

REPORT TO COUNCIL: 25 FEBRUARY 2026

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

AUTHOR: Executive Mayor (Princess Faku)/my

MID-YEAR ADJUSTMENTS BUDGET REPORT FOR THE 2025/2026 FINANCIAL YEAR

1. PURPOSE

The purpose of the report is for the Council to **consider** and **approve** the Mid-Year Adjustments Budget of Buffalo City Metropolitan Municipality for the 2025/2026 financial year in terms of section 28 of the MFMA.

2. AUTHORITY

Buffalo City Metropolitan Council.

3. LEGAL / STATUTORY REQUIREMENTS

- 3.1 The Constitution of the Republic of South Africa, 1996
- 3.2 Municipal Finance Management Act No 56, 2003
- 3.3 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 authorise the utilisation of projected savings in one vote towards*

- spending under another vote;*
- (d) may correct any errors in the annual budget; and*
- (e) 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.”*

According to the Municipal Budget and Reporting Regulations (MBRR), 2009, (Reg. 23)

“(1) an adjustments budget referred to in Section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.”

“An adjustment budget and supporting documentation 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).

In terms of Section 54(1) on receipt of a statement or report submitted by the Accounting Officer of the municipality and 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 the revision 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 adjustment.”

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

5. EXPOSITION OF FACTS

The mid-year adjustments budget is being prepared as informed by the Mid-Year Budget and Performance Assessment and certain adjustments have been identified in terms of Section 28(2) of the MFMA. The Mid-Year Budget and Performance Assessment was tabled at Council on 29th January 2026. The following are the main reasons for the adjustment budget but not limited to:

- i. Appropriation of additional revenue (grant funding) that has been allocated to BCMM; and
- ii. Revision and re-allocation of budget between capital and operating budget, votes, expenditure categories and revenue sources in order to improve operational efficiencies and service delivery.

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	2025/2026	2025/2026	ADJUSTMENTS	2025/2026	2026/2027	2027/2028
	APPROVED BUDGET	FIRST ADJ. BUDGET	CONDITIONAL GRANT ROLLOVER ADJ. BUDGET		MID-YEAR ADJUSTMENT BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	10 891 570 033	10 967 399 492	10 967 399 492	-105 891 255	10 861 508 237	11 355 396 062	11 946 378 691
Total Operating Expenditure Excluding Operating Projects	10 328 319 635	10 328 319 635	10 328 319 636	-51 845 851	10 276 473 785	10 822 644 460	11 379 742 554
Operating Projects	561 281 998	637 111 455	637 111 455	-54 045 404	583 066 051	530 749 757	564 383 219
Total Operating Expenditure Including Operating Projects	10 889 601 633	10 965 431 092	10 965 431 092	-105 891 255	10 859 539 837	11 353 394 217	11 944 125 773
Surplus / (Deficit)	1 968 400	1 968 400	1 968 400	0	1 968 400	2 001 845	2 252 918
Total Capital Expenditure	1 159 608 551	1 256 124 747	1 381 650 887	167 468 997	1 549 119 884	1 177 208 522	1 214 040 452
					0		
Total Opex and Capex Budget	12 049 210 184	12 221 555 839	12 347 081 979	61 577 742	12 408 659 721	12 530 602 739	13 158 166 225

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

OPERATING AND CAPITAL BUDGET EXPENDITURE	2025/2026	2025/2026	2025/2026	ADJUSTMENTS	2025/2026	2026/2027	2027/2028
	APPROVED	FIRST	CONDITIONAL GRANT		MID-YEAR	FINAL	FINAL
	BUDGET	ADJ. BUDGET	ADJ. BUDGET		ADJUSTMENT BUDGET	BUDGET	BUDGET
Total Revenue	10 953 568 905	11 029 398 364	11 029 398 364	-105 891 255	10 923 507 109	11 392 477 331	11 985 100 454
Total Operating Expenditure Excluding Operating Projects	10 390 318 523	10 390 318 525	10 390 318 525	-51 845 851	10 338 472 674	10 859 725 741	11 418 464 323
Operating Projects	561 281 998	637 111 455	637 111 455	-54 045 404	583 066 051	530 749 757	564 383 219
Total Operating Expenditure Including Operating Projects	10 951 600 521	11 027 429 980	11 027 429 980	-105 891 255	10 921 538 725	11 390 475 498	11 982 847 542
Surplus / (Deficit)	1 968 384	1 968 384	1 968 384	0	1 968 384	2 001 833	2 252 912
Total Capital Expenditure	1 159 708 535	1 256 224 747	1 381 750 887	167 468 997	1 549 219 884	1 177 308 509	1 214 140 446
					0		
Total Opex and Capex Budget	12 111 309 056	12 283 654 727	12 409 180 867	61 577 742	12 470 758 609	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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5.1 EXECUTIVE MAYOR'S REPORT

The 2025/2026 mid-year adjustments budget is being prepared as informed by the Mid-Year Budget and Performance Assessment and in terms of the MFMA and Municipal Budget and Reporting Regulations. The main reason for this adjustment budget is to appropriate additional revenue that has become available, the revision and re-allocation of budget between capital and operating budget votes, expenditure categories and revenue sources in order to improve operational efficiencies for improved service delivery. 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	2025/2026	2025/2026	ADJUSTMENTS	2025/2026	2026/2027	2027/2028
	APPROVED BUDGET	FIRST ADJ. BUDGET	CONDITIONAL GRANT ADJ. BUDGET		MID-YEAR ADJUSTMENT BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	10 953 568 905	11 029 398 364	11 029 398 364	-105 891 255	10 923 507 109	11 392 477 331	11 985 100 454
Total Operating Expenditure	10 951 600 521	11 027 429 980	11 027 429 980	-105 891 255	10 921 538 725	11 390 475 498	11 982 847 542
Surplus / (Deficit)	1 968 384	1 968 384	1 968 384	0	1 968 384	2 001 833	2 252 912
Total Capital Expenditure	1 159 708 535	1 256 224 747	1 381 750 887	167 468 997	1 549 219 884	1 177 308 509	1 214 140 446
Total Opex and Capex Budget	12 111 309 056	12 283 654 727	12 409 180 867	61 577 742	12 470 758 608	12 567 784 007	13 196 987 988

The following factors were considered in the formulation of the mid-year adjustments budget:

- (a) Projected annual revenue for all revenue sources after taking into consideration the actual revenue realised in the mid-year.
- (b) Ability to improve revenue performance.
- (c) Adjustments between the different expenditure types as requested by directorates.
- (d) Adjustments between the different expenditure types for correct classification.
- (e) Continuous enforcement of cost containment measures.
- (f) Funding availability and affordability.
- (g) Status of implementation readiness for each project.

5.2 COUNCIL RESOLUTIONS

On 28 May 2025 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2025/2026 MTREF Budget. The Council further met on 22 August 2025 to consider and approve the roll-over adjustment budget. Council also met on 15th December to consider and approve the conditional grants rollover adjustment 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 Mid-Year Adjustment Budget as follows:

- i. The adjustment from R10 967 399 492 to R10 861 508 237 of the BCMM 2025/2026 Operating Revenue Budget.
- ii. The adjustment from R10 965 431 092 to R10 859 539 837 of the BCMM 2025/2026 Operating Expenditure Budget.
- iii. The adjustment from R1 381 650 887 to R1 549 119 884 of the BCMM 2025/2026 Capital Budget.

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

- i. The adjustment from R11 029 398 364 to R10 923 507 109 to the consolidated 2025/2026 Operating Revenue Budget.
- ii. The adjustment from R11 027 429 980 to R10 921 538 725 of the consolidated 2025/2026 Operating Expenditure Budget.
- iii. The adjustment from R1 381 750 887 to R1 549 219 884 of the consolidated 2025/2026 Capital Budget.

C. Council **notes** that, in order to improve operational efficiency, the consolidated detailed schedules of operating projects and capital 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: Schedule of Operating Projects per Programme/Project
- Annexure 1.1: Detailed Schedule of Operating Projects
- Annexure 2: Schedule of Capital Projects per Programme/Project
- Annexure 2.1: Detailed Schedule of Capital Projects
- Annexure 3: National Treasury B Schedules (Consolidated)
- Annexure 4: National Treasury B Schedules (Parent Municipality)

5.3 EXECUTIVE SUMMARY

BCMM continues to take a more conservative approach in the manner in which it approaches budgeting including this adjustment budget. This approach involved an intensive internal process of assessing mid-year performance as well as determining whether the grant funding allocated to the City is committed to identifiable projects.

Having assessed the consolidated mid-year performance of the City, Operating revenue budget has been reduced by R105 891 255 from R11 029 398 364 to R10 923 507 109. The operating expenditure budget has been reduced by R105 891 255 from R11 027 429 980 to R10 921 538 725; these are detailed in section 5.4 and 5.5 of the report. The overall operating surplus before capital transfers remains stagnant at R1 968 386. The capital expenditure budget has been increased by R167 468 997 from R1 381 750 887 to R1 549 219 884; this is detailed in section 5.6 of the report.

5.3.1 Budget Adjustment Summary

The main reason for this adjustment budget is to appropriate additional revenues that have become available and the re-allocation of budget between capital and operating budget, votes, expenditure types to improve operational efficiencies and service delivery. The table below indicates the summary of the 2025/2026 consolidated mid-year adjustments budget.

Table 2: 2025/2026 Consolidated Mid-Year Adjustment Budget Summary

OPERATING AND CAPITAL BUDGET EXPENDITURE	2025/2026	2025/2026	2025/2026	ADJUSTMENTS	2025/2026	2026/2027	2027/2028
	APPROVED BUDGET	FIRST ADJ. BUDGET	CONDITIONAL GRANT ADJ. BUDGET		MID-YEAR ADJUSTMENT BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	10 953 566 905	11 029 398 364	11 029 398 364	-105 891 255	10 923 507 109	11 392 477 331	11 985 100 454
Total Operating Expenditure Excluding Operating Projects	10 390 318 523	10 390 318 523	10 390 318 523	-51 845 851	10 338 472 672	10 859 725 741	11 418 464 323
Operating Projects	561 281 998	637 111 457	637 111 457	-54 045 404	583 066 053	530 749 757	564 383 219
Total Operating Expenditure Including Operating Projects	10 951 600 521	11 027 429 980	11 027 429 980	-105 891 255	10 921 538 725	11 390 475 498	11 982 847 542
Surplus / (Deficit)	1 968 384	1 968 384	1 968 384	0	1 968 384	2 001 833	2 252 912
Total Capital Expenditure	1 159 708 535	1 256 224 747	1 381 750 887	167 468 997	1 549 219 884	1 177 308 509	1 214 140 446
Total Opex and Capex Budget	12 111 309 056	12 283 654 727	12 409 180 867	61 577 742	12 470 758 609	12 567 784 007	13 196 987 988

5.4 OPERATING REVENUE FRAMEWORK

The following factors were taken into consideration in arriving to the proposed adjustments in the City's Revenue Framework:

- (a) Projected annual revenue for all revenue sources after taking into consideration the actual revenue realised in the mid-year.
- (b) Ability to improve revenue performance.
- (c) Any additional Operating Transfers

The following table (Table 3) depicts adjustments to the consolidated operating revenue budget per source. Table 3 below reflects that there has been a reduction in revenue totalling to R105 891 255.

Table 3: 2025/26 Consolidated Mid-Year Adjusted Revenue per Source

2025/2026 MID-YEAR ADJUSTMENT BUDGET REVENUE FRAMEWORK	2025/2026 APPROVED BUDGET	2025/2026 FIRST ADJUSTMENT BUDGET	2025/2026 CONDITIONAL GRANT ROLLOVER ADJUSTMENT BUDGET	ADJUSTMENTS	2025/2026 MID-YEAR ADJUSTMENT BUDGET
Revenue by Source					
Exchange Revenue					
Service charges - Electricity	3 197 096 496	3 197 096 496	3 197 096 496	0	3 197 096 496
Service charges - Water	1 000 901 342	1 000 901 342	1 000 901 342	0	1 000 901 342
Service charges - Waste Water Management	632 341 577	632 341 577	632 341 577	0	632 341 577
Service charges - Waste Management	561 493 849	561 493 849	561 493 849	0	561 493 849
Sale of Goods and Rendering of Services	159 693 489	159 693 489	159 693 489	0	159 693 489
Agency services	29 388 510	29 388 510	29 388 510	0	29 388 510
Interest earned from Receivables	231 857 954	231 857 954	231 857 954	0	231 857 954
Interest earned from Current and Non Current Assets	71 133 589	71 133 589	71 133 589	0	71 133 589
Rental from Fixed Assets	25 305 993	25 305 993	25 305 993	0	25 305 993
Operational Revenue	92 056 338	92 056 338	92 056 338	0	92 056 338
Non-Exchange Revenue					
Property rates	2 328 401 183	2 328 401 183	2 328 401 183	0	2 328 401 183
Fines, penalties and forfeits	10 107 957	10 107 957	10 107 957	0	10 107 957
Licences or permits	14 625 060	14 625 060	14 625 060	0	14 625 060
Transfer and subsidies - Operational	1 801 123 568	1 876 953 027	1 876 953 027	-105 891 255	1 771 061 772
Fuel Levy	798 042 000	798 042 000	798 042 000	0	798 042 000
Total Operating Revenue	10 953 568 905	11 029 398 364	11 029 398 364	-105 891 255	10 923 507 109

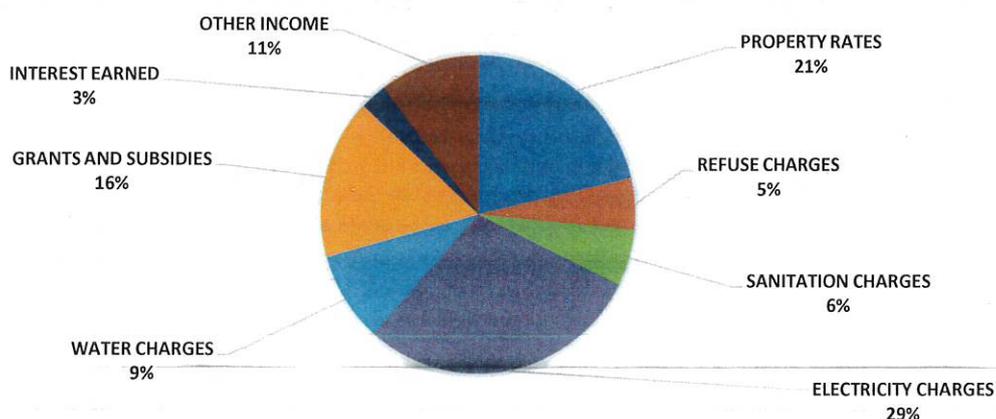
Net downward adjustments amounting to R105 891 255:

i. Transfers & Subsidies (Operational) adjusted downwards by R105 891 255:

- Budget increase to transfers and subsidies relating to the City of Oldenburg funds: R712 000
- Reduction of SETA Discretionary Grant due to reallocation of funds to 2026/2027 financial year: -R3 000 000
- Budget increase due to reallocation of FMG funds from Capital projects to Operating projects to fund stipends for FMG interns: R115 000
- Reduction of HSDG budget on various operating projects to align to gazetted amount: -R121 888 053
- Budget increase to operating budget relating to the Urban Financing Development Grant allocated to Electricity & Energy trading service: R6 000 000
- Budget increase to operating budget relating to the Urban Financing Development Grant allocated to Water & Sanitation trading service: R12 169 800

The pie chart (Figure 1) below depicts operating revenue budget per source. In terms of service revenue, electricity remains the main contributor to the revenue of the municipality by generating 29% of the total revenue, this is followed by water revenue at 9%, sanitation revenue at 6% and refuse revenue at 5%. The Property Rates revenue totals 21% of the total municipal revenue. The municipality receives operating grants and subsidies totalling 16% of the total revenue, interest earned is 3% of the total revenue. Other revenue contributes 11% of the total revenue.

Figure 1: 2025/2026 Consolidated Operating Revenue per Source



5.5 OPERATING EXPENDITURE FRAMEWORK

In arriving to the proposed operating expenditure framework adjustments in the mid-year adjustment budget, the following factors were considered:

- (a) Budget adjustments for the correct classification of budgeted items to address Audit findings
- (b) Critical additional budget requests received.
- (c) Adjustments between the different expenditure types as requested by directorates.
- (d) Adjustments between the different expenditure types for correct classification.
- (e) Continuous enforcement of cost containment measures.
- (f) Funding availability and affordability.
- (g) Status of implementation readiness for each project.

The following table (Table 4) details adjustments to the consolidated operating expenditure budget per category. Table 4 below reflects that there is a total reduction of R105 791 255 in the budgeted expenditure of the city. The adjustments in table 4 below reflect budget reductions & reallocations of the budget to fund critical expenditure items. It also reflects reallocation of funding between the expenditure types to improve operational efficiency.

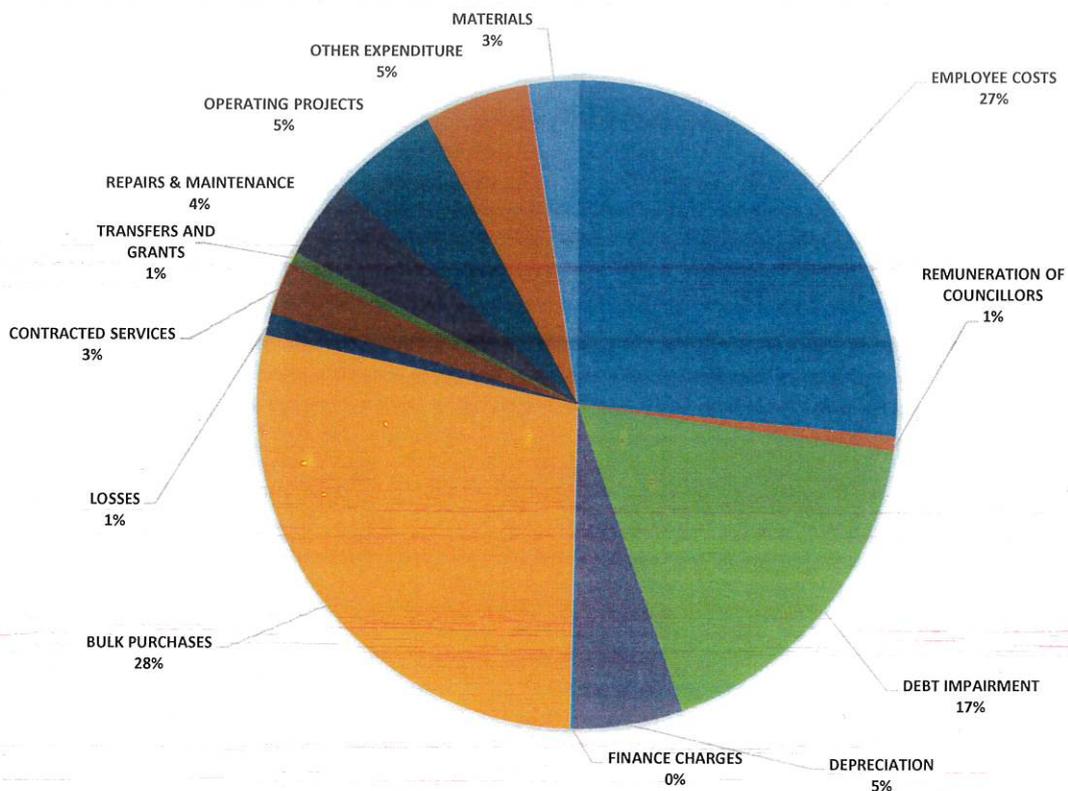
Table 4: 2025/2026 Consolidated Mid-Year Adjusted Expenditure Budget per Category

2025/2026 MID-YEAR ADJUSTMENT BUDGET EXPENDITURE FRAMEWORK	2025/2026 APPROVED BUDGET	2025/2026 FIRST ADJUSTMENT BUDGET	2025/2026 CONDITIONAL GRANT ROLLOVER ADJUSTMENT BUDGET	ADJUSTMENTS	2025/2026 MID-YEAR ADJUSTMENT BUDGET
Expenditure Per Category					
Employee related costs	2 887 875 886	2 887 875 886	2 887 875 886	11 131 678	2 899 007 564
Remuneration of councillors	81 577 908	81 577 908	81 577 908	0	81 577 908
Debt impairment	1 891 898 218	1 891 898 218	1 891 898 218	0	1 891 898 218
Depreciation & asset impairment	595 663 205	595 663 205	599 663 205	0	599 663 205
Finance charges	6 551 234	6 551 234	6 551 234	15 000 000	21 551 234
Electricity Bulk Purchases	3 193 457 281	3 193 457 281	3 193 457 281	-127 800 000	3 065 657 281
Contracted services	252 230 714	252 230 714	253 142 993	27 686 472	280 829 465
Transfers and grants	66 529 177	66 529 177	65 829 177	3 000 000	68 829 177
Repairs and Maintenance	487 456 162	487 456 162	487 456 984	-51 104 345	436 352 639
Operating projects	561 281 998	637 111 457	637 111 455	-54 045 404	583 066 051
Other expenditure	525 370 783	525 370 783	521 037 682	69 365 768	590 403 450
Losses	121 371 444	121 371 444	121 371 444	0	121 371 444
Other materials	280 336 511	280 336 511	280 456 511	974 576	281 431 087
Total Direct Operating Expenditure	10 951 600 521	11 027 429 980	11 027 429 978	-105 791 255	10 921 638 723

After assessing the mid-year performance of the City and taking into account the considerations that are indicated above, it has been necessary that the above adjustments on the Operating Expenditure Budget be made.

The pie chart (Figure 2) below depicts split of operating expenditure budget per category. Employee Costs and Bulk Purchases represent the largest cost of the municipality, 27% and 28% of the total operating expenditure respectively. Depreciation totals 5% of the total cost base for the institution. This represents the proportional funding requirements for the replacement of existing infrastructure assets. General Expenses/ Other Expenditure accounts for 5% and Other Materials account for 3% of the total operating budget. Repairs and Maintenance is equal to 4% of the operating expenditure budget. Transfers and Grants paid account for 1%. Debt impairment also account for 17%. Contracted Services account for 3% and Remuneration of Councillors account for 1%.

Figure 2: 2025/2026 Consolidated Operating Expenditure per Type



5.5.1 Mid-Year Budget Adjustment 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 reduction of R54 045 404 (an increase of R70 015 649 in Own funding and a reduction of R124 061 053 in Grant funding).

**Table 5: 2025/2026 Consolidated Mid-Year Adjustments to Operating Projects
- Funding Source**

FUNDING SOURCE	2025/2026 CONDITIONAL GRANT ROLLOVER ADJUSTMENT OPEX BUDGET		ADJUSTMENTS	2025/2026 MID-YEAR ADJUSTMENT OPEX BUDGET
OWN FUNDING	134 651 751		70 015 649	204 667 400
TOTAL OWN FUNDING	134 651 751		70 015 649	204 667 400
CITY OF OLDENBURG C/O	223 398		712 000	935 398
URBAN SETTLEMENT DEVELOPMENT GRANT	55 124 874		-0	55 124 873
FINANCE MANAGEMENT GRANT	885 000		115 000	1 000 000
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		-121 888 053	167 611 947
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	22 500 000		0	22 500 000
SETA	7 394 297		-3 000 000	4 394 297
SETA C/O	3 717 955		0	3 717 955
DEPARTMENT OF TRANSPORT	71 888 104		0	71 888 104
TOTAL GRANTS	502 459 704		-124 061 053	378 398 651
TOTAL OPERATING PROJECTS BUDGET	637 111 455		-54 045 404	583 066 051

**Table 6: 2025/2026 Consolidated Mid-Year Adjustments to Operating Projects
- Directorate**

DIRECTORATE	2025/2026 CONDITIONAL GRANT ROLLOVER ADJUSTMENT OPEX BUDGET		ADJUSTMENTS	2025/2026 MID-YEAR ADJUSTMENT OPEX BUDGET
EXECUTIVE SUPPORT SERVICES	10 223 398		11 712 000	21 935 398
CITY MANAGER'S OFFICE	35 704 575		9 105 649	44 810 224
CORPORATE SERVICES	9 250 000		25 000 000	34 250 000
SPATIAL PLANNING & DEVELOPMENT	13 414 886		0	13 414 886
ECONOMIC DEVELOPMENT & AGENCIES	48 919 823		1 350 000	50 269 823
FINANCE SERVICES	11 146 900		1 725 000	12 871 900
PUBLIC SAFETY & EMERGENCY SERVICES	3 900 000		0	3 900 000
HUMAN SETTLEMENTS	308 109 690		-121 888 053	186 221 637
INFRASTRUCTURE SERVICES	134 351 095		0	134 351 095
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	4 050 000		-600 000	3 450 000
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	58 041 087		-19 550 000	77 591 087
TOTAL OPERATING PROJECTS	637 111 455		-54 045 404	583 066 051

Table 5 & 6 above depicts that the overall consolidated operating projects expenditure budget is adjusted downwards by R54 045 404 from R637 111 455 to R583 066 051. It reflects that the total own funding budget is increasing by R70 015 649 from R134 651 751 to R204 667 400. The overall grant funding that is allocated to the operating projects is reducing by R124 061 053 from R502 459 704 to R378 398 651.

The details of adjustments per programme/ project are reflected on the schedule of operating projects that is attached as **Annexure 1** where the projects have been rolled up at programme level (**Annexure 1.1** has also been attached and provides details of accounts / votes that make up a programme / project).

5.6 CAPITAL EXPENDITURE FRAMEWORK

The following factors were considered in arriving in the proposed adjustments on the capital expenditure framework:

- (a) Additional grant allocation received
- (b) Identified savings versus additional budget requests received.
- (c) Funding availability and affordability.
- (d) Status of implementation readiness for each project.

The tables (table 7 and 8) below indicate adjustments to the capital expenditure budget per funding source and per directorate respectively. To arrive in the adjustments that are summarised in the two tables (table 7 and 8) below, a detailed analysis was undertaken to determine those projects that are having challenges and identify those that are progressing at a pace that is above the original anticipation and therefore requiring additional funding. This was used as the basis for re-allocating funding without compromising the municipality's strategic objectives and priorities as set up in the IDP. Details of reallocation of funding are provided below.

5.6.1 2025/2026 Mid-Year Adjustments to Consolidated Capital Expenditure Budget

Table 7 & 8 above indicate that the overall consolidated capital expenditure budget is adjusted upwards by R167 468 997 from R1 381 750 887 to R1 549 219 884.

Table 7: 2025/2026 Mid-Year Adjustments to Capital Expenditure Budget – Funding

CAPITAL BUDGET PER FUNDING	2025/2026 CONDITIONAL GRANT ADJUSTMENT CAPITAL BUDGET	ADJUSTMENTS	2025/2026 MID-YEAR ADJUSTMENT CAPITAL BUDGET
TOTAL OWN FUNDING	447 424 689	0	447 424 689
URBAN SETTLEMENT DEVELOPMENT GRANT	504 119 129	0	504 119 129
URBAN SETTLEMENT DEVELOPMENT GRANT C/O	26 186 107	0	26 186 107
FINANCE MANAGEMENT GRANT	115 000	-115 000	0
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	294 365 930	0	294 365 930
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	10 000 000	0	10 000 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	200 000	0	200 000
MUNICIPAL DISASTER RECOVERY GRANT C/O	71 343 636	0	71 343 636
MUNICIPAL DISASTER RESPONSE GRANT C/O	27 996 396	0	27 996 396
CITY OF OLDERNBURG	0	3 155 797	3 155 797
METRO TRADING SERVICES FUNDING	0	164 428 200	164 428 200
TOTAL GRANTS	934 326 198	167 468 997	1 101 795 195
TOTAL CAPITAL BUDGET	1 381 750 887	167 468 997	1 549 219 884

Table 8: 2025/2026 Mid-Year Adjustments to Capital Expenditure Budget - Directorate

CAPITAL BUDGET PER DIRECTORATE	2025/2026 CONDITIONAL GRANT ADJUSTMENT CAPITAL BUDGET	ADJUSTMENTS	2025/2026 MID-YEAR ADJUSTMENT CAPITAL BUDGET
EXECUTIVE SUPPORT SERVICES	2 500 000	0	2 500 000
CITY MANAGER'S OFFICE	3 750 000	22 100 000	25 850 000
CORPORATE SERVICES	13 123 196	15 000 000	28 123 196
SPATIAL PLANNING & DEVELOPMENT	61 615 485	0	61 615 485
ECONOMIC DEVELOPMENT & AGENCIES	59 467 130	-10 000 000	49 467 130
FINANCE SERVICES	95 110 049	-115 000	94 995 049
PUBLIC SAFETY & EMERGENCY SERVICES	66 190 404	-15 185 693	51 004 711
HUMAN SETTLEMENTS	186 604 393	3 313 597	189 917 990
INFRASTRUCTURE SERVICES	184 148 609	93 576 159	277 724 768
ELECTRICITY & ENERGY TRADING SERVICES	190 367 084	21 779 546	212 146 630
WATER & SANITATION TRADING SERVICES	309 454 329	66 090 144	375 544 473
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	76 539 159	0	76 539 159
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	132 781 048	-29 089 756	103 691 292
TOTAL CAPITAL BUDGET	1 381 650 887	167 468 997	1 549 119 884
BCMDA	100 000	0	100 000
TOTAL CAPITAL BUDGET	1 381 750 887	167 468 997	1 549 219 884

The details of adjustments per programme/project are reflected on the schedule of operating projects that is attached as **Annexure 2** where the projects have been rolled

up at programme level (**Annexure 2.1** has also been attached, it provides the detail of accounts / votes that make up the programme / project).

6. CHALLENGES

None.

7. STAFF IMPLICATIONS

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

8. FINANCIAL IMPLICATIONS

The mid-year adjustments to the consolidated 2025/2026 budget do not have an impact on tariffs as these are funded from current operating revenue that was already approved by Council, conditional grants and own funding reserves. 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 Mid-Year Adjustment Budget as follows:
 - i. The adjustment from R10 967 399 492 to R10 861 508 237 of the BCMM 2025/2026 Operating Revenue Budget.
 - ii. The adjustment from R10 965 431 092 to R10 859 539 837 of the BCMM 2025/2026 Operating Expenditure Budget.
 - iii. The adjustment from R1 381 650 887 to R1 549 119 884 of the BCMM 2025/2026 Capital Budget.

 - B. The consolidated adjusted budget for the 2025/2026 Mid-Year Adjustment Budget as follows:
 - i. The adjustment from R11 029 398 364 to R10 923 507 109 to the consolidated 2025/2026 Operating Revenue Budget.
 - ii. The adjustment from R11 027 429 980 to R10 921 538 725 of the consolidated 2025/2026 Operating Expenditure Budget.
-

- iii. The adjustment from R1 381 750 887 to R1 549 219 884 of the consolidated 2025/2026 Capital Budget.

9. OTHER PARTIES CONSULTED

- 9.1 All Directorates.
- 9.2 Top Management
- 9.3 Budget Steering Committee
- 9.4 Buffalo City Metropolitan Council.

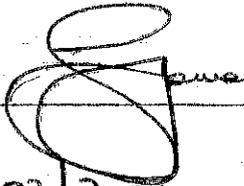
10. CITY MANAGER'S QUALITY CERTIFICATE

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 _____

Handwritten signature of Mxolisi Yawa in black ink, written over a horizontal line. The signature is stylized and cursive.

Date _____

16 / 02 / 2016