNDING	84 597 617	0	84 597 617	148 428 122	143 167 673
URBAN SETTLEMENT DEVELOPMENT GRANT	46 710 950	-10 000 000	36 710 950	49 567 302	59 379 560
FINANCE MANAGEMENT GRANT	885 000	0	885 000	885 000	1 085 000
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	24 767 799	0	24 767 799	23 992 076	16 000 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	10 800 000	0	10 800 000	10 800 000	12 300 000
PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)	15 000 000	0	15 000 000	20 000 000	25 000 000
EXPANDED PUBLIC WORKS PROGRAMME	2 314 000	0	2 314 000	0	0
HUMAN SETTLEMENTS DEVELOPMENT GRANT	125 000 000	0	125 000 000	291 500 000	236 000 000
HUMAN SETTLEMENTS DEVELOPMENT GRANT C/O	0	52 340 859	52 340 859	0	0
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	36 000 000	-345 000	35 655 000	0	0
SETA	19 476 375	0	19 476 375	0	0
CITY OF OLDENBURG	0	110 000	110 000	0	0
TOTAL GRANTS	280 954 124	42 105 859	323 059 983	396 744 378	349 764 560
TOTAL OPERATING PROJECTS BUDGET	365 551 741	42 105 859	407 657 600	545 172 500	492 932 233

Table 6: 2024/2025 Operating Projects Adjustments Per Directorate

DIRECTORATE	2024/2025 APPROVED OPEX BUDGET	ADJUSTMENTS	2024/2025 FIRST ADJUSTMENTS BUDGET	2025/2026 APPROVED OPEX BUDGET	2026/2027 APPROVED OPEX BUDGET
EXECUTIVE SUPPORT SERVICES	10 000 000	110 000	10 110 000	10 000 000	10 000 000
CITY MANAGER'S OFFICE	38 822 567	0	38 822 567	38 623 442	42 047 233
CORPORATE SERVICES	12 800 000	0	12 800 000	11 800 000	13 300 000
SPATIAL PLANNING & DEVELOPMENT	10 434 249	0	10 434 249	22 389 684	4 500 000
ECONOMIC DEVELOPMENT & AGENCIES	39 226 375	-345 000	38 881 375	30 150 000	36 500 000
FINANCE SERVICES	11 185 000	0	11 185 000	16 967 000	9 585 000
PUBLIC SAFETY & EMERGENCY SERVICES	2 750 000	0	2 750 000	2 400 000	2 000 000
HUMAN SETTLEMENTS	145 583 550	52 340 859	197 924 409	312 452 392	252 500 000
INFRASTRUCTURE SERVICES	53 300 000	-10 000 000	43 300 000	59 539 982	74 000 000
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	6 600 000	0	6 600 000	9 000 000	10 500 000
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	34 850 000	0	34 850 000	31 850 000	38 000 000
TOTAL OPERATING PROJECTS	365 551 741	42 105 859	407 657 600	545 172 500	492 932 233

5.6 CAPITAL EXPENDITURE FRAMEWORK

The tables (table 7 and 8) below indicate adjustments to the consolidated capital expenditure budget per funding source and per directorate respectively. It shows a total increase of R90 489 060.

In order to improve operational efficiency, the detailed schedule of capital projects that is attached as **Annexure 2** of this report has been rolled up to the project level to allow budget transfers between votes/account numbers that make up that particular project to be managed at administrative level rather than being treated as a virement or an adjustment budget. **Annexure 2.1** has also been attached for information only, it contains the detailed mSCOA breakdown of the rolled-up capital projects. The following summarises the identifiable projects on which the requested roll-over funding is committed:

Table 7: 2024/2025 Capital Budget Adjustment Per Funding

CAPITAL BUDGET PER FUNDING	2024/2025 APPROVED CAPITAL BUDGET	ADJUSTMENTS	2024/2025 FIRST ADJUSTMENT CAPITAL BUDGET	2025/2026 APPROVED CAPITAL BUDGET	2026/2027 APPROVED CAPITAL BUDGET
OWN FUNDING	442 551 560	0	442 551 560	448 986 350	394 963 223
OWN FUNDING C/O	0	80 489 060	80 489 060	0	0
TOTAL OWN FUNDING	442 551 560	80 489 060	523 040 620	448 986 350	394 963 223
URBAN SETTLEMENT DEVELOPMENT GRANT	488 654 050	10 000 000	498 654 050	509 676 699	603 272 440
FINANCE MANAGEMENT GRANT	115 000	0	115 000	115 000	115 000
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	279 939 201	0	279 939 201	294 364 926	316 943 000
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	19 655 000	0	19 655 000	25 000 000	28 700 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	200 000	0	200 000	200 000	200 000
TOTAL GRANTS	788 563 251	10 000 000	798 563 251	829 356 625	949 230 440
TOTAL CAPITAL BUDGET	1 231 114 811	90 489 060	1 321 603 871	1 278 342 976	1 344 193 663

Table 8: 2024/2025 Capital Budget Adjustments per Directorate

CAPITAL BUDGET PER DIRECTORATE	2024/2025 APPROVED CAPITAL BUDGET	ADJUSTMENTS	2024/2025 FIRST ADJUSTMENT CAPITAL BUDGET	2025/2026 APPROVED CAPITAL BUDGET	2026/2027 APPROVED CAPITAL BUDGET
EXECUTIVE SUPPORT SERVICES	500 000	0	500 000	500 000	500 000
CITY MANAGER'S OFFICE	9 650 000	425 674	10 075 674	5 750 000	6 000 000
CORPORATE SERVICES	16 700 000	2 352 214	19 052 214	17 700 000	17 200 000
SPATIAL PLANNING & DEVELOPMENT	81 907 810	650 003	82 557 813	87 062 259	86 492 049
ECONOMIC DEVELOPMENT & AGENCIES	42 888 554	5 875 964	48 764 518	61 824 701	94 000 000
FINANCE SERVICES	78 058 365	2 025 996	80 084 361	39 615 000	25 615 000
PUBLIC SAFETY & EMERGENCY SERVICES	18 050 000	28 646 746	46 696 746	43 500 000	34 000 000
HUMAN SETTLEMENTS	225 926 643	0	225 926 643	245 046 792	241 724 964
INFRASTRUCTURE SERVICES	650 863 439	33 774 752	684 638 191	663 643 451	667 017 652
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	25 850 000	3 159 407	29 009 407	23 509 980	84 523 998
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	80 470 000	13 578 305	94 048 305	89 940 792	86 500 000
TOTAL CAPITAL BUDGET: BCMM	1 230 864 811	90 489 060	1 321 353 871	1 278 092 976	1 343 573 663
BCMDA	250 000	0	250 000	250 000	620 000
TOTAL CAPITAL: CONSOLIDATED	1 231 114 811	90 489 060	1 321 603 871	1 278 342 976	1 344 193 663

PART 2 – SUPPORTING DOCUMENTATION

6. SUPPORTING DOCUMENTATION

6.1 ADJUSTMENT TO BUDGET ASSUMPTIONS

The budget assumptions have not been adjusted as a result this adjustment budget does not have an impact on tariffs.

6.2 ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

There have been no adjustments to allocations or grants made by the municipality.

6.3 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

Section 54 (1) of the MFMA 56 of 2003 states: On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must –

(c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget.

This adjustment budget is in respect of roll-overs for projects that are already in the IDP and SDBIP and therefore it has not been necessary to revise these documents. A mid-year performance assessment will be done later in the financial year to inform the revision of the approved SDBIP.

7. CHALLENGES

None.

8. STAFF IMPLICATIONS

The adjustment budget is linked to the Performance Plans of Head of Directorates and are therefore responsible to implement the revised budget.

9. FINANCIAL IMPLICATIONS

The first adjustments to the consolidated 2024/2025 budget do not have an impact on tariffs. The effects of the adjustments to the consolidated 2024/2025 Operating and Capital Budget are outlined below:

A. The adjusted budget of the Parent municipality (BCMM) for the 2024/2025 First Adjustment Budget as follows:

- i. The adjustment from R10 045 925 785 to R10 088 031 644 of the BCMM 2024/2025 Operating Revenue Budget.
- ii. The adjustment from R10 040 729 875 to R10 082 835 734 of the BCMM 2024/2025 Operating Expenditure Budget.
- iii. The adjustment from R1 230 864 811 to R1 321 353 871 of the BCMM 2024/2025 Capital Budget.

B. The consolidated adjusted budget for the 2024/2025 First Adjustment Budget as follows:

- iv. The adjustment from R10 134 811 291 to R10 176 917 150 of the consolidated 2024/2025 Operating Revenue Budget.
- v. The adjustment from R10 129 615 356 to R10 171 721 215 of the consolidated 2024/2025 Operating Expenditure Budget.
- vi. The adjustment from R1 231 114 811 to R1 321 603 871 of the consolidated 2024/2025 Capital Budget.

10. OTHER PARTIES CONSULTED

All Directorates.

11. CITY MANAGER'S QUALITY CERTIFICATE

I Mxolisi Yawa, City Manager of Buffalo City Metropolitan Municipality, hereby certify that the adjusted budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjusted budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mxolisi Yawa

City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature 

Date 12/08/2024