

Ubuntu Municipality



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ubuntu • ithemba • izithethe
humanity • hope • heritage*

ADJUSTMENT BUDGET 2025/26

1. INTRODUCTION

Section 28 of the MFMA determines that:

“(1) A municipality may revise an approved annual budget through an adjustments 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 format [Schedules B1 to B10 attached as Appendix A to the Adjustments Budget Report]. Adjustments Budget 2024/2025

(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 and frequency [on or before 28 February 2026].

The annual operating and capital budget have been evaluated and adjusted based on the abovementioned legislative requirements.

2. Council Resolutions

The Council of Ubuntu Municipality, acting in terms of section 28 (2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.1. The annual budget adjustments of the municipality for the financial year 2025/2026 and the multi-year and single-year capital appropriations as set out in the following tables in part 1.8 of this report

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table B2;

- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table B3;
- 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table B4; and
- 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table B5.

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables in part 1.4 of this report:

- 1.2.1. Budgeted Financial Position as contained in Table B6;
- 1.2.2. Budgeted Cash Flows as contained in Table B7;
- 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table B8;
- 1.2.4. Asset management as contained in Table B9; and

2. The adjustment budget is adopted on 28 February 2026.

3. EXECUTIVE SUMMARY

This report is a summary of the main budget issues arising from the in-year monitoring processes and the municipality's performance. It compares the process of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). No taxes or tariffs are to be adjusted.

The table below is the original budget and the proposed adjustment for the 2025/2026.

Description	Original Budget 2025/26 R'000	Adjustment Budget 2025/26 R'000
Total Revenue (Excluding Capital Transfers)	165 444	163 908
Total Operating Expenditure	163 027	163 191
Total Capital Expenditure	82 779	40 779
Surplus/ (Deficit)	2 417	717

The 2025/26 proposed adjustment is a downward adjustment as the anticipated revenue has decreased from R 165 444 to R 163 908 and the anticipated expenditure increased from R 163 027 to R 163 191 due to certain line items being under budgeted for. Total capital grant expenditure will decrease from R 82 779 to R 40 779.

3.1 Revenue adjustment by line

NC071 Ubuntu - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -												
Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3	4	5	6	7	8	9	10		
			A1	B	C	D	E	F	G	H		
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	23 135	-	-	-	-	-	-	-	23 135	24 523	25 504
Service charges - Water	2	13 437	-	-	-	-	-	-	-	13 437	14 243	14 813
Service charges - Waste Water Management	2	4 974	-	-	-	-	-	-	-	4 974	5 272	5 483
Service charges - Waste Management	2	5 620	-	-	-	-	-	-	-	5 620	5 957	6 195
Sale of Goods and Rendering of Services		87	-	-	-	-	-	-	-	87	93	96
Agency services		388	-	-	-	-	-	-	-	388	412	428
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		7 177	-	-	-	-	-	-	-	7 177	7 608	7 912
Interest earned from Current and Non Current Assets		2 094	-	-	-	-	-	-	-	2 094	2 219	2 308
Dividends		-	-	-	-	-	-	-	-	-	-	0
Rent on Land		108	-	-	-	-	-	-	-	108	114	119
Rental from Fixed Assets		467	-	-	-	-	-	-	-	467	495	514
Special rating levies		-	-	-	-	-	-	-	-	-	-	-
Licence and permits		270	-	-	-	-	-	-	-	270	287	298
Operational Revenue		501	-	-	-	-	-	-	-	501	532	553
Non-Exchange Revenue												
Property rates	2	23 799	-	-	-	-	-	-	-	23 799	25 227	26 236
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		19 633	-	-	-	-	-	-	-	19 633	20 811	21 644
Licences or permits		-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		60 974	-	-	-	-	-	(1 536)	(1 536)	59 438	63 004	65 524
Interest		2 779	-	-	-	-	-	-	-	2 779	2 946	3 063
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	(0)
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		165 444	-	-	-	-	-	(1 536)	(1 536)	163 908	173 742	180 692

Service Charges – Electricity reflects an Original Budget of R23 135 000. After consideration of the mid-year revenue performance, no adjustment was affected and the Adjusted Budget remains R23 135 000. The year-to-date billing and collection trends support the original revenue projection. The municipality is satisfied that the budgeted amount remains realistic and achievable for the remainder of the financial year. Therefore, no revision was required during the adjustments budget process.

Service charges on water, waste water management and waste management remains the same therefore the projected billing is in line with the revenue budgeted.

3.2 Expenditure adjustment by line

NC071 Ubuntu - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2025/26								Budget Year	Budget Year	
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	+1 2026/27 Adjusted Budget	+2 2027/28 Adjusted Budget
Expenditure By Type												
Employee related costs		41 671	-	-	-	-	-	(173)	(173)	41 498	44 148	45 914
Remuneration of councillors		5 106	-	-	-	-	-	-	-	5 106	5 412	5 629
Bulk purchases - electricity		28 086	-	-	-	-	-	-	-	28 086	29 771	30 962
Inventory consumed		2 010	-	-	-	-	-	21	21	2 031	2 152	2 239
Debt impairment		20 133	-	-	-	-	-	-	-	20 133	21 341	22 194
Depreciation and amortisation		17 164	-	-	-	-	-	-	-	17 164	18 194	18 922
Interest		1 137	-	-	-	-	-	794	794	1 931	2 047	2 129
Contracted services		20 963	-	-	-	-	-	(916)	(916)	20 048	19 663	20 449
Transfers and subsidies		350	-	-	-	-	-	-	-	350	371	386
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-	0
Operational costs		26 406	-	-	-	-	-	438	438	26 845	28 244	29 374
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	(0)
Total Expenditure		163 027	-	-	-	-	-	164	164	163 191	171 343	178 197

Employee cost was overall adjusted downwards. This includes the increase for Senior Managers based on government gazette no. 53882: (Upper limits of total remuneration packages of municipal managers and managers directly accountable to municipal managers.). The correction of the Employee Costs resulted in a net decrease of R173 000 after considering actual movements for the past 6 months, plus the increase on Senior Managers. The change is to make the budget in-line with the spending, to reduce instances of over-budgeting.

Finance chargers have an upward adjustment –due to additional interest provision reflected in adjustment budget.

Bulk purchase there are no changes from the original budget and adjustment budget with no variations recorded

Operational Expenditure reflects an upward adjustment to make provision for the remainder of the financial year expenditure after the mid-year assessment was concluded. The upward adjustment is informed by the anticipated operational expenditure for the remaining months of the financial year.

Contracted Services has a downwards adjustment as some of the planned projects were already implemented. The downwards adjustment is informed by the less anticipated expenditure for the remaining months of the financial year.

A slight upward adjustment has been made to other material which include consumables mainly to accommodate anticipated consumable requirements.

Based on the current financial performance and collection rate of the municipality, cost containment measures should continue to be institutionalised to ensure financial sustainability, achievement of municipal objectives, and continued delivery of quality services to the community.

4. PROJECTS

4.1 Conditional Grant funded projects

The Municipality currently has the following projects financed by MIG and WSIG. The table below outlines how much budget is allocated to each of the projects.

PROJECT NAME	ALLOCATION FOR CURRENT YEAR	EXPENDITURE FOR CURRENT YEAR	% Expenditure
1. VICTORIA WEST: INSTALLATION OF SOLAR HIGH MAST LIGHTS	R 9 128 500.00	R 9 603 835.37	105.21%
2. RICHMOND: UPGRADING OF SPORT FACILITY (PHASE 2)	R 7 000 000.00	R 0.00	0%
3. UBUNTU LM: SPECIALIZED VEHICLES: SOLID WASTE MANAGEMENT	R1 500 000.00	R 0.00	0%

4. UBUNTU LM: PMU 2025/26	R 550 500.00	R 32 009.63	5.81%
TOTAL	R 18 179 000.00	R 9 635 845.00	53.01%

WSIG Project Listing:

PROJECT NAME	ALLOCATION FOR THE CURRENT YEAR	EXPENDITURE FOR CURRENT YEAR	% Expenditure
1. RICHMOND: UPGRADING OF BULK WATER SUPPLY	R 11 000 000.00	R 6 752 328.68	61,38%
TOTAL	R 11 000 000.00	R 6 752 328.68	61,38

INEP Project Listing:

PROJECT NAME	ALLOCATION FOR THE CURRENT YEAR	EXPENDITURE FOR CURRENT YEAR	% Expenditure
1.UPGRADING OF 22kV SUB-STATION IN VICTORIA WEST	R 6 600 000.00	R 5 467 230,50	82,83%
TOTAL	R 6 600 000.00	R 5 467 230,50	82,83%

5. ADJUSTMENT BUDGET TABLES

Attached is the B1-B10 tables of the adjustment budget.

6. RECOMMENDATION

6.1 That council approves the Adjustment Budget for 2025/2026 as per section 28 of the Municipal Finance Management Act No 56 of 2003.
