

**16963**  
**ADJUSTMENT BUDGET 2023/2024**

***This report is submitted simultaneously to the Financial Services Portfolio Committee, Executive Committee and Council.***

**PURPOSE**

To submit the Adjustment Medium Term Revenue and Expenditure Framework (MTREF) for the 2023/24 financial year, as required in terms of Section 28(2)(b) of the Municipal Finance Management Act, 2003 (MFMA) and Section 23(3) of the Municipal Budget and Reporting Requirements (MBRR).

**IDP STRATEGY AND OBJECTIVES**

NATIONAL KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial and Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 GRAP compliant
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all related financial policies
		5.1.1.4 Compliance with all MFMA and relevant local government financial legislation
	5.2.1 Sustainable Financial management (Expenditure and Revenue)	5.2.1.1 Provide continuous Internal Communication and support on Budget and Financial Management matters
		5.2.1.2 Asset Accounting Management
		5.2.1.3 Accurate and timeous billing and receipting of revenue
		5.2.1.4 Apply Adequate Internal controls
		5.2.1.5 Accurate and timeous payments of creditors
		5.2.1.6 Apply adequate financial management methodologies
	5.3.1 Supply Chain Management	5.3.1.1 Demand and acquisition management
		5.3.1.2 Accurate contracts and logistics management
		5.3.1.3 Apply adequate financial management methodologies

**BACKGROUND**

In terms of Section 28 of the Municipal Finance Management Act, the municipality may revise an approved annual budget through an Adjustments Budget.

**The Adjustments Budget according to Section 28(2):**

- 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.”*

**The Adjustments Budget must be accompanied by the following in accordance with Section 28(5):**

- “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.”*

**The Adjustments Budget according to Section 28 (3 and 6):**

- “(3) *An Adjustment Budget must be in a prescribed format*
- (6) *Municipal taxes and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan - section 28(6).”*

As mentioned above, the MFMA Section 28 (3) refers to a prescribed format according to which the adjustment budget is required to be prepared. The National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette No 32141, dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare their Budgets as well as the in-year reporting effective from July 2010.

Section 23 (1) of the Municipal Budget and Reporting regulations state that an adjustment budget may be tabled in Council at any time after the Mid-Year Review has been tabled in Council but **not later than 29 February** of the current year.

## **DISCUSSION**

Council resolved in terms of Resolution 16901 dated 25 January 2024 that:

- “3. as a result of the Mid-Year Budget Report, a report dealing with the Adjustments Budget, in terms of Section 28 of the Municipal Finance Management Act be submitted to Council;”**

This report and the supporting schedules will be forwarded to the National and Provincial Treasury as required in terms of the Municipal Budget and Reporting Regulations in an electronic format.

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### **PART 1 - ADJUSTMENTS BUDGET**

#### **1. MAYOR'S REPORT**

The Mayor's report will be presented at the Executive Committee meeting.

#### **2. RESOLUTIONS**

Refer to recommendations of this report.

#### **3. EXECUTIVE SUMMARY**

##### **3.1 The following table represents an Executive Summary for the 2023/24 Adjustments Budget:**

DESCRIPTION	ADOPTED BUDGET 2023/2024	PROPOSED ADJUSTMENT BUDGET 2023/2024	INCREASE/ (DECREASE)
	R	R	R
Revenue (excl capital grants)	4 931 450 700	5 122 626 700	191 176 000
Expenditure	4 937 023 600	5 286 027 200	349 003 600
<b>Operating Surplus/(Deficit)</b>	<b>(5 572 900)</b>	<b>(163 400 500)</b>	<b>(157 827 600)</b>

The deficit has increased from R5,5 million to R157,8 million. This is an unprecedented position where Council has to approve a further deficit from the original budget deficit. This is an indication that things are not normal. A dip in economic growth of a country and the City of uMhlathuze in particular is one of the contributing factor. Household and business income has dropped which result in decrease of City's revenue.

Rates and general have decreased by R22,8 million due to supplementary valuation. Electricity Service charges increased by R147,5 million as result of the Mondi Normalisation, however a corresponding expenditure of R135,5 million is included in the Bulk Purchases - Electricity (refer to table 3.2. below). It is not normal to have such a big adjustment in revenue in relation to increasing expenditure.

This should be considered as an indicator of the reality we live in and start taking responsibility in curbing expenditure that is not contributing to service delivery. Some projects or expenditure maybe seem insignificant and small, however when combined with others they are quite significant.

Specifically, in the interest of the Municipality's reserves and working capital, the Chief Financial Officer is advising that Capital Projects that have not commenced but are loan funded be held in abeyance but instead be used to fund Capital Reserve Funded projects that have already started. This will be one method to re-instate the municipality's depleted reserves. In addition, those capital projects that were intended to be Capital Reserve Funded, that have not commenced be held back if not critical for service delivery.

It is with this concern that Chief Financial Officer urges all Departments to re-prioritise their spending to service delivery projects to ensure there is no wasteful expenditure. In addition, Departments need to look carefully at their revenue sources that are no longer bringing in the revenue that they historically did and turn those around.

### 3.2 The table below depicts further decreases and increases in revenue and expenditure:

Increases/Decreases In Revenue and Expenditure		
	Revenue	Expenditure
	R	R
<b>Adopted Budget 2023/24 (Excluding Capital Grants)</b>	4 931 450 700	4 937 023 600
<b>Exchange Revenue</b>		
Service Charges – Electricity revenue	140 500 000	
Service Charges – Water revenue	(3 970 400)	
Service charges - Waste Water Management	580 000	
Service charges - Waste management	(123 000)	
Sale of Goods and Rendering of Services	(159 900)	
Housing Agreements Construction Contracts	82 574 900	
Agency services	2 000 000	
Interest from Current and Non Current Assets	(24 500 000)	
Rent on Land	1 100 000	
Rental from Fixed Assets	(1 055 000)	
Operational Revenue	2 506 000	
<b>Non - Exchange Revenue</b>		
Property rates	(22 862 400)	
Fines, penalties and forfeits	(3 470 000)	
Transfers and subsidies - Operational	17 145 800	
Interest	870 000	
Other Gains	40 000	
<b>Employee Related Costs:</b>		(33 838 100)
Employee Related Costs - Overtime		8 812 700
Employee Related Costs - Standby		(1 017 400)
Debt Impairment		64 714 100
Finance Charges		28 187 500
:Bulk Purchases:Electricity:ESKOM		135 506 000
Other Materials - Maintenance		7 721 200
Other Materials - Non Maintenance		1 035 100
Other Materials - Fuel and Oil		22 881 600
Contracted Services - Internal Auditors		(12 100)

Increases/Decreases In Revenue and Expenditure		
	Revenue	Expenditure
	R	R
Contracted Services - Legal Cost - Litigation		(25 000)
Contracted Services - Project Management - Other		(372 700)
Contracted Services - Research and Advisory		96 700
Contracted Services - Valuers and Assessors		852 900
Contracted Services - Infrastructure and Planning - Town Planning		827 600
Contracted Services - Maintenance of Buildings and Facilities		39 000
Contracted Services - Maintenance of Equipment		(2 500)
Contracted Services - Maintenance of Unspecified Assets		2 972 700
Contracted Services - Catering Services		1 086 000
Contracted Services - Shark Nets		(50 000)
Contracted Services - Consultants and Professional Services - Laboratory Services		(1 599 400)
Contracted Services - Outsourced Service -Research and Advisory		(3 900)
Contracted Services - Outsourced Service - Business Advisory - Human Resources		(135 000)
Contracted Services - Outsourced Service - Connections/Disconnections - Water		2 000 000
Contracted Services - Outsourced Service - Meter Management		(1 524 000)
Contracted Services - Outsourced Service - T raffic Fines Management		(72 000)
Contracted Services - Housing Agreements Construction Contracts		82 574 900
Contracted Services Other		(1 277 700)
Transfer and Grants		(4 649 400)
Other Expenditure - Hire Charges		4 768 900
Other Expenditure - Specialised Computer Service (SAP Licensing Fee)		(912 300)
Other Expenditure - Insurance		3 000 000
Other Expenditure - Municipal Services - Billing		10 926 400
Other Expenditure - Municipal Services - Dumping Fees		(36 000)
Other Expenditure - Water Resource Management		16 932 200
Other Net Effect of Increases and (Decreases)		(404 400)
<b>Proposed Draft 2023/2024 Adjustment Budget</b>	<b>5 122 626 700</b>	<b>5 286 027 200</b>

### 3.3 Surplus and Deficit by Service Category

	ADOPTED BUDGET 2023/2024			PROPOSED ADJUSTMENT BUDGET 2023/2024		
	REVENUE	EXPENDITURE	SURPLUS/(DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/(DEFICIT)
<b>Rates and General</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Community and Social Services	19 041 000	152 465 000	(133 424 000)	17 807 100	147 449 200	(129 642 100)
Environmental Protection	88 600	8 546 400	(8 457 800)	88 700	7 618 800	(7 530 100)
Executive and Council	934 500	39 252 700	(38 318 200)	894 700	43 952 200	(43 057 500)
Finance and Administration	1 030 937 500	105 938 500	924 999 000	984 679 900	39 417 900	945 262 000
Health	27 500	5 785 500	(5 758 000)	27 500	6 508 200	(6 480 700)
Housing	6 476 200	29 963 700	(23 487 500)	89 737 300	113 577 500	(23 840 200)
Internal Audit	74 100	68 300	5 800	74 200	(382 700)	456 900
Other -Licensing and Regulation/Tourism	60 900	4 570 400	(4 509 500)	120 900	4 444 300	(4 323 400)
Planning and Development	14 464 000	101 016 100	(86 552 100)	15 718 600	93 258 500	(77 539 900)
Public Safety	15 783 000	204 739 600	(188 956 600)	16 109 100	239 488 500	(223 379 400)
Road Transport	12 764 800	296 741 600	(283 976 800)	28 934 600	313 987 800	(285 053 200)
Sport and Recreation	5 451 000	225 553 000	(220 102 000)	11 601 000	221 295 900	(209 694 900)
Information Technology	894 000	42 392 200	(41 498 200)	894 000	87 025 100	(86 131 100)
<b>Total Rates and General (Excluding Capital Grants)</b>	<b>1 106 997 100</b>	<b>1 217 033 000</b>	<b>(110 035 900)</b>	<b>1 166 687 600</b>	<b>1 317 641 200</b>	<b>(150 953 600)</b>
<b>Airport</b>	<b>9 561 300</b>	<b>20 665 100</b>	<b>(11 103 800)</b>	<b>3 561 300</b>	<b>23 792 200</b>	<b>(20 230 900)</b>
<b>Trading Services</b>						
Electricity	2 204 429 900	1 931 199 000	273 230 900	2 345 528 300	2 137 372 500	208 155 800
Electricity - Fleet	3 274 900	69 245 300	(65 970 400)	3 274 900	73 782 300	(70 507 400)
Refuse Removal	217 638 600	208 221 400	9 417 200	217 415 700	213 406 600	4 009 100
Sewerage	232 580 000	332 291 300	(99 711 300)	234 660 300	328 593 500	(93 933 200)
Water	1 156 968 900	1 158 368 500	(1 399 600)	1 151 498 600	1 191 438 900	(39 940 300)
<b>Total Trading Services (Excluding Capital Grants)</b>	<b>3 814 892 300</b>	<b>3 699 325 500</b>	<b>115 566 800</b>	<b>3 952 377 800</b>	<b>3 944 593 800</b>	<b>7 784 000</b>
<b>Total Service Category (Excluding Capital Grants)</b>	<b>4 931 450 700</b>	<b>4 937 023 600</b>	<b>(5 572 900)</b>	<b>5 122 626 700</b>	<b>5 286 027 200</b>	<b>(163 400 500)</b>

### 3.4 The 2023/24 Proposed Adjustment Operational Budget:

EXPENDITURE BY TYPE	ADOPTED BUDGET 2023/2024	PROPOSED ADJUSTMENT BUDGET 2023/2024	INCREASE/ (DECREASE)
	R	R	R
Employee related costs	1 212 559 100	1 186 691 700	(25 867 400)
Remuneration of Councillors	35 509 700	35 509 700	-
Bulk Purchases - Electricity	1 492 128 200	1 627 634 200	135 506 000
Inventory consumed - Water	306 540 400	306 540 400	-
Inventory consumed - Materials	154 438 600	188 177 000	33 738 400
Debt Impairment	173 882 500	238 596 600	64 714 100
Depreciation and asset impairment	320 159 500	320 159 500	-
Finance Charges	130 490 500	158 678 000	28 187 500
Contracted Services	409 217 200	410 482 400	1 265 200
Contracted Services - Housing Agreements Construction Contracts	-	82 574 900	82 574 900
Transfers and Subsidies	14 758 700	9 959 300	(4 799 400)
Operational costs	343 729 600	377 359 300	33 629 700
Losses - Water Inventory	343 609 600	343 664 200	54 600
<b>TOTAL</b>	<b>4 937 023 600</b>	<b>5 286 027 200</b>	<b>349 003 600</b>

#### **Explanations for increases/ decreases in expenditure have been provided:**

As per 2024/25 budget policy contained on **DMS 1613276**, the 2023/24 adjusted budget is based on the virements that have been done by the Departments to date. **There are no additional funds to be provided during the adjusted budget.** This means that Departments will be moving funds within their function ensuring prioritisation of service delivery projects.

There were few exceptions where additional funds were required in order for the City to be able to meet its service delivery targets. Although this additional expenditure has been budgeted for, it should be noted that most of the funds have been sacrificed from other projects or expenditure items.

A total of **R33,7 million** has been moved from other expenditure items to fund this additional expenditure. Notable expenditure items that were moved are:

- Employee Related Costs - R25,8 million;
- Contracted Services – Laboratory Services – R1,6 million;
- Contracted Services – Meter Management – R1,5 million;and
- Transfers and Grants – R4,8 million.

**Additional budget for projects / expenditure that was added:**

- **Bulk Purchases Electricity** – an additional amount of R135,5 million has been included for payment to Eskom as a result of the Mondi Normalisation.
- **Finance Changes** – an increase of R28,2 million interest is due to an additional amount of R410 million loan taken during the course of the financial year (2023/2024).
- **Debt Impairment** – an additional amount of R64,7 million has been included in the proposed Adjustment budget.

The table below reflects the collection rate as per the Adopted Budget and the Proposed Adjusted Budget. The change in the collection rate has contributed to the increase in the Debt Impairment.

REVENUE BY SOURCE	Collection Rate As Per Adopted Budget 2023/2024	Collection Rate As Per Adjusted Budget 2023/2024
Property rates	95,8%	96,8%
Service charges - electricity revenue	96,3%	93,3%
Service charges - water revenue	93,3%	93,3%
Service charges - sanitation revenue	93,3%	93,3%
Service charges - refuse revenue	93,3%	93,3%
Fines, penalties and forfeits	60,0%	15,4%
Other revenue Accrual through Sundry Debtors	93,3%	93,3%

- **Other Materials – Maintenance** – an additional amount of R7,2 million will be added to materials. This is due to repairs and maintenance of municipal infrastructure such as water and electricity infrastructure.
- **Inventory Consumed - Materials** – an additional amount of R22,5 million has been provided for fuel and oil as a result of backlog of fuel issuing amounting to R6,2 million and to cover the shortfall for the remainder of the financial year.
- **Contracted Service – Maintenance of unspecified assets** – an additional amount of R3 million will be added. This is due to repairs and maintenance of municipal infrastructure such as water and electricity infrastructure.
- **Other Expenditure – Hire Charges** – an additional amount of R4,8 million has been provided for hire of plant and equipment to assist in service delivery.
- **Other Expenditure – Insurance** – an additional amount of R3 million has been provided to accommodate additional assets.
- **Other Expenditure – Municipal Services Billing** – an additional amount of R10,9 million has been provided for in the Adjustment Budget and outer years.
- **Other Expenditure – Water Resource Management** – an additional amount of R16,9 million has been provided for the payments of water resource charges.

### 3.5 The source of funding the above is made up of the following revenue categories:

REVENUE BY SOURCE	ADOPTED BUDGET 2023/2024	PROPOSED ADJUSTMENT BUDGET 2023/2024	INCREASE/ (DECREASE)
	R	R	R
<b>Exchange Revenue</b>			
Service Charges – Electricity revenue	2 150 331 000	2 290 831 000	140 500 000
Service Charges – Water revenue	588 970 400	585 000 000	(3 970 400)
Service charges - Waste Water Management	119 676 200	120 256 200	580 000
Service charges - Waste management	114 791 500	114 668 500	(123 000)
Sale of Goods and Rendering of Services	12 365 800	12 205 900	(159 900)
Housing Agreements Construction Contracts	-	82 574 900	82 574 900
Agency services	6 364 800	8 364 800	2 000 000
Interest earned from Receivables	29 400	29 400	-
Interest from Current and Non Current Assets	64 500 000	40 000 000	(24 500 000)
Rent on Land	849 900	1 949 900	1 100 000
Rental from Fixed Assets	16 073 500	15 018 500	(1 055 000)
Operational Revenue	8 624 600	11 130 600	2 506 000
<b>Non-Exchange Revenue</b>			
Property rates	736 829 200	713 966 800	(22 862 400)
Surcharges and Taxes	6 332 000	6 332 000	-
Fines, penalties and forfeits	15 753 500	12 283 500	(3 470 000)
Licence and permits	3 631 700	3 631 700	-
Transfers and subsidies - Operational	551 826 800	568 972 600	17 145 800
Interest	-	870 000	870 000
Other Gains	26 281 900	26 321 900	40 000
Gains - Water Inventory	508 218 500	508 218 500	-
Capital Grants and Subsidies	218 836 200	218 530 400	(305 800)
<b>TOTAL OPERATING REVENUE</b>	<b>5 150 286 900</b>	<b>5 341 157 100</b>	<b>190 870 200</b>
<b>Less:</b>			
Capital Grants and Subsidies	(218 836 200)	(218 530 400)	305 800
<b>TOTAL REVENUE</b>	<b>4 931 450 700</b>	<b>5 122 626 700</b>	<b>191 176 000</b>

#### Below are explanations for major increase / decreases in revenue:

- Property Rates - has decreased by R22,8 million due to supplementary valuation.
- Service Charges – Electricity: Increased by R140,5 million as result of the Mondri Normalisation Agreement, a corresponding increase in Electricity Purchases amounting to R135,5 million.
- Service Charges – Water: Decrease of **R3,9 million** due reduced water consumption.
- Interest from Current and Non-Current – Water: Decrease of **R24,5 million** due to the decrease in the cash and cash equivalent.

### 3.6 Adjusted Capital 2023/24

The table below indicates the 2023/24 Proposed Adjustment Capital Budget by Function:

FUNCTION	ADOPTED BUDGET 2023/2024	PROPOSED ADJUSTMENT BUDGET 2023/2024	INCREASE/ (DECREASE)
	R	R	R
Finance and Administration	68 672 500	64 434 300	(4 238 200)
Community and Social Services	71 073 500	57 355 300	(13 718 200)
Energy Sources	125 935 000	106 905 000	(19 030 000)
Executive and Council	118 000	123 000	5 000
Environmental Protection	1 248 000	4 578 800	3 330 800
Air Transport - Airport	5 444 000	13 424 000	7 980 000
Planning and Development	22 127 000	14 777 000	(7 350 000)
Public Safety	1 785 000	1 565 000	(220 000)
Road Transport	131 940 000	133 381 600	1 441 600
Sport and Recreation	34 619 900	77 578 400	42 958 500
Waste Management	12 230 000	7 530 000	(4 700 000)
Waste Water Management	125 265 800	79 502 900	(45 762 900)
Water Management	202 482 400	256 251 200	53 768 800
	<b>802 941 100</b>	<b>817 406 500</b>	<b>14 465 400</b>

The table below indicates the sources of funding for the 2023/24 Proposed Adjustment Capital Budget:

SOURCE OF FUNDING	ADOPTED BUDGET 2023/2024	PROPOSED ADJUSTED BUDGET 2023/2024	INCREASE/ (DECREASE)
	R	R	R
Borrowing	406 569 000	418 774 900	12 205 900
Capital Replacement Reserve	177 535 900	177 535 900	-
Integrated Urban Development Grant	145 536 200	145 186 200	(350 000)
Government Grants - National	73 300 000	71 150 500	(2 149 500)
Self Insurance Reserves	-	2 565 300	2 565 300
Public Contribution (Donation)	-	2 193 700	2 193 700
<b>TOTAL</b>	<b>802 941 100</b>	<b>817 406 500</b>	<b>14 465 400</b>

#### 4. **ADJUSTMENTS BUDGET STATEMENT TABLES**

The following monthly budget statement tables (**DMS 1651385**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
Table B1	Adjustments Budget Summary	A
Table B2	Adjustments Budget Financial Performance (Standard Classification)	B
Table B2B	Adjustments Budget Financial Performance (Detail) (Standard Classification)	C
Table B3	Adjustments Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
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Table SB18a	Capital expenditure on new assets by asset class	AE
Table SB18b	Capital expenditure on renewal of existing assets by asset class	AF
Table SB18c	Expenditure on repairs and maintenance by asset class	AG
Table SB18d	Depreciation by asset class	AH
Table SB18e	Capital expenditure on upgrading of existing assets by asset class	AI
Table SB19	List of capital programmes and projects affected by adjustments budget	AJ

## PART 2 - SUPPORTING DOCUMENTATION

### 5. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Refer to **Annexure T - V** (Table SB 7 - SB 9).

### 6. ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Refer to **Annexure W** (Table SB 10).

### 7. ADJUSTMENTS TO COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

Refer to **Annexure X** (Table SB 11).

### 8. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP (**DMS 1646338**) has been broken down into five components. These are:

- Component 1: Monthly projections of revenue (including capital grants) to be collected for each source (**Annexure AL**).
- Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote (**Annexure AM**).
- Component 3: Quarterly projections of service delivery targets and performance indicators for each vote (**Annexures AN – AV**).
- Component 4: Ward information for expenditure and service delivery (**Annexures AW – AX**).
- Component 5: Detailed capital works plan broken down into Wards over three years (**Annexure AY**).

### 9. ADJUSTMENTS TO CAPITAL EXPENDITURE

The detail of the revised Adjustments 2023/24 Capital Budget (**DMS 1646338 - Annexure AK**).

### 10. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **Annexure AZ** (**DMS 1663537**).

## ENVIRONMENTAL IMPLICATIONS

None

## FINANCIAL IMPLICATIONS

This is dealt with in detail throughout the report.

## LEGAL IMPLICATIONS

This is dealt with throughout the report with references to various Acts and Regulations.

## COMMENTS OF THE CHIEF FINANCIAL OFFICER

Refer to the Executive Summary contained in this report for comments.

## RECOMMENDED THAT:

1. the 2023/24 Adjustment Medium Term Revenue and Expenditure Framework (MTREF) be approved as set out in **Budget Tables B1 – B10 (DMS 1651385)**;
2. the report on the 2023/24 Adjustment Budget be submitted to both the National Treasury and Provincial Treasury;
3. it be noted that any adjustments made to the 2023/24 Operating Budget do not result in any changes to the municipal taxes and tariffs,
4. any savings arising post the Adjustment Budget approval be utilised to contribute to the Capital Replacement Reserve for future years' capital projects;
5. to re-instate the municipality's internal reserves and working capital, loan funded projects that have not commenced be held in abeyance and funds be directed to already commenced and completed Capital Replacement Reserve funded projects;
6. Capital Replacement Reserve funded projects that have not commenced be held in abeyance to ensure the re-instatement of the municipality's internal reserves and working capital
7. the revised capital projects as per Component 5 of the 2023/24 SDBIP (**DMS 1646338 – Annexure AY**) be approved;
8. Departments to re-prioritise their operational activities to identify savings to fund the deficit;
9. Departments ensure strict compliance with the cost containment measures as contained in the City Manager's memorandum (**DMS 1632895 and 1647462**);
10. Departments to insure revenue income is improved especially where such were budgeted but are now no longer meeting targets; and
11. only in situations of absolute service delivery emergency, will requisitions for Goods and Services be entertained by the Supply Chain Management Unit after 31 May 2024 for the 2023/24 financial year.