

URGENT ITEM

9.	URGENT MATTERS
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9.1	GRANTS ADJUSTMENTS BUDGET 2024/2025
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Collaborator No:

IDP KPA Ref No:

Meeting Date:

Good Governance and Compliance

19 February 2025

1. **SUBJECT: GRANTS ADJUSTMENTS BUDGET 2024/2025**

2. **PURPOSE**

Is to table the adjustments budget for the 2024/2025 financial year to Council for approval. The adjustments budget arises from the additional allocation, as per the letter received from the Department of Cooperative Governance for the Municipal Disaster Response Grant (MDRG), dated 12 February 2025.

3. **DELEGATED AUTHORITY**

FOR APPROVAL BY MUNICIPAL COUNCIL

4. **EXECUTIVE SUMMARY**

Approval was granted for additional funding for the Municipal Disaster Response Grant (MDRG) for infrastructure damages due to the impact of floods that occurred in 2024. Attached as **APPENDIX 1** is an executive summary by the Accounting Officer.

5. **RECOMMENDATIONS**

- (a) that the Adjustments Budget for 2024/2025 as set out in **APPENDIX 1-5**, be approved;
- (b) that the Adjustments Budget Tables as prescribed by the Budgeting and Reporting Regulations, as set out in **APPENDIX 3**, be approved; and
- (c) that the Service Delivery and Budget Implementation Plan be adjusted accordingly inclusive of the non-financial information (performance measurement).

6. DISCUSSION / CONTENTS

6.1 Background/ Legislative Framework

In terms of section 28 (2) of the Municipal Finance Management Act:

“(2) An adjustments budget—

(b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget; and

According to regulation 23 (3) of the Municipal Budget and Reporting Regulations:

“23. (3) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 25(2)(b) of the Act in the municipal council to appropriate these additional revenues”

6.2 Discussion

This adjustments budget addresses the additional allocation received for the Municipal Disaster Response Grant (MDRG) for the 2024/2025 financial year. The approved amount to be transferred to the municipality is R6 000 000 (R6million) during the 2024/2025 financial year from the Municipal Disaster Response Grant within the Department of Cooperative Governance (DCOG) through the National Disaster Management Centre (NDMC).

Capital Adjustments Budget

Council approved an amended Capital Budget (grants) for the 2024/2025 financial year amounting to R 514 012 559 in January 2025. This adjustment budget effectively changes the approved grants adjustments budget by means of the increase in the capital budget which emanates from the additional allocation received for the Municipal Disaster Response Grant (MDRG) for the 2024/2025 financial year.

Details of the proposed adjustments are reflected in **APPENDIX 2**.

Operating Revenue Adjustments Budget

Council approved an amended Operating Revenue Budget for the 2024/2025 financial year amounting to R2 710 663 315 in January 2025. This adjustment budget effectively changes the approved amended revenue budget by means of an increase in grant revenue (transfer and subsidies: capital) for the 2024/2025 financial year, which arises from the additional allocation received for the Municipal Disaster Response Grant (MDRG) for the 2024/2025 financial year.

Details of the proposed adjustments are reflected in **APPENDIX 2**.

Operating Expenditure Adjustments Budget

Council approved an amended Operating Expenditure Budget for the 2024/2025 financial year amounted to R2 522 842 931 in January 2025. No adjustments were made regarding the Operational Expenditure Budget.

Details of the proposed adjustments are reflected in **APPENDIX 2**.

6.3 Financial Implications

Financial impact is reflected in the appendices.

6.4 External Loans

None.

6.5 Legal Implications

The item is compliant with the relevant legislative framework.

6.6 Staff Implications

None

6.7 Previous / Relevant Council Resolutions:

28th Council Meeting on 29th January 2025 - Item 8.4

6.8 Risk Implications

None.

6.9 Comments from Senior Management:

The item was not circulated for comment except to the Municipal Manager.

6.9.1 Municipal Manager:

Supports the recommendations.

ANNEXURES

Appendix 1: Executive Summary

Appendix 2: Adjustments Budget: Detail Projects

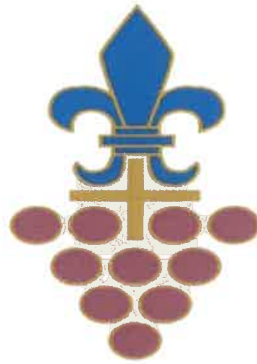
Appendix 3: Adjustments Budget Tables (Schedule B)

Appendix 4: Adjustments Budget Supporting Schedules

Appendix 5: Municipal Manager's Quality Certification

FOR FURTHER DETAILS CONTACT:

<i>NAME</i>	MONIQUE STEYL
<i>POSITION</i>	SENIOR MANAGER: FINANCIAL MANGEMENT SERVICES
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<i>REPORT DATE</i>	17 February 2025



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GRANTS ADJUSTMENTS BUDGET DOCUMENTATION
FEBRUARY 2025

GRANTS ADJUSTMENTS BUDGET FOR THE FINANCIAL PERIOD 2024 – 2025
FEBRUARY 2025

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APPENDIX 1

Executive Summary

Overview

This adjustments budget emanates from the additional conditional grant funding received from the Department of Corporate Governance through the National Disaster Management Centre (NDMC).

The department of Corporate Governance issued an official letter of approval dated 12 February 2025. The MDRG is a conditional grant, and the municipality is urged to comply with the provision of the Division of Revenue Act (DORA), the Municipal Disaster Response Grant Framework, the Municipal Financial Management Act, 2003 (MFMA) (Act No. 56 of 2003), the Disaster Management Act, 2002 (DMA) (Act No. 57 of 2002) including other related legislative prescripts.

The amendments in funds have been adjusted in terms of section 28 of the Municipal Finance Management Act (Act 56 of 2003) and regulation 23 (1) of the Municipal Budget & Reporting Regulations (Government gazette No. 32141 dated 17 April 2009).

The breakdown in the additional conditional grant is as follow:

Grants	Type	Approved Budget	Grant adjustments	Adjustments Budget
Municipal Disaster Response Grant	Capital	19 413 122	6 000 000	25 413 122
		19 413 122	6 000 000	25 413 122

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Capital Adjustments Budget for 2024/2025

	2024/2025 Approved Budget	2024/2025 Adjustments Budget	%
Capital Budget	514 012 559	520 012 559	0.012 %

Adjustments to Funding

The funding sources to the capital budget are as follows:

<u>Funding</u>	2024/2025 Approved Budget	%	2024/2025 Adjustments Budget	%
Own Funding				
Capital Replacement Reserve	234 652 040	46%	234 652 040	45%
Development Contribution	35 799 541	7%	35 799 541	7%
External Funding				
External Loans	118 845 659	23%	118 845 659	23%
National Grants	89 715 522	17%	95 715 522	18%
Provincial Grants	34 999 797	7%	34 999 797	7%
	514 012 559		520 012 559	

Adjustments to Capital Expenditure

The capital budget per directorate is as follows:

Directorate	Total Approved Budget (R)	%	Total Adjustments Budget (R)	%
Municipal Manager	40 000	0%	40 000	0%
Planning and Economic Development	35 083 324	7%	35 083 324	7%
Infrastructure Services	359 015 692	70%	365 015 692	70%
Corporate Services	51 356 523	10%	51 356 523	10%
Community and Protection Services	67 117 020	13%	67 117 020	13%
Financial Services	1 400 000	0%	1 400 000	0%
TOTALS	514 012 559		520 012 559	

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Adjustments to Operating Revenue

The operating revenue budget per directorate is as follows:

Directorate	Total Approved Budget (R)	%	Total Adjustments Budget (R)	%
Municipal Manager	-	0%	-	0%
Planning and Economic Development	40 244 102	1%	40 244 102	1%
Infrastructure Services	1 806 848 964	67%	1 812 848 964	67%
Corporate Services	12 792 310	0%	12 792 310	0%
Community and Protection Services	204 053 158	8%	204 053 158	8%
Financial Services	646 724 781	24%	646 724 781	24%
TOTALS	2 710 663 315		2 716 663 315	

Adjustments to Operating Expenditure

The operating expenditure budget per directorate is as follows:

Directorate	Total Approved Budget (R)	%	Total Adjustments Budget (R)	%
Municipal Manager	17 694 235	1%	17 694 235	1%
Planning and Economic Development	113 805 055	5%	113 805 055	5%
Infrastructure Services	1 505 711 817	60%	1 505 711 817	60%
Corporate Services	219 329 450	9%	219 329 450	9%
Community and Protection Services	528 743 415	21%	528 743 415	21%
Financial Services	137 558 959	5%	137 558 959	5%
TOTALS	2 522 842 931		2 522 842 931	

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High Level Adjustments Budget Summary for 2024/2025

The total budget is summarized as follows:

Directorate	Operating Revenue Budget	Operating Expenditure Budget	Capital Budget	Total Budget
Municipal Manager	-	17 694 235	40 000	17 734 235
Planning & Economic Development	40 244 102	113 805 055	35 083 324	148 888 379
Infrastructure Services	1 812 848 964	1 505 711 817	365 015 692	1 870 727 509
Corporate Services	12 792 310	219 329 450	51 356 523	270 685 973
Community and Protection Services	204 053 158	528 743 415	67 117 020	595 860 435
Financial Services	646 724 781	137 558 959	1 400 000	138 958 959
Total Budget	2 716 663 315	2 522 842 931	520 012 559	3 042 855 490

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APPENDIX 2

Capital Adjustments Budget for 2024/2025

The following funds per directorate are to be adjusted:

Directorate	Approved Budget	Grant adjustments	Adjustments Budget
Municipal Manager	40 000	-	40 000
Planning and Economic Development	35 083 324	-	35 083 324
Infrastructure Services	359 015 692	6 000 000	365 015 692
Corporate Services	51 356 523	-	51 356 523
Community and Protection Services	67 117 020	-	67 117 020
Financial Services	1 400 000	-	1 400 000
TOTALS	514 012 559	6 000 000	520 012 559

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The Capital projects to be adjusted are as follows:

Projects	Fund	Approved Budget	Grant adjustments	Adjustments Budget	Motivation
Infrastructure Services		-	6 000 000	6 000 000	
Water and Wastewater Services: Water		-	6 000 000	6 000 000	
Dwarsriver Bulk Supply Augmentation and Network Upgrades	MDRG	-	6 000 000	6 000 000	Adjust the budget in line with Municipal Disaster Response Grant (MDRG) allocation.
TOTAL - Capital		-	6 000 000	6 000 000	

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Adjustments to Operational Expenditure

The revised operating expenditure budget per Directorate is as follows:

Directorate	Approved Budget	Grant adjustments	Adjustments Budget
Municipal Manager	17 694 235	-	17 694 235
Planning and Economic Development	113 805 055	-	113 805 055
Infrastructure Services	1 505 711 817	-	1 505 711 817
Corporate Services	219 329 450	-	219 329 450
Community and Protection Services	528 743 415	-	528 743 415
Financial Services	137 558 959	-	137 558 959
Total Expenditure	2 522 842 931	-	2 522 842 931

No adjustments were made to the operating expenditure budget.

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Adjustments to Operational Revenue

The revised operating income budget per Directorate is as follows:

Directorate	Approved Budget	Grant adjustments	Adjustments Budget
Municipal Manager	-	-	-
Planning and Economic Development	40 244 102	-	40 244 102
Infrastructure Services	1 806 848 964	6 000 000	1 812 848 964
Corporate Services	12 792 310	-	12 792 310
Community and Protection Services	204 053 158	-	204 053 158
Financial Services	646 724 781	-	646 724 781
Total Revenue	2 710 663 315	6 000 000	2 716 663 315

The detailed list of the adjustments made is as follows:

Department	Description	Fund	Approved Budget	Grant Adjustments	Adjusted Budget	Motivation
Infrastructure Services						
Water and Wastewater Services: Water	Revenue:Non-exchange Revenue:Transfers and Subsidies:Capital: Monetary Allocations:National Government:Municipal Disaster Response Grant	MDRG	-	6 000 000	6 000 000	Adjust the budget in line with the Municipal Disaster Response Grant (MDRG) allocation.
Sub Total: Water and Wastewater Services: Water			-	6 000 000	6 000 000	
TOTAL - Operational Revenue			-	6 000 000	6 000 000	

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APPENDIX 3

Adjustments Budget Tables

In accordance with the Budget and Reporting Regulations, the following compulsory schedules are attached (Appendix 3) reflecting the composition and detail of the adjustments budget:

Table name	Table
Adjustments Budget Summary	B1
Adjustments Budget Financial Performance by standard	B2
Adjustments Budget Financial Performance by vote	B3
Adjustments Budget Financial Performance	B4
Adjustments Budget Capital Expenditure by vote and funding	B5
Adjustments Budget Financial Position	B6
Adjustments Budget Cash Flows	B7
Cash backed reserves/ Accumulated surplus reconciliation	B8
Asset Management	B9
Basic Service Delivery Measurement	B10

Supporting schedules (SB1 – SB20) are attached on Appendix 4.

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APPENDIX 4

Other supporting documentation (Supporting Schedules)

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APPENDIX 5

Municipal Manager's Quality Certification

The quality certificate signed by the Accounting Officer is attached on Appendix 5.

APPENDIX 5

QUALITY CERTIFICATE

I, Geraldine Mettler, municipal manager of Stellenbosch Municipality, hereby certify that the adjustments 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 adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Name: Geraldine Mettler

Municipal Manager of Stellenbosch Municipality

Signature

A handwritten signature in dark ink, appearing to be 'G. Mettler', written over a horizontal line.

Date: 18 February 2025