

REPORT TO COUNCIL: 22 AUGUST 2025

File No.:5/1/1/1[25/26]

AUTHOR: Executive Mayor (P. Faku))/my

FIRST ADJUSTMENT BUDGET REPORT FOR THE 2025/2026 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 2025/2026 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 2024/2025 financial year. At year end on 30 June 2025, various directorates indicated that certain capital projects provided for execution in the 2024/2025 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 2025/2026 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 2025/2026 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	2025/2026	ADJUSTMENTS	2025/2026	2026/2027	2027/2028
	APPROVED BUDGET		FIRST ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	10 891 570 033	75 829 459	10 967 399 492	11 355 396 062	11 946 378 691
Total Operating Expenditure Excluding Operating Projects	10 328 319 635		10 328 319 635	10 822 644 460	11 379 742 554
Operating Projects	561 281 998	75 829 459	637 111 456	530 749 757	564 383 219
Total Operating Expenditure Including Operating Projects	10 889 601 633	75 829 459	10 965 431 092	11 353 394 217	11 944 125 773
(Surplus) / Deficit	1 968 400	0	1 968 400	2 001 845	2 252 918
Total Capital Expenditure	1 159 608 551	96 516 212	1 256 124 763	1 177 208 522	1 214 040 452
Total Opex and Capex Budget	12 049 210 184	172 345 670	12 221 555 854	12 530 602 739	13 158 166 225

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

OPERATING AND CAPITAL BUDGET EXPENDITURE	2025/2026	ADJUSTMENTS	2025/2026	2026/2027	2027/2028
	APPROVED BUDGET		FIRST ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	10 953 568 905	75 829 459	11 029 398 364	11 392 477 331	11 985 100 454
Total Operating Expenditure Excluding Operating Projects	10 390 318 523	0	10 390 318 523	10 859 725 741	11 418 464 323
Operating Projects	561 281 998	75 829 459	637 111 457	530 749 757	564 383 219
Total Operating Expenditure Including Operating Projects	10 951 600 521	75 829 459	11 027 429 980	11 390 475 498	11 982 847 542
(Surplus) / Deficit	1 968 384	0	1 968 384	2 001 833	2 252 912
Total Capital Expenditure	1 159 708 535	96 516 212	1 256 224 746	1 177 308 509	1 214 140 446
Total Opex and Capex Budget	12 111 309 056	172 345 670	12 283 654 726	12 567 784 007	13 196 987 988

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	2025/2026	ADJUSTMENTS	2025/2026	2026/2027	2027/2028
	APPROVED BUDGET		FIRST ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	10 953 568 905	75 829 459	11 029 398 364	11 392 477 331	11 985 100 454
Total Operating Expenditure	10 951 600 521	75 829 459	11 027 429 980	11 390 475 498	11 982 847 542
(Surplus) / Deficit	1 968 384	0	1 968 384	2 001 833	2 252 912
Total Capital Expenditure	1 159 708 535	96 516 212	1 256 224 748	1 177 308 509	1 214 140 446
Total Opex and Capex Budget	12 111 309 056	172 345 670	12 283 654 728	12 567 784 007	13 196 987 988

The following factors were taken into cognisance when formulating the 2025/2026 first adjustment budget:

- a) Those contractual components or works awarded or commenced during the 2024/2025 financial year but not yet completed and settled by 30 June 2025 and therefore no budgetary provision made on the 2025/2026 budget.
- b) Reasons explaining why the 2024/2025 budgetary provisions were committed but not spent by 30 June 2025.
- c) Consideration of roll-over proposals on Council's 2025/2026 operating and capital budget was taken in the context of affordability and funding certainty for the period, and furthermore informed by the adopted 2025/2026 MTREF as well as implementation capacity for the financial period.

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 2025/2026 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 R1 968 384 before capital transfers recognised.

5.2 COUNCIL RESOLUTIONS

On 28 May 2025 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 2025/2026 First Adjustment Budget as follows:
 - i. The adjustment from R10 891 570 033 to R10 967 399 492 of the BCMM 2025/2026 Operating Revenue Budget.
 - ii. The adjustment from R10 889 601 633 to R10 965 431 092 of the BCMM 2025/2026 Operating Expenditure Budget.
 - iii. The adjustment from R1 159 608 551 to R1 256 124 763 of the BCMM 2025/2026 Capital Budget.
- B. The consolidated adjusted budget for the 2025/2026 First Adjustment Budget as follows:
 - i. The adjustment from R10 953 568 905 to R11 029 398 364 of the consolidated 2025/2026 Operating Revenue Budget.
 - ii. The adjustment from R10 951 600 521 to R11 027 429 980 of the consolidated 2025/2026 Operating Expenditure Budget.
 - iii. The adjustment from R1 159 708 535 to R1 256 224 746 of the consolidated 2025/2026 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

15 AUGUST 2025

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 R75 829 459 from R10 953 568 905 to R11 029 398 364. The consolidated operating expenditure budget has also increased by R75 829 459 from R10 951 600 521 to R11 027 429 980.

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 R1 968 384.

The consolidated capital expenditure budget is increasing by R96 516 212 from R1 159 708 535 to R1 256 224 746. 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 2024/2025 financial year but committed to identifiable projects for own funding and unconditional grants.

The table below indicates the summary of the 2025/2026 consolidated first adjustment budget.

Table 2: 2025/2026 Consolidated First Adjustment Budget Summary

OPERATING AND CAPITAL BUDGET EXPENDITURE	2025/2026 APPROVED BUDGET	ADJUSTMENTS	2025/2026 FIRST ADJ. BUDGET	2026/2027 FINAL BUDGET	2027/2028 FINAL BUDGET
Total Revenue	10 953 568 905	75 829 459	11 029 398 364	11 392 477 331	11 985 100 454
Total Operating Expenditure Excluding Operating Projects	10 390 318 523	0	10 390 318 523	10 859 725 741	11 418 464 323
Operating Projects	561 281 998	75 829 459	637 111 457	530 749 757	564 383 219
Total Operating Expenditure Including Operating Projects	10 951 600 521	75 829 459	11 027 429 980	11 390 475 498	11 982 847 542
(Surplus) / Deficit	1 968 384	0	1 968 384	2 001 833	2 252 912
Total Capital Expenditure	1 159 708 535	96 516 212	1 256 224 746	1 177 308 509	1 214 140 446
Total Opex and Capex Budget	12 111 309 056	172 345 670	12 283 654 726	12 567 784 007	13 196 987 988

5.4 OPERATING REVENUE FRAMEWORK

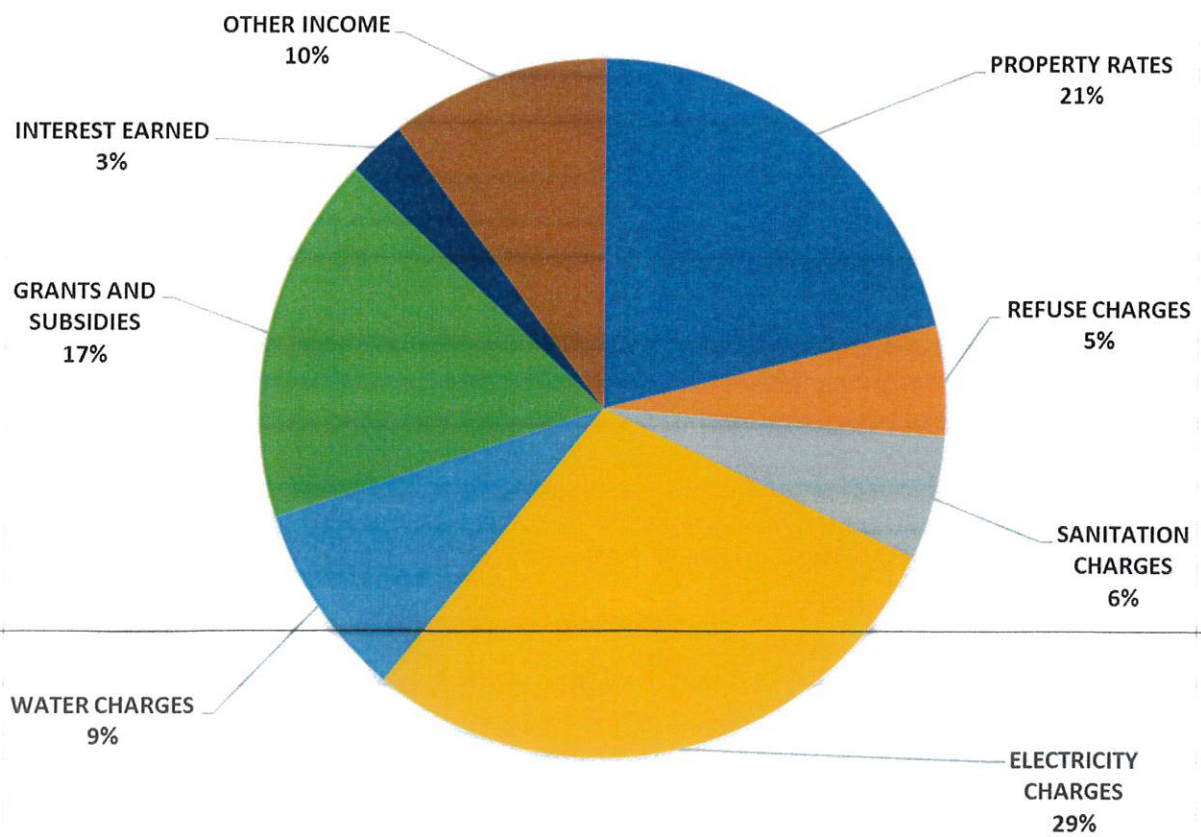
The following table depicts an upward adjustment to the consolidated operating revenue budget per source totalling to R75 829 459.

Table 3: 2024/2025 First Adjusted Revenue per Source

2025/2026 FIRST ADJUSTMENT BUDGET REVENUE FRAMEWORK	2025/2026 APPROVED BUDGET	ADJUSTM ENTS	2025/2026 FIRST ADJUSTMENT BUDGET	2026/2027 BUDGET	2027/2028 BUDGET
Revenue by Source					
Exchange Revenue					
Service charges - Electricity	3 197 096 496	0	3 197 096 496	3 368 460 868	3 576 968 595
Service charges - Water	1 000 901 342	0	1 000 901 342	1 066 360 290	1 136 100 253
Service charges - Waste Water Management	632 341 577	0	632 341 577	662 061 632	691 192 342
Service charges - Waste Management	561 493 849	0	561 493 849	587 884 060	613 750 958
Sale of Goods and Rendering of Services	159 693 489	0	159 693 489	167 039 387	174 389 123
Agency services	29 388 510	0	29 388 510	30 740 381	32 092 957
Interest earned from Receivables	231 857 954	0	231 857 954	242 523 418	253 194 450
Interest earned from Current and Non Current Assets	71 133 589	0	71 133 589	74 220 328	77 562 306
Rental from Fixed Assets	25 305 993	0	25 305 993	26 470 066	27 634 750
Operational Revenue	92 056 338	0	92 056 338	96 290 929	100 527 730
Non-Exchange Revenue					
Property rates	2 328 401 183	0	2 328 401 183	2 435 507 639	2 542 669 976
Fines, penalties and forfeits	10 107 957	0	10 107 957	10 572 922	11 038 133
Licences or permits	14 625 060	0	14 625 060	15 297 820	15 970 918
Transfer and subsidies - Operational	1 801 123 568	75 829 459	1 876 953 027	1 786 128 591	1 884 089 963
Fuel Levy	798 042 000	0	798 042 000	822 919 000	847 918 000
	10 953 568 905	75 829 459	11 029 398 364	11 392 477 331	11 985 100 454

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 29% 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 21% of the total municipal revenue. The municipality receives grants and subsidies totalling 17% of the total revenue. Other revenue contributes 10% and interest earned 3% of the total revenue.

Figure 1: Operating Revenue per Source



5.5 OPERATING EXPENDITURE FRAMEWORK

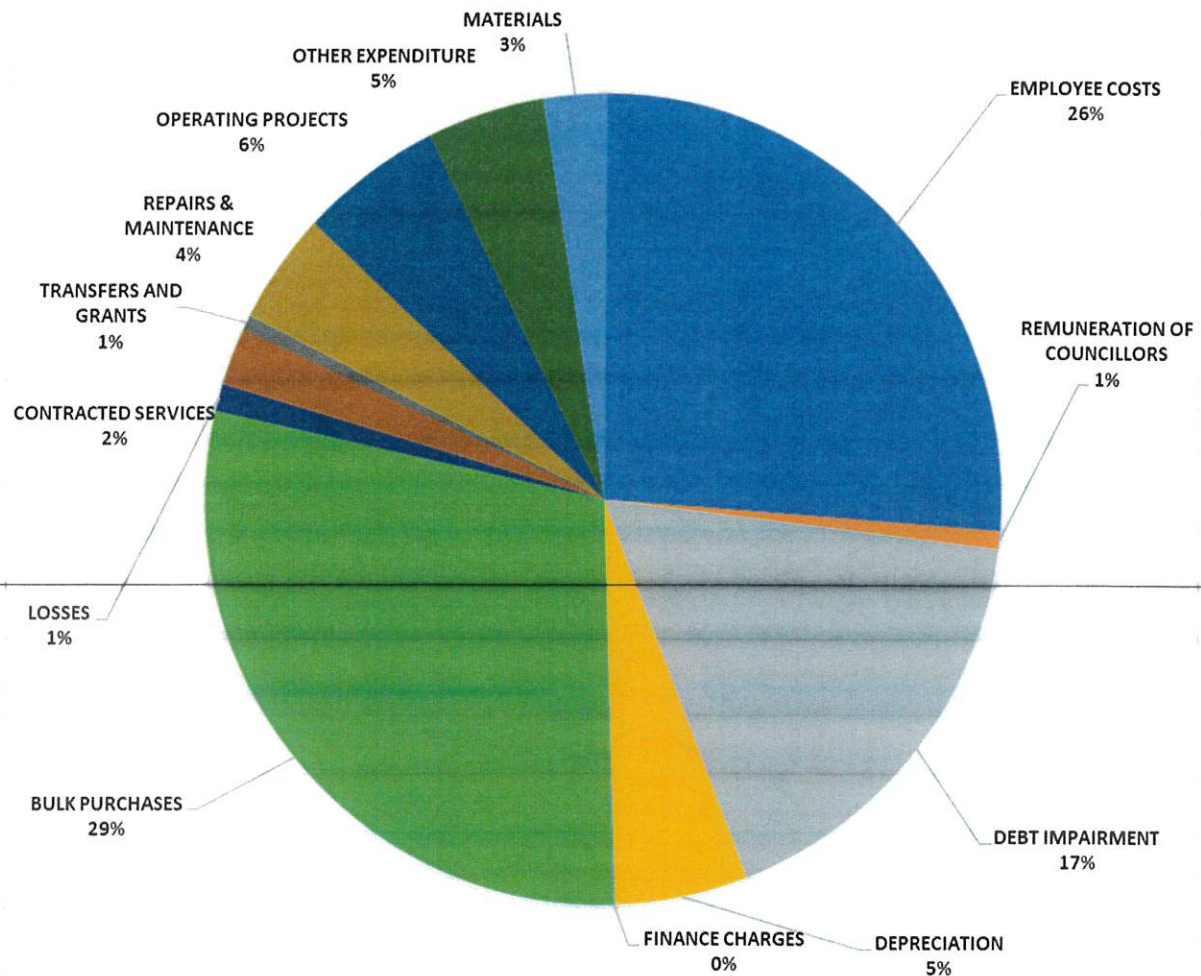
The following table depicts An upward adjustment to the consolidated operating budget per expenditure type totalling to R75 829 459.

Table 4: 2025/2026 First Adjusted Expenditure Budget per Category

2025/2026 FIRST ADJUSTMENT BUDGET EXPENDITURE FRAMEWORK	2025/2026 APPROVED BUDGET	ADJUSTMENTS	2025/2026 FIRST ADJUSTMENT BUDGET	2025/2026 BUDGET	2026/2027 BUDGET
Expenditure Per Category					
Employee related costs	2 887 875 886	0	2 887 875 886	3 088 495 760	3 255 074 315
Remuneration of councillors	81 577 908	0	81 577 908	85 942 330	90 798 070
Debt impairment	1 891 898 218	0	1 891 898 218	1 823 861 544	1 834 379 066
Depreciation & asset impairment	595 663 205	0	595 663 205	746 254 815	822 500 355
Finance charges	6 551 234	0	6 551 234	4 669 070	3 286 116
Electricity Bulk Purchases	3 193 457 281	0	3 193 457 281	3 364 626 591	2 476 103 892
Contracted services	252 230 714	0	252 230 714	107 957 276	1 214 577 265
Transfers and grants	66 529 177	0	66 529 177	117 527 085	123 365 062
Repairs and Maintenance	487 456 162	0	487 456 162	509 969 096	532 409 866
Operating projects	561 281 998	75 829 459	637 111 457	530 749 757	564 383 219
Other expenditure	525 370 783	0	525 370 783	573 849 910	602 288 101
Losses	121 371 444	0	121 371 444	129 309 135	137 765 953
Other materials	280 336 511	0	280 336 511	307 263 129	325 916 262
Total Direct Operating Expenditure	10 951 600 521	75 829 459	11 027 429 980	11 390 475 498	11 982 847 542

The figure below gives the split of consolidated operating expenditure budget per category. Employee costs represent the largest cost of the municipality and totals 26% of the total operating expenditure. Bulk Purchases for Electricity also represents 29% of the total costs. Operating projects contribute 6% of total operating expenditure. Depreciation totals 5% of the total cost base for the institution. This represents the proportional funding requirements for the replacement of existing infrastructure assets. Repairs and Maintenance totals 4% and Other Expenditure accounts for 5% of the total operating budget. Debt impairment account for 17%. 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: 2025/2026 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 R75 829 457 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: 2025/2026 Operating Projects Per Funding Source First Adjustment Budget

FUNDING SOURCE	2025/2026 APPROVED OPEX BUDGET	ADJUSTMENTS	2025/2026 FIRST ADJUSTMENT BUDGET
OWN FUNDING	134 651 751	0	134 651 751
TOTAL OWN FUNDING	134 651 751	0	134 651 751
CITY OF OLDENBURG C/O	0	223 398	223 398
URBAN SETTLEMENT DEVELOPMENT GRANT	55 124 874	0	55 124 874
FINANCE MANAGEMENT GRANT	885 000	0	885 000
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	23 992 076	0	23 992 076
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	8 800 000	0	8 800 000
PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)	16 000 000	0	16 000 000
EXPANDED PUBLIC WORKS PROGRAMME	2 434 000	0	2 434 000
HUMAN SETTLEMENTS DEVELOPMENT GRANT	289 500 000	0	289 500 000
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	22 500 000	0	22 500 000
SETA	7 394 297	0	7 394 297
SETA C/O	0	3 717 955	3 717 955
DEPARTMENT OF TRANSPORT	0	71 888 104	71 888 104
TOTAL GRANTS	426 630 247	75 829 457	502 459 704
TOTAL OPERATING PROJECTS BUDGET	561 281 998	75 829 457	637 111 455

Table 6: 2025/2026 Operating Projects Adjustments Per Directorate

DIRECTORATE	2025/2026 APPROVED FINAL OPEX BUDGET	ADJUSTMENTS	2025/2026 FIRST ADJUSTMENTS OPEX BUDGET
EXECUTIVE SUPPORT SERVICES	10 000 000	223 398	10 223 398
CITY MANAGER'S OFFICE	35 704 575	0	35 704 575
CORPORATE SERVICES	9 250 000	0	9 250 000
SPATIAL PLANNING & DEVELOPMENT	13 414 886	0	13 414 886
ECONOMIC DEVELOPMENT & AGENCIES	45 201 868	3 717 955	48 919 823
FINANCE SERVICES	11 146 900	0	11 146 900
PUBLIC SAFETY & EMERGENCY SERVICES	3 900 000	0	3 900 000
HUMAN SETTLEMENTS	308 109 690	0	308 109 690
INFRASTRUCTURE SERVICES	62 462 991	71 888 104	134 351 095
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	4 050 000	0	4 050 000
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	58 041 087	0	58 041 087
TOTAL OPERATING PROJECTS	561 281 998	75 829 457	637 111 455

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 R96 516 212.

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: 2025/2026 Capital Budget Adjustment Per Funding

CAPITAL BUDGET PER FUNDING	2025/2026 PROPOSED CAPITAL BUDGET	ADJUSTMENTS	2025/2026 FIRST ADJUSTMENT CAPITAL BUDGET
OWN FUNDING	350 908 477	0	350 908 477
OWN FUNDING C/O	0	96 516 212	96 516 212
TOTAL OWN FUNDING	350 908 477	96 516 212	447 424 689
URBAN SETTLEMENT DEVELOPMENT GRANT	504 119 129	0	504 119 129
FINANCE MANAGEMENT GRANT	115 000	0	115 000
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	294 365 929	0	294 365 930
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	10 000 000	0	10 000 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	200 000	0	200 000
TOTAL GRANTS	808 800 058	0	808 800 059
TOTAL CAPITAL BUDGET	1 159 708 535	96 516 212	1 256 224 748

Table 8: 2025/2026 Capital Budget Adjustments per Directorate

CAPITAL BUDGET PER DIRECTORATE	2025/2026 PROPOSED CAPITAL BUDGET	ADJUSTMENTS	2025/2026 FIRST ADJUSTMENT CAPITAL BUDGET
EXECUTIVE SUPPORT SERVICES	2 500 000	0	2 500 000
CITY MANAGER'S OFFICE	3 750 000	0	3 750 000
CORPORATE SERVICES	10 900 000	2 223 196	13 123 196
SPATIAL PLANNING & DEVELOPMENT	54 434 656	0	54 434 657
ECONOMIC DEVELOPMENT & AGENCIES	59 467 130	0	59 467 130
FINANCE SERVICES	58 015 000	37 095 049	95 110 049
PUBLIC SAFETY & EMERGENCY SERVICES	52 500 000	13 690 404	66 190 404
HUMAN SETTLEMENTS	182 007 464	0	182 007 464
INFRASTRUCTURE SERVICES	555 442 873	14 778 768	570 221 640
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	62 650 620	13 888 539	76 539 159
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	117 940 792	14 840 255	132 781 048
TOTAL CAPITAL BUDGET	1 159 608 535	96 516 212	1 256 124 748
BCMDA	100 000	0	100 000
TOTAL CAPITAL BUDGET	1 159 708 535	96 516 212	1 256 224 748

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 2025/2026 budget do not have an impact on tariffs. The effects of the adjustments to the consolidated 2025/2026 Operating and Capital Budget are outlined below:

A. The adjusted budget of the Parent municipality (BCMM) for the 2025/2026 First Adjustment Budget as follows:

- i. The adjustment from R10 891 570 033 to R10 967 399 492 of the BCMM 2025/2026 Operating Revenue Budget.
- ii. The adjustment from R10 889 601 633 to R10 965 431 092 of the BCMM 2025/2026 Operating Expenditure Budget.
- iii. The adjustment from R1 159 608 551 to R1 256 124 763 of the BCMM 2025/2026 Capital Budget.

B. The consolidated adjusted budget for the 2025/2026 First Adjustment Budget as follows:

- i. The adjustment from R10 953 568 905 to R11 029 398 364 of the consolidated 2025/2026 Operating Revenue Budget.
- ii. The adjustment from R10 951 600 521 to R11 027 429 980 of the consolidated 2025/2026 Operating Expenditure Budget.
- iii. The adjustment from R1 159 708 535 to R1 256 224 746 of the consolidated 2025/2026 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 Vincent Pillay

City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature [Signature]

Date 15-08-2025