Medium Term Revenue and Expenditure Framework (MTREF)

Adjustments Budget 25 February 2026

Table of Content

SECTION A – Part 1

1. Glossary

Adjustments Budgets – Prescribed in section 28 of the Municipal Finance Management Act. A municipality may revise its budget during a financial year by the formal means.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Capital expenditure reflects as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short-term investments. Cash receipts and payments do not always coincide with budgeted Revenue and expenditure timings. For example, when the Municipality receives invoices, it reflects as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. The annual piece of legislation that indicate the allocations from National Government to Local Government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

GDFI - Gross Domestic Fixed Investment

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

LM – Langeberg Municipality

MFMA - Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level.

Operating Expenditure – Spending on the day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SDBIP – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of a municipality as set out in the IDP Budgeted spending must contribute towards achievement of these strategic objectives.

Vote – One of the main segments into which a budget is divided, usually at department level.

2. Mayors Report

TABLING OF ADJUSTMENT BUDGET

3. Resolution

COMPILING OF THE 2025/2026 MID-YEAR ADJUSTMENT BUDGET FEBRUARY 2026 (CHIEF FINANCIAL OFFICER)

Purpose of Report

The purpose of the report is to submit an Adjustment Budget for 2025/2026 to Council for consideration.

Background

As some votes on the 2025/2026 budget need to be adjusted because of operating requirements and also to align the budget to the current consumer trends, **an Adjustment Budget** has been compiled and will be submitted to Council for consideration.

A detailed break-down of the Capex Report and the B4 summary is attached providing more details of the adjustment made.

Legal Framework

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Municipal adjustments budgets

28. (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 budget 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 financial year preceding the budget year, where the under-spending could not reasonably have been foreseen at the time when the annual budget for the budget 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.

5) When an adjustment budget is tabled, it must be accompanied by –

(a) An explanation of how the adjustments budgets affect the annual budget

(b) 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 budget and the annual budgets for the next two financial years

(d) Any other supporting documentation that may be prescribed.

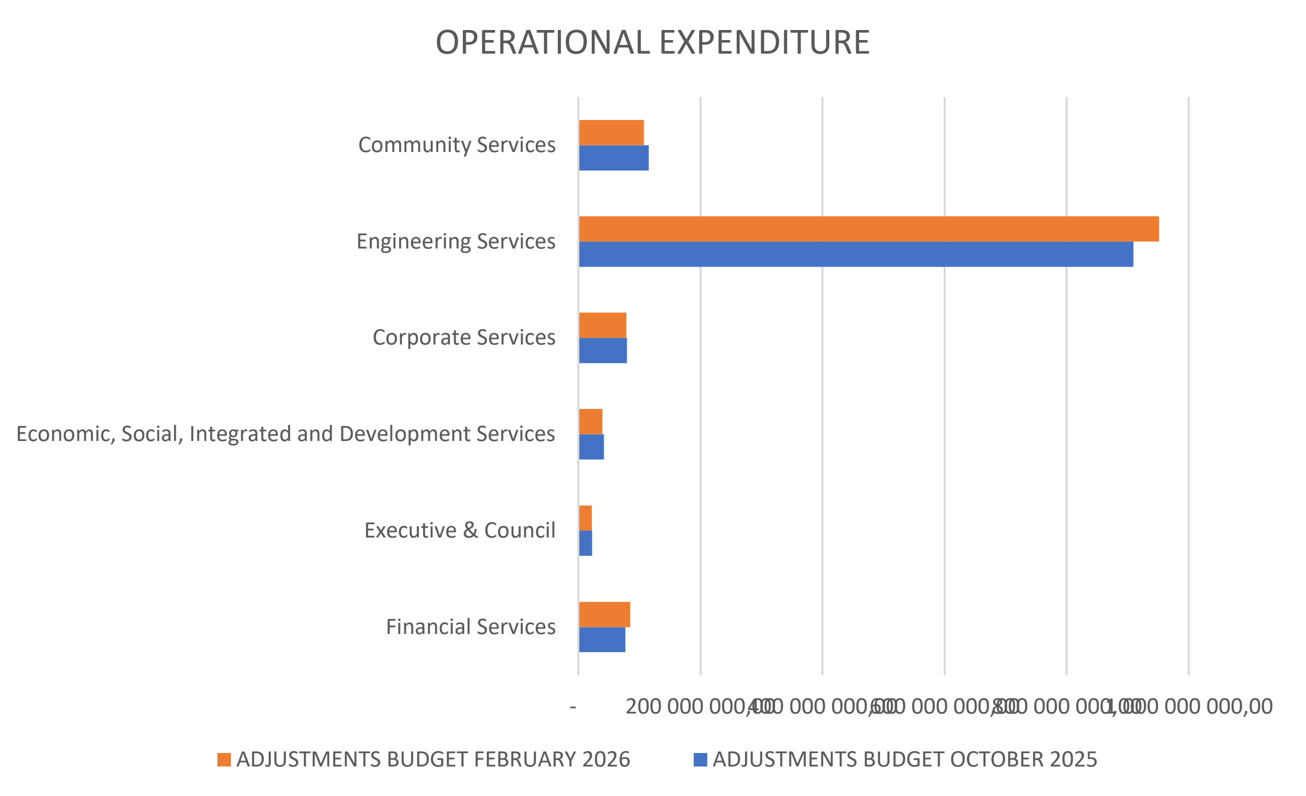
FINANCIAL IMPLICATIONS

REVENUE PER DIRECTORATE

Operational Revenue			
Revenue per Directorate	ADJUSTMENTS BUDGET OCTOBER 2025	ADJUSTEMENTS	ADJUSTMENTS BUDGET FEBRUARY 2026
Financial Services	- 208 274 697.42	- 5 764 139.12	- 214 038 836.54
Executive & Council	- 5 659 165.00	-	- 5 659 165.00
Economic, Social, Integrated and Development Services	- 3 952 907.13	2 253 638.00	- 1 699 269.13
Corporate Services	- 24 663 458.50	- 24 434 256.31	- 49 097 714.81
Engineering Services	- 953 938 668.78	- 35 043 012.29	- 988 981 681.07
Community Services	- 52 812 679.92	18 987 115.00	- 33 825 564.92
Totals	**- 1 249 301 576.75**	**- 44 000 654.72**	**- 1 293 302 231.47**

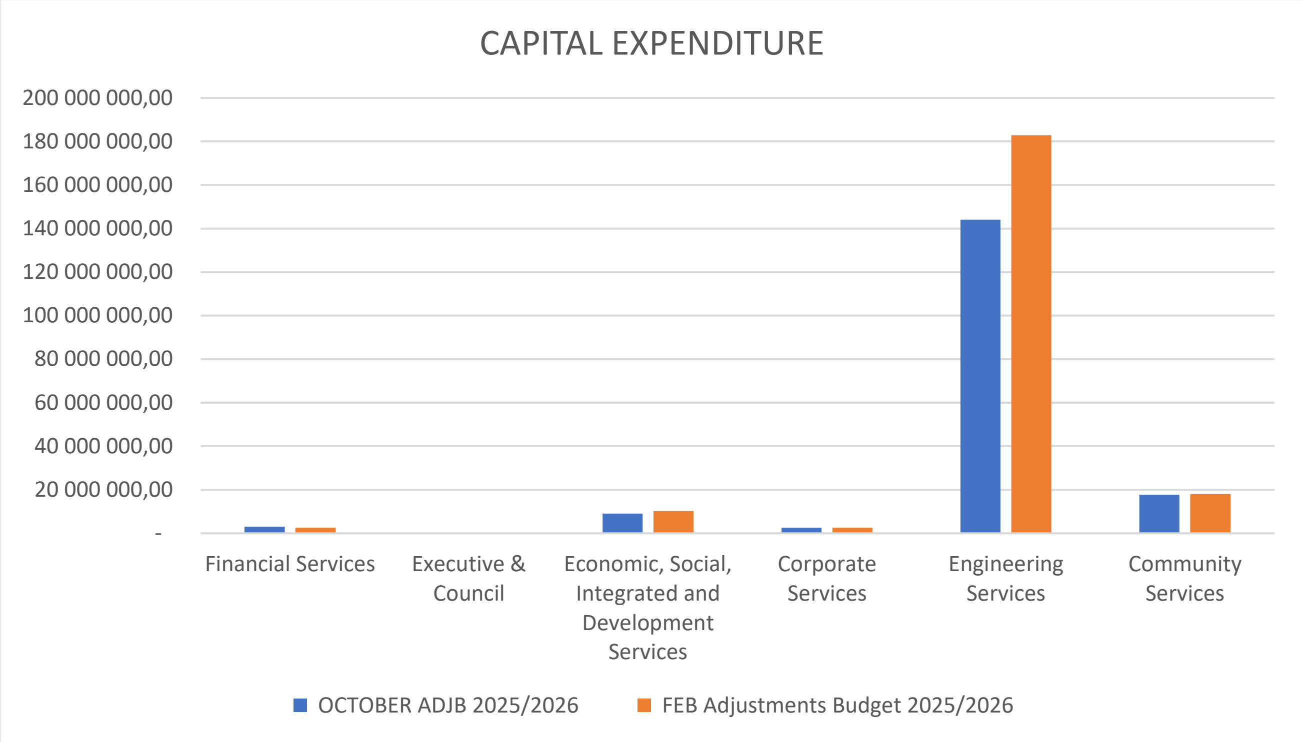
EXPENDITURE PER DIRCTORATE

OPERATIONAL EXPENDITURE			
Expenditure per Directorate	ADJUSTMENTS BUDGET OCTOBER 2025	ADJUSTEMENTS	ADJUSTMENTS BUDGET FEBRUARY 2026
Financial Services	77 107 465.44	7 916 061.36	85 023 526.80
Executive & Council	22 367 143.38	- 225 708.37	22 141 435.01
Economic, Social, Integrated and Development Services	42 085 866.72	- 2 577 160.97	39 508 705.75
Corporate Services	79 880 968.04	- 1 341 653.77	78 539 314.27
Engineering Services	909 150 829.14	42 152 358.53	951 303 187.67
Community Services	115 294 667.57	- 7 754 522.75	107 540 144.82
	1 245 886 940.29	**38 169 374.03**	**1 284 056 314.32**



CAPITAL BUDGET PER DIRECTORATE

CAPITAL EXPENDITURE			
Capital Expenditure per Directorate/ Vote	**OCTOBER ADJB 2025/2026**	**FEB Adjustments**	**FEB Adjustments Budget 2025/2026**
Financial Services	3 008 201.00	- 392 373.00	2 615 828.00
Executive & Council	-	-	-
Economic, Social, Integrated and Development Services	9 132 581.35	1 086 956.52	10 219 537.87
Corporate Services	2 542 000.00	-	2 542 000.00
Engineering Services	144 131 027.49	38 733 915.85	182 864 943.34
Community Services	17 757 689.61	282 652.33	18 040 341.94
Totals	**176 571 499.45**	**39 711 151.70**	**216 282 651.15**



<u>Budget Steering Committee</u>

That in respect of:

1. The Adjustment Budget 2025/2026: February 2026, a Budget Steering Committee Meeting took on place Wednesday, 18 February 2026 in the Council Chambers in Robertson.

i. The Budget Steering Committee recommends the: February adjustment budget to Council, taking into account the amendments made to the Operational and Capital Budget.

<u>Aanbeveling / Recommendation</u>

That in respect of:

ii. The Adjustment Budget 2025/2026: February 2026: Council approves the February adjustment budget, taking into account the amendments made to the Operational and Capital Budget

4. Executive Summary

As some votes on the 2025/2026 budget need to be adjusted because of operating requirements and also to align the budget to the current consumer trends, an Adjustment Budget has been compiled and is submitted to Council for consideration. An adjustment of R1 309 272.00 was incorporated in the adjustment budget in order to take into account additional grants allocated to the Municipality.

The Municipality's 2025/2026 adjustment budget amounts to R1 500 338 965, represented by a Capital Budget of R216 282 651 and an Operating Budget of R1 284 056 314.32.00.

Adjustment Budget Summary:

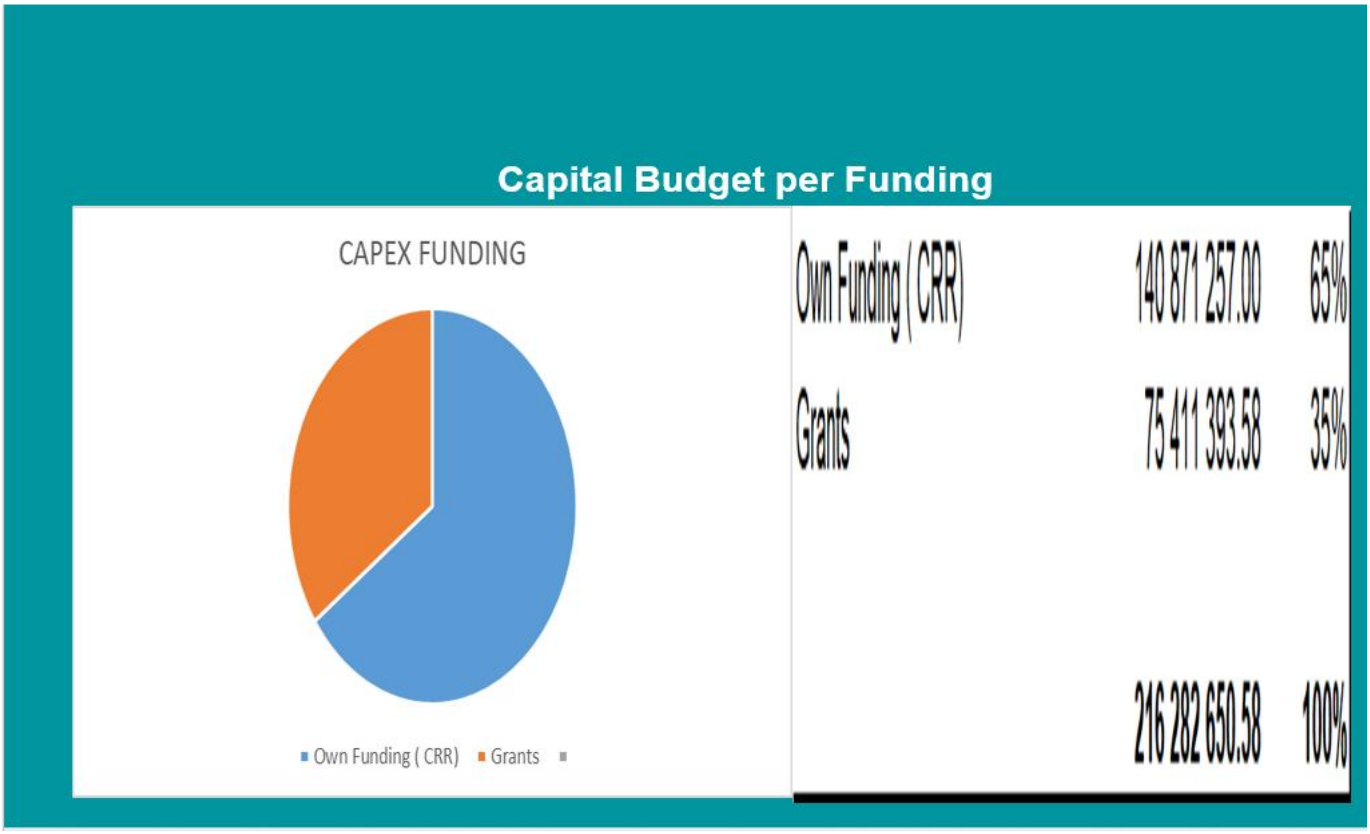
Revenue (including capital grants):

Operational Revenue			
Revenue per Directorate	ADJUSTMENTS BUDGET OCTOBER 2025	ADJUSTEMENTS	ADJUSTMENTS BUDGET FEBRUARY 2026
Financial Services	- 208 274 697.42	- 5 764 139.12	- 214 038 836.54
Executive & Council	- 5 659 165.00	-	- 5 659 165.00
Economic, Social, Integrated and Development Services	- 3 952 907.13	2 253 638.00	- 1 699 269.13
Corporate Services	- 24 663 458.50	- 24 434 256.31	- 49 097 714.81
Engineering Services	- 953 938 668.78	- 35 043 012.29	- 988 981 681.07
Community Services	- 52 812 679.92	18 987 115.00	- 33 825 564.92
Totals	**- 1 249 301 576.75**	**- 44 000 654.72**	**- 1 293 302 231.47**

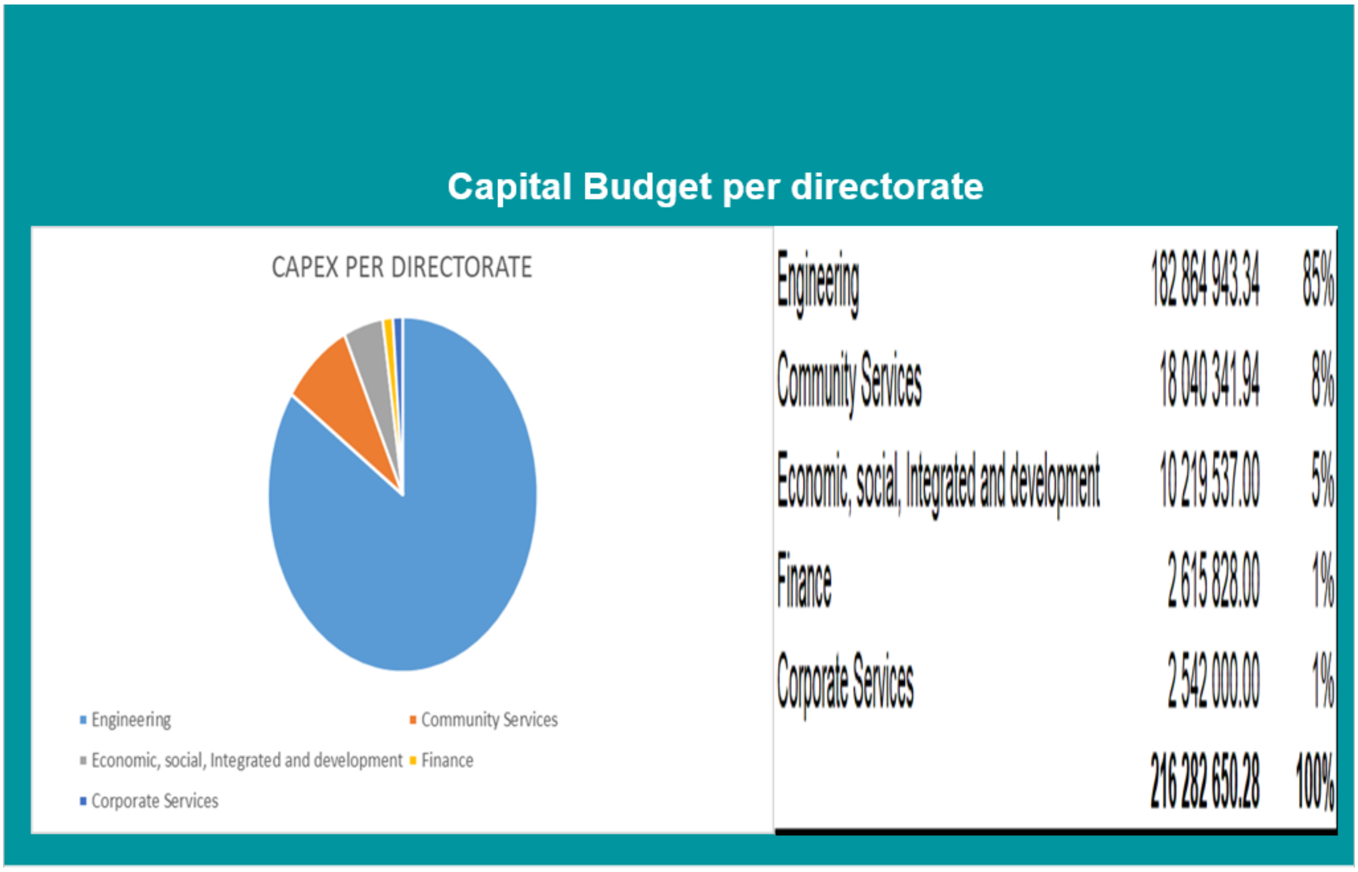
Operational expenditure:

OPERATIONAL EXPENDITURE			
Expenditure per Directorate	ADJUSTMENTS BUDGET OCTOBER 2025	ADJUSTEMENTS	ADJUSTMENTS BUDGET FEBRUARY 2026
Financial Services	77 107 465.44	7 916 061.36	85 023 526.80
Executive & Council	22 367 143.38	- 225 708.37	22 141 435.01
Economic, Social, Integrated and Development Services	42 085 866.72	- 2 577 160.97	39 508 705.75
Corporate Services	79 880 968.04	- 1 341 653.77	78 539 314.27
Engineering Services	909 150 829.14	42 152 358.53	951 303 187.67
Community Services	115 294 667.57	- 7 754 522.75	107 540 144.82
	1 245 886 940.29	**38 169 374.03**	**1 284 056 314.32**

THE GRAPH BELOW SHOWS THE CAPITAL EXPENDITURE FOR THE 2025/2026 PER FUNDING SOURCE AS A %



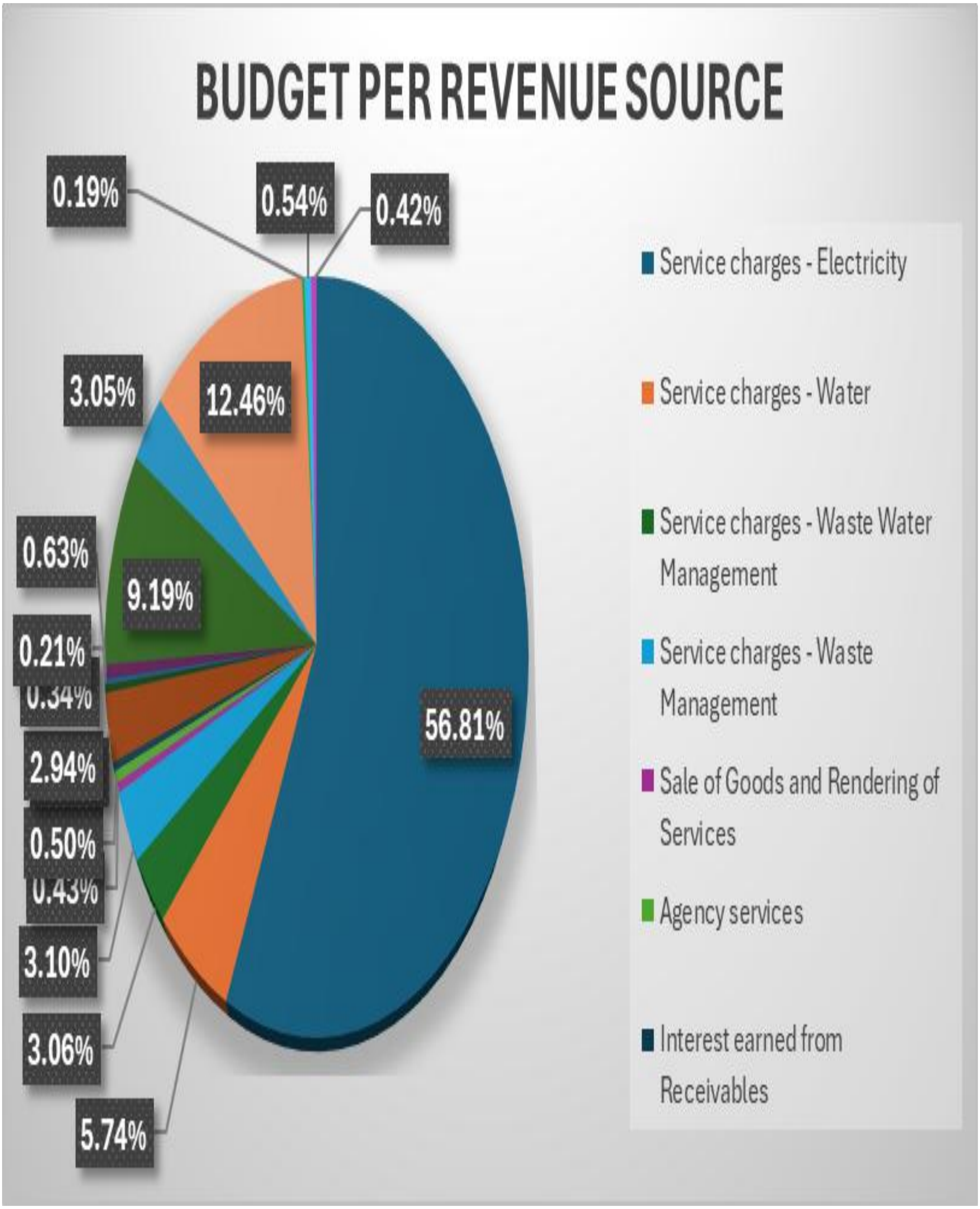
THE GRAPH BELOW SHOWS THE CAPITAL EXPENDITURE FOR THE 2025/2026 PER DIRECTORATE



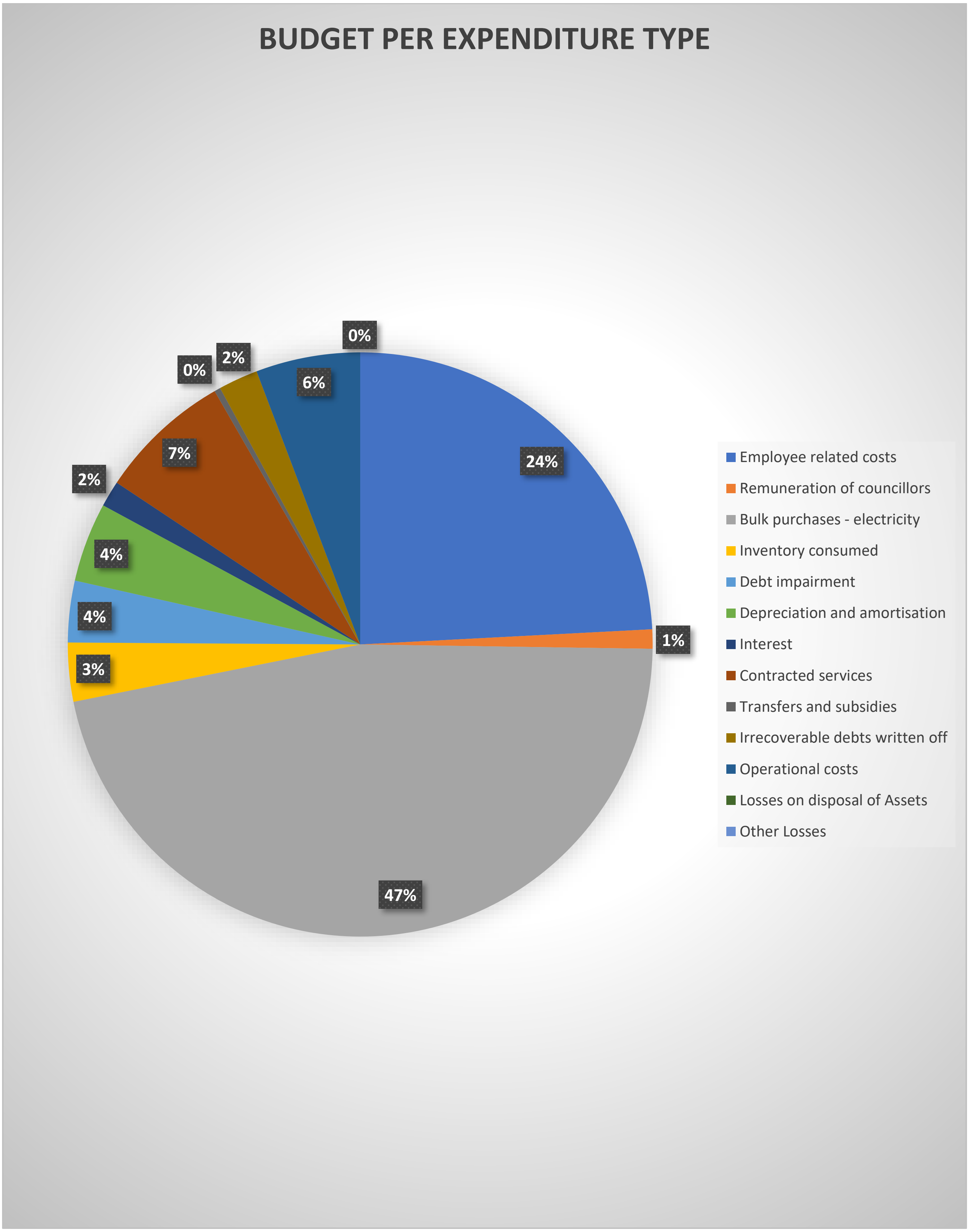
B4 Consolidated Adjustment Budget Financial Performance (Revenue and Expenditure)

	2025-2026 MTREF_FEB ADJB				
	ORGB	Adjustments	February -ADJB	Year - 2027	Year - 2028
REVENUE					
RevenueBySource					
Service charges - Electricity	- 691 544 162.00	2 167 353.00	- 689 376 809.00	- 767 414 263.00	- 854 285 559.00
Service charges - Water	- 69 574 328.00	- 94 387.00	- 69 668 715.00	- 72 258 837.00	- 76 594 368.00
Service charges - Waste Water Management	- 32 962 101.00	- 4 186 622.61	- 37 148 723.61	- 39 377 647.00	- 41 740 304.00
Service charges - Waste Management	- 33 379 221.00	- 4 268 901.64	- 37 648 122.64	- 40 659 972.00	- 43 912 740.00
Sale of Goods and Rendering of Services	- 5 220 349.01	-	- 5 220 349.00	- 5 533 568.00	- 5 865 584.00
Agency services	- 6 107 006.45	-	- 6 107 006.45	- 6 473 427.00	- 6 861 833.00
Interest	-	-	-	-	-
Interest earned from Receivables	- 4 680 892.85	-	- 4 680 892.85	- 4 961 747.00	- 5 259 452.00
Interest earned from Current and Non Current Assets	- 35 711 173.00	-	- 35 711 173.00	- 37 853 843.00	- 40 125 074.00
Dividends	-	-	-	-	-
Rent on Land	-	-	-	-	-
Rental from Fixed Assets	- 4 163 378.00	-	- 4 163 378.00	- 4 413 181.00	- 4 677 972.00
Licence and permits	- 2 514 488.90	-	- 2 514 488.90	- 2 665 357.00	- 2 825 279.00
Operational Revenue	- 7 682 465.00	-	- 7 682 465.00	- 8 143 413.00	- 8 632 019.00
Property rates	- 106 955 586.00	- 4 564 139.12	- 111 519 725.12	- 118 210 909.00	- 125 303 565.00
Surcharges and Taxes	-	-	-	-	-
Fines, penalties and forfeits	- 12 770 331.96	- 24 232 705.98	- 37 003 037.94	- 37 769 258.00	- 38 581 452.00
Licences or permits	-	-	-	-	-
Transfer and subsidies - Operational	- 166 208 000.00	19 608 000.00	- 151 272 473.87	- 145 108 184.00	- 151 719 184.00
Interest	- 2 291 588.96	-	- 2 291 588.97	- 2 429 083.98	- 2 574 828.97
Fuel Levy	-	-	-	-	-
Operational Revenue	-	- 6 511 979.00	- 6 511 979.00	- 7 051 955.00	- 7 640 099.00
Gains on disposal of Assets	-	- 1 000 000.00	- 1 000 000.00	-	-
Other Gains	-	-	-	-	-
Discontinued Operations	-	-	-	-	-
TOTAL REVENUE (excluding capital transfers and contributions)	**- 1 181 765 072.13**	**- 23 083 382.34**	**- 1 209 520 928.35**	**- 1 300 324 644.98**	**- 1 416 599 312.97**
EXPENDITURE					
Expenditure By Type					
Employee related costs	310 871 937.54	5 519 654.81	316 391 592.31	326 446 619.33	342 801 596.30
Remuneration of councillors	13 715 674.00	-	13 715 674.00	14 402 830.00	15 124 411.00
Bulk purchases - electricity	588 459 306.00	12 000 000.00	600 459 306.00	655 072 900.00	729 227 152.00
Inventory consumed	55 533 477.50	- 14 151 683.01	41 364 794.49	40 474 572.00	42 115 004.00
Debt impairment	15 622 644.98	28 238 994.36	43 861 639.34	44 486 545.00	45 136 446.00
Depreciation and amortisation	52 354 748.03	4 176 890.18	56 531 637.08	54 419 577.17	56 591 560.17
Interest	4 569 000.34	14 000 000.00	18 569 000.16	18 613 711.48	18 455 872.00
Contracted services	94 779 282.90	- 8 553 325.38	90 855 863.61	75 478 435.98	81 802 046.98
Transfers and subsidies	5 429 399.00	- 1 060 256.00	4 369 143.00	4 430 319.00	4 649 942.00
Irrecoverable debts written off	16 514 479.00	11 564 114.65	28 078 593.65	29 286 620.00	30 458 084.00
Operational costs	83 407 086.27	- 13 565 015.58	69 859 070.68	77 858 790.35	81 845 905.94
Losses on disposal of Assets	-	-	-	-	-
Other Losses	-	-	-	-	-
TOTAL EXPENDITURE	**1 241 257 035.56**	**38 169 374.03**	**1 284 056 314.32**	**1 340 970 920.31**	**1 448 208 020.39**
(Surplus)/Deficit	**59 491 963.43**	**15 085 991.69**	**74 535 385.98**	**40 646 275.33**	**31 608 707.42**
Transfers and subsidies - capital (monetary allocations)	- 60 048 000.00	- 20 917 272.37	- 83 781 303.12	- 52 654 816.00	- 44 949 816.00
Transfers and subsidies - capital (in-kind)	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	**- 556 036.57**	**- 5 831 280.68**	**- 9 245 917.14**	**- 12 008 540.67**	**- 13 341 108.58**

Revenue by Source: The graph below shows the finding of the 2025/2026 budget per revenue by source expressed as a %



Expenditure by type: The graph below shows the expenditure per type expressed as %



SECTION A – Part 2

1. Adjustment to Budget Assumptions

Expenditure

Employee related cost

Salaries and Allowances changed from R 310 871 937 to R 316 391 592.31. Employee cost constitutes 24% of the total operating costs and that is within the National Treasury norm.

Bulk Purchases – electricity

The adjustment is made in order to align to the projected actuals after taking into consideration the significant increases in Eskom invoices.

Inventory consumed

The amendment made is aligned to the adjustment made on the housing project and to align to the projected actuals.

Contracted services

The contracted services were adjusted in order to take into account the change in commencement date of the regional landfill site which is anticipated to commence in the next financial year.

Other expenditure

All the other expenditure line items were amended to be in line with the projected actuals.

Revenue

Households

It is assumed that the total households in the municipal area (the tax base) will stay stable during the financial year.

Municipal services charges

Adjustments in municipal services charges were based on the projected actual revenue figures.

Indigents

It is assumed that the indigents will remain stable for the remainder of the financial year.

Transfer and subsidies - Operational

A reclassification of a portion of the Human settlement grant was done from Operational grant to Capital Grant.

Particulars of budgeted Allocations and Grants

The breakdown of the approved, additional and reduction in the current year allocations for 2025/2026 financial year is as follows:

			20252026 MTREF				
Allocation Name	**Government Sphere**	**Expenditure Type**	**OCTOBER ADJB YEAR 2025/2026**	**Adjustments**	**FEBRUARY ADJB 2025/2026**	**OUTER YEAR 1 2026/2027**	**OUTER YEAR 2 2027/2028**
Equitable Share	National	Operational	121 625 000.00	-	121 625 000.00	128 686 000.00	134 475 000.00
Local Government Financial Management Grant	National	Operational	1 700 000.00	200 000.00	1 900 000.00	1 800 000.00	1 900 000.00
Expanded Public Works Programme Integrated Grant for Municipalities	National	Operational	2 709 000.00	-	2 709 000.00	-	-
Municipal Infrastructure Grant	National	Capital	32 780 000.00	805 000.00	33 585 000.00	28 145 000.00	29 282 000.00
Municipal Infrastructure Grant	National	Operational	805 000.00	- 805 000.00	-		
Integrated National Electrification Programme (Municipal) Grant	National	Capital	8 347 000.00	-	8 347 000.00	3 500 000.00	3 658 000.00
Neighbourhood Development Partnership Grant (Capital)	National	Capital	4 000 000.00	-	4 000 000.00	11 000 000.00	2 000 000.00
Neighbourhood Development Partnership Grant (Technical)	National	Operational	1 000 000.00	-	1 000 000.00	1 000 000.00	1 000 000.00
Water Services Infrastructure Grant	National	Capital	12 302 000.00		12 302 000.00	-	-
Municipal Disaster Response Grant	National	Capital	2 576 030.75	-	2 576 030.75	-	-
Total National			**187 844 030.75**	**200 000.00**	**188 044 030.75**	**174 131 000.00**	**172 315 000.00**
Human Settlement Development Grant (Beneficiaries)	Provincial	Capital	-	13 000 000.00	13 000 000.00	8 251 773.00	8 251 773.00
Human Settlement Development Grant (Beneficiaries)	Provincial	Operational	16 100 000.00	- 15 000 000.00	1 100 000.00	-	698 227.00
Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)	Provincial	Operational	14 099 121.00	- 5 082 000.00	9 017 121.00	1 241 957.00	1 241 957.00
Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)	Provincial	Capital	-	6 612 000.00	6 612 000.00	1 758 043.00	1 758 043.00
Replacement Funding For Most Vulnerable B3 Municipalities (MRF)	Provincial	Operational	7 003 000.00	-	7 003 000.00	7 229 000.00	7 144 000.00
Community Library Services Grant (CG)	Provincial	Operational	4 228 000.00	-	4 228 000.00	4 270 000.00	5 060 000.00
Community Development Workers Operational Support Grant (CDW)	Provincial	Operational	48 000.00	-	48 000.00	48 000.00	48 000.00
Western Cape Financial Management Capability Grant	Provincial	Operational	-	-	-	-	-
Municipal Service Delivery and Capacity Building Grant- Smoke Alarms	Provincial	Capital	-	-	-	-	-
Municipal Service Delivery and Capacity Building Grant- High Mast Light	Provincial	Capital	-	-	-	-	-
Municipal Load Sheddding Releif Grant	Provincial	Capital	-	-	-	-	-
Provincial Contribution Towards the Acceleration of Housing Delivery	Provincial	Operational	-	-	-	-	-
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastru	Provincial	Operational	135 000.00	-	135 000.00	135 000.00	152 000.00
SMME Booster Fund	Provincial	Operational	-	-	-	-	-
Local Government Public Employment Support Grant	Provincial	Operational	-	-	-	-	-
Tittle Deeds Restoration Grant	Provincial	Operational	602 000.00	- 146 000.00	456 000.00	-	-
Western Cape Financial Management Capacity Building Grant (BURSARY)	Provincial	Operational	-	-	-	-	-
Development of Sport and Recreation Facilities	Provincial	Capital	619 000.00	272.00	619 272.00	-	-
Municipal Water Resilience Grant	Provincial	Capital	2 000 000.00	-	2 000 000.00	-	-
Western Cape Municipal Intervention Grant (Capital)	Provincial	Capital	-	400 000.00	400 000.00	-	-
Western Cape Municipal Intervention Grant (Operational)	Provincial	Operational	-	800 000.00	800 000.00		
Learnership	Provincial	Operational	-	350 000.00	350 000.00		
Total Provincial			**44 834 121.00**	**934 272.00**	**45 768 393.00**	**22 933 773.00**	**24 354 000.00**
Cape Winelands LED Support Grant	District	Capital	-		-	-	-
Cape Winelands Community Safety Grant (Capital)	District	Capital	240 000.00	100 000.00	340 000.00		
Cape Winelands Community Safety Grant (Operational)	District	Operational	826 352.87	75 000.00	901 352.87	-	-
Total District			**1 066 352.87**	**175 000.00**	**1 241 352.87**	**-**	**-**
Total							
			233 744 504.62	**1 309 272.00**	**235 053 776.62**	**197 064 773.00**	**196 669 000.00**

2. Adjustment to Budget Funding

<u>Summary</u>

The adjusted operating budget for 2025/2026 will be financed as follows:

Service Charges	R 833 842 370	69%
Property Rates	R 111 519 725	9%
Transfers and Subsidies - Operational	R 151 272 473	13%
Sundry charges / Other	R 112 886 359	9%

CAPITAL BUDGET FUNDING:

Refer to pages 13 – 14 for the funding mix for Capital Projects.

Sustainability of municipality

The reduction of grants has results in the municipality placing heavy reliance on CRR in order to fund capital project. This has resulted in a significant decrease in the cash reserves for the municipality.

<u>Property valuations, rates, tariffs and other charges</u>

The valuation of properties is based on valuations as on 01 July 2020. The General Valuation was done in terms of the Property Rates Act, (Act 6 of 2004) and implemented on 1 July 2021.

<u>Investments</u>

The municipality has the following call deposit investments as at 31 January 2026:

Trial Balance Figures					
Institution	Opening Balance	Deposits	Interest earned/Accrued	Withdrawals	Closing Balance
ABSA Depositor Plus	25 272 960.86	-	956 842.87	- 1 100 000.00	25 129 803.53
Standard Bank	80 865 315.07	160 000 000.00	3 012 547.95	- 163 151 232.87	80 726 630.14
Total	106 138 276	160 000 000	3 969 391	- 164 251 233	105 856 434

<u>Contributions and donations received.</u>

There are no known donations expected by the Municipality.

<u>Planned use of previous years' cash-backed accumulated surplus</u>

The previous year's cash-backed surplus should be used to replenish the Capital Replacement Reserves to fund future capital projects.

Particulars of existing and any new borrowing proposed to be raised

SOURCE	DURATION		ORIGINAL LOAN AMOUNT	BALANCE 31-12-25	ADDITIONS	INTEREST	BALANCE 31-01-26
STD BANK	2019-2034	INFRASTRUCTURE - ELECTRICITY	35 000 000	**19 833 333.30**		177 206.75	**20 010 540.05**
		TOTAL EXTERNAL LOANS	**35 000 000.00**	**19 833 333.30**	-	**177 206.75**	**20 010 540.05**

FUNDING ASSESSMENT FOR 2025/2026 ADJUSTED BUDGET

The following table lists the factors that have been reviewed. Each of the factors is then further described below.

No.	**Funding Compliance**
1	Cash/cash equivalent position
2	Cash plus investments less applications
3	Monthly average payments covered by cash or cash equivalents
4	Surplus/deficit excluding depreciation offsets
5	Property Rates/service charge revenue % increase less macro inflation target
6	Cash receipts % of ratepayer and other revenue
7	Debt impairment expense % of billable revenue
8	Capital payments % of capital expenditure
9	Borrowing as a % of capital expenditure (less transfers/grants/contributions)
10	Transfers/grants revenue as a % of Government transfers/grants available
11	Consumer debtors’ change (Current and Non-current)
12	Repairs & maintenance expenditure level
13	Asset renewal/rehabilitation expenditure level
14	Financial Performance Budget result
15	Financial Position Budget
16	Cash Flow Budget
17	Other key performance measures
18	Summary question

Funding compliance factor description

Each of these funding factors have been analysed and reviewed in their entirety prior to undertaking any analysis. Where the factor appears unfavourable and cannot be adequately motivated, the budget has been adjusted appropriately.

(a) Cash/cash equivalent position.

The municipality foresees a positive cash position for the medium term, as the reserves & working capital are cash-backed. The cash flow appears to be slightly deteriorating as the funding of capital projects from own funds have been taken into consideration.

(b) Cash plus investments less application of funds.

The purpose of this measure is to understand how the municipality has applied the available cash and investments identified at factor 1.

(c) Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk (ability to meet monthly payments as and when they fall due) should the municipality be under stress.

(d) Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand whether revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets.

(e) Property Rates/service charge revenue % increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the rate or tariff as well as any assumption about real growth (i.e. new property development, services consumption growth).

(f) Cash receipts % of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse an underlying assumed collection rate, i.e. how much cash is expected to be collected from current billing, charges and arrear debtors.

(g) Debt impairment expense % of billable revenue

The purpose of this is to measure whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection.

(h) Capital payments % of capital expenditure

The purpose of this measure is to mainly understand whether the timing of payments is being taken into consideration when forecasting the cash position. The measure focuses on the capital budget, because expenditure levels for this component of the budget can vary significantly from month to month, as there tends to be monthly consistency for operational budgets.

(I) Borrowing as a % of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) should be excluded.

(j) Transfers/grants revenue as a % of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from other spheres of government (national, provincial or district municipalities) have been included in the municipal budget, or that the transfer/grant budgets do not exceed available funds. A percentage less than 100 per cent could indicate that all Division of Revenue Act (DORA), provincial transfers or district transfers have not been budgeted and should be immediately reviewed.

The transfers/grants as per Division of Revenue Act (DORA) (100%) have been included in the revenue budget.

(k) Consumer debtors change (Current and Non-current):

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic.

The amounts of outstanding debtors are regarded as realistic.

(l) Repairs & maintenance (R&M) expenditure level

This measure is included within the funding measures criteria because a trend which indicates that insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

The budgeted amount for Repairs and Maintenance amounts to R 51million.

(m) Asset renewal/rehabilitation expenditure level

This measure has a similar objective to the R&M measures but focus on the credibility of the levels of asset renewal plans.

(n) Financial Performance Budget result (surplus/deficit)

The purpose of this measure is to assess the overall budget.

The municipality forecast’s a positive cash position for the medium term as all reserves and working capital are cash-backed. The cash situation seems to be deteriorating, as the funding of the capital projects from own funds has been taken into consideration.

The municipality does recover enough cash on a monthly basis to cover its monthly average payments.

(o) Financial Position Budget

The purpose of this measure is to also assess the overall budget.

(p) Cash Flow Budget

The purpose of this measure is to also assess the overall budget.

The municipality does recover enough cash on a monthly basis to cover its monthly average payments.

(q) Summary

The municipality currently has enough funds and generates enough cash to meets its operational requirements. The cash flow of the municipality is monitored on a monthly basis as the use of CRR to funding capital projects has resulted in a significant decrease in cash reserves.

In addition, the municipality completed a Long-Term Financial Plan for the 2025/2026 and the outcome of the plan indicate that the Municipality should consider taking on debt in order to fund future capital expenditure.

Adjustment to Allocations or Grants made by the Municipality

DEPARTMENT	PROJECT	FEBRUARY ADJUSTMENTS BUDGET 202526
COMMUNITY Parks & Amenities	Transfers and Subsidies - Operational - Monetary Allocations - SPCA	307 570.00
Economic, Social, Integrated and Development Services	Bursaries	612 000.00
Economic, Social, Integrated and Development Services	Transferring funds to Local Tourism Associations	2 000 000.00
COMMUNITY Fire Services	Food parcels	62 722.00
COMMUNITY Fire Services	Blankets	92 860.00
Economic, Social, Integrated and Development Services	Youth Development Programme	624 000.00
CORPORATE_HR	Skills development training	619 991.00
CORPORATE Labour Relations	Arbitration awards	50 000.00
		4 369 143.00

5. Adjustment to Councillor Allowances and Employee Benefits

Costs to Municipality:

Councillors

• Speaker (1)	R 922 344
• Executive Mayor (1)	R 1 205 939
• Deputy Executive Mayor (1)	R977 685
• Executive Committee (4)	R 3 680 145
• Chairpersons of S79 Committees (6)	R 528 217
• Other Councilors (10)	R 6 346 003
	R 13 715 674

Senior Managers

• Municipal Manager	R 2 816 607
• Chief Financial Officer	R 2 359 147
• Director: Corporate Services	R 2 265 366
• Economic, Social, Integrated and Development Services	R 2 201 272
• Director: Engineering Services	R 1 752 683
• Director: Community Services	R2 231 506
	R 13 626 582

*These figures are based on total budgeted cost to company figures in terms of the employment contracts between the different senior managers and council.

• *All other staff*	R 302 766 010.

6. Adjustment to Service Delivery and Budget Implementation Plan

The monthly targets for revenue, expenditure and cash flows are provided in SB 15 - Section B Supporting Tables

7. Adjustment to Capital Spending Detail

Information/detail regarding capital projects by vote is provided in Section B – Capital Budget.

8. Budget Related Policies

No policies were amended within the past 6 months, all will be reviewed in March 2026 during the Original Budget 2026/2027 process.

9. Municipal Manager's quality certification

Quality Certificate

I, Mr Daniël Petrus Lubbe, Municipal Manager of Langeberg Municipality, hereby certify that the Annual 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 budget and supporting documentations are consistent with the Integrated Development Plan of the municipality.

Print name Mr DP Lubbe

Municipal Manager of LANGEBERG MUNICIPALITY.

Signature ____

Date _____25/02/2026______________

BUDGET SUPPORTING APPENDICES

1. Appendix A – CAPEX
2. Appendix B – Budget Schedules

COMPILING OF THE 2025/2026 MID-YEAR ADJUSTMENT BUDGET FEBRUARY 2026 (CHIEF FINANCIAL OFFICER)

Purpose of Report

The purpose of the report is to submit an Adjustment Budget for 2025/2026 to Council for consideration.

Background

As some votes on the 2025/2026 budget need to be adjusted because of operating requirements and also to align the budget to the current consumer trends, **an Adjustment Budget** has been compiled and will be submitted to Council for consideration.

A detailed break-down of the Capex Report and the B4 summary is attached providing more details of the adjustment made.

Legal Framework

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Municipal adjustments budgets

28. (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 budget 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 financial year preceding the budget year, where the under-spending could not reasonably have been foreseen at the time when the annual budget for the budget 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.

5) When an adjustment budget is tabled, it must be accompanied by –

- (a) An explanation of how the adjustments budgets affect the annual budget
- (b) 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 budget and the annual budgets for the next two financial years
- (d) Any other supporting documentation that may be prescribed.

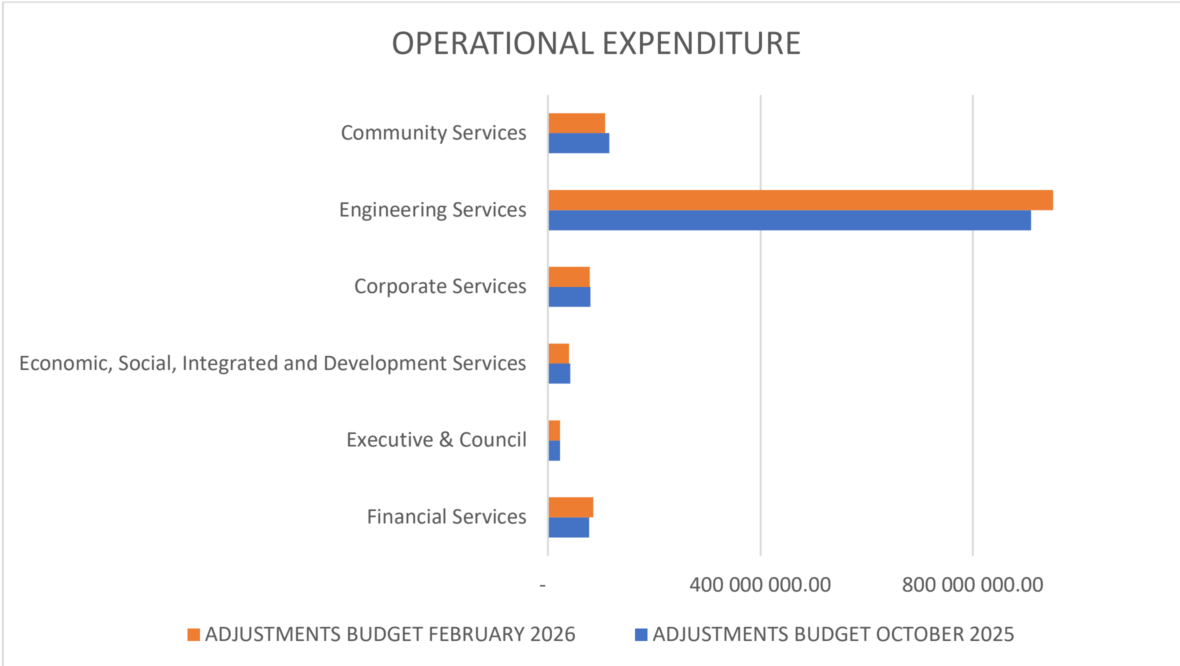
FINANCIAL IMPLICATIONS

REVENUE PER DIRECTORATE

Operational Revenue			
Revenue per Directorate	ADJUSTMENTS BUDGET OCTOBER 2025	ADJUSTEMENTS	ADJUSTMENTS BUDGET FEBRUARY 2026
Financial Services	- 208 274 697.42	- 5 764 139.12	- 214 038 836.54
Executive & Council	- 5 659 165.00	-	- 5 659 165.00
Economic, Social, Integrated and Development Services	- 3 952 907.13	2 253 638.00	- 1 699 269.13
Corporate Services	- 24 663 458.50	- 24 434 256.31	- 49 097 714.81
Engineering Services	- 953 938 668.78	- 35 043 012.29	- 988 981 681.07
Community Services	- 52 812 679.92	18 987 115.00	- 33 825 564.92
Totals	**- 1 249 301 576.75**	**- 44 000 654.72**	**- 1 293 302 231.47**

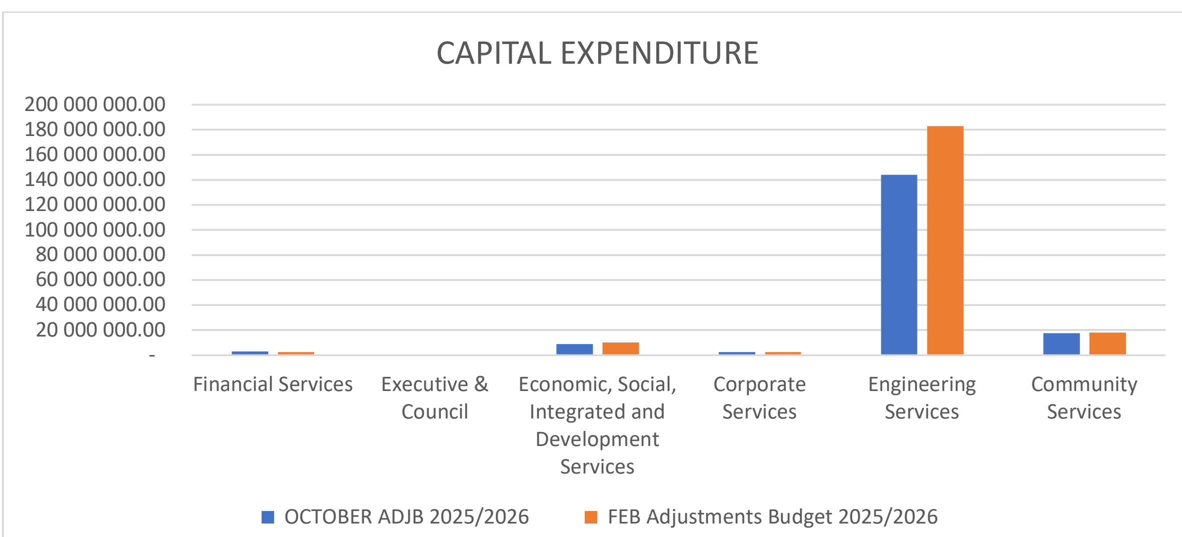
EXPENDITURE PER DIRCTORATE

OPERATIONAL EXPENDITURE			
Expenditure per Directorate	ADJUSTMENTS BUDGET OCTOBER 2025	ADJUSTEMENTS	ADJUSTMENTS BUDGET FEBRUARY 2026
Financial Services	77 107 465.44	7 916 061.36	85 023 526.80
Executive & Council	22 367 143.38	- 225 708.37	22 141 435.01
Economic, Social, Integrated and Development Services	42 085 866.72	- 2 577 160.97	39 508 705.75
Corporate Services	79 880 968.04	- 1 341 653.77	78 539 314.27
Engineering Services	909 150 829.14	42 152 358.53	951 303 187.67
Community Services	115 294 667.57	- 7 754 522.75	107 540 144.82
	1 245 886 940.29	**38 169 374.03**	**1 284 056 314.32**



CAPITAL BUDGET PER DIRECTORATE

CAPITAL EXPENDITURE			
Capital Expenditure per Directorate/ Vote	**OCTOBER ADJB 2025/2026**	**FEB Adjustments**	**FEB Adjustments Budget 2025/2026**
Financial Services	3 008 201.00	- 392 373.00	2 615 828.00
Executive & Council	-	-	-
Economic, Social, Integrated and Development Services	9 132 581.35	1 086 956.52	10 219 537.87
Corporate Services	2 542 000.00	-	2 542 000.00
Engineering Services	144 131 027.49	38 733 915.85	182 864 943.34
Community Services	17 757 689.61	282 652.33	18 040 341.94
Totals	**176 571 499.45**	**39 711 151.70**	**216 282 651.15**



Budget Steering Committee

That in respect of:

The Adjustment Budget 2025/2026: February 2026, a Budget Steering Committee Meeting took on place Wednesday, 18 February 2026 in the Council Chambers in Robertson.

1. The Budget Steering Committee recommends the:
   i. February adjustment budget to Council, taking into account the amendments made to the Operational and Capital Budget.

Aanbeveling / Recommendation

That in respect of:

The Adjustment Budget 2025/2026: February 2026:

1. Council approves the February adjustment budget, taking into account the amendments made to the Operational and Capital Budget.

This item served before an Ordinary Meeting of Council on 25 February 2026
Hierdie item het gedien voor 'n Gewone Vergadering van die Raad op 25 Februarie 2026
Eenparig Besluit / Unanimously Resolved

That in respect of:

The Adjustment Budget 2025/2026: February 2026:

1. Council approves the February adjustment budget, taking into account the amendments made to the Operational and Capital Budget.