

ITEM 32**BUDGET AND TREASURY OFFICE: PROGRESS ON THE IMPLEMENTATION OF THE FUNDING BUDGET PLAN FOR QUARTER ENDED 30 SEPTEMBER 2025****5/1****PURPOSE**

The purpose of this report is to inform Council about the progress made on the Funding Budget Plan of the West Rand District Municipality.

INTRODUCTION

The council approved the Funding Budget Plan as part of the budget related policies that were tabled with the 2020-2021 Annual Budget on 29 June 2020. The said strategy was reviewed and approved by council when the 2025-2026 Annual Budget was approved on 29 May 2025.

The progress reported aims to provide cost benefit analysis that has been achieved from the previous fiscal period which affects medium to long term goals/objectives. This is performed for the municipality to achieve a funded budget in medium to long term goals.

RECOMMENDATIONS THAT:

1. Council take note of the progress made regarding the Funding Budget Plan for the quarter ended 30 September 2025.
2. The Municipality continues to realize savings in order to achieve the funded budget in medium and long term.
3. The commitment to achieve a funded budget, be forwarded to National and Provincial Treasury for consideration.

1R,1P,1A,1S
1 REGION, 1 PLAN, 1 ACTION
1 SYSTEM



WEST RAND FOR A BETTER LIFE FOR ALL



West Rand
District Municipality

WEST RAND DISTRICT MUNICIPALITY



**MONTHLY PROGRESS REPORT ON THE IMPLEMENTATION OF THE
FUNDING BUDGET PLAN
30 SEPTEMBER 2025**

TABLE OF CONTENTS

<u>1.</u>	<u>Background</u>	4
<u>2.</u>	<u>Discussion</u>	4
<u>2.1.1.</u>	<u>Revenue enhancement</u>	4
<u>2.1.2.</u>	<u>Improvement of collection Rate</u>	4
<u>2.1.3.</u>	<u>Cash Flow Management</u>	5
<u>2.1.4.</u>	<u>Cost Containment Measures</u>	5
<u>2.1.5.</u>	<u>Debtors and creditors</u>	6
<u>2.2.</u>	<u>COST CONTAINMENT MEASURES (Short to medium term)</u>	7

1. **Background**

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- a) Realistically anticipated revenue to be collected,
- b) Cash backed accumulated funds from previous year's surpluses not committed for other purposes, and
- c) Borrowed funds, but only for capital

Section 18(2) further states that "revenue projections in the budget must be realistic, taking into account"

- a) Projected revenue for the current year based on the collection levels to date, and
- b) Actual revenue collected in previous years"

2. **Discussion**

The Municipality is facing significant challenges regarding its ability to meet its financial commitments and to ensure sustainability of services provided. The measures to cost containment are in place and the cost benefit analysis has been applied while prioritising service delivery.

The budget funding plan was introduced by National Treasury to all municipality with unfunded budget with the progress report that will be monitored by relevant treasuries. The progress report was compiled in terms of prescribed framework that was provided by National Treasury to assist municipalities improve unfunded budget position.

2.1.1. **Revenue enhancement**

The revenue realised from own generated income to date (1% of the total operating revenue to date) has not made an impact to change the funding of budget. The main source of income was from grant funding.

2.1.2. **Improvement of collection Rate**

Assessing the Collection Ratio will provide an indication of the performance against a number of areas, for example:

Quality of Credit Control - ensuring that what is billed is collected; and Quality of Revenue Management - the ability to set affordable tariffs and bill correctly. The average collection rate to date is above 100% (YTD actual cash collected/YTD budgeted cash to be collected) including of grants and transfers.

The over-collection was due to first trench of equitable share and other conditional grants transferred. The collection rate realised had a positive impact on the total operating revenue for the month ended in September 2025 though the collections was in July 2025.

2.1.3. Cash Flow Management

Cash flow management must be implemented to ensure that the cash flow is monitored monthly. The closing balance of R27 million which represents funds available for the municipality to pay their creditors up to the month of November. The cash flow of the municipality will not be enough to cover normal operations after considering short term obligations for the next two months.

The municipality do not have sustainable revenue streams to raise the more cash.

2.1.4. Cost Containment Measures

Cost containment measures as per Municipal Cost Containment Regulation (MCCR) are applied according to the guidelines as imposed by National Treasury. A separate report is prepared and taken to council on a monthly basis.

Cost Containment as per Budget Funding Plan framework

EXPENDITURE ITEM	SUB-ITEM	Baseline: 2025/26 Budget Savings	Consolidated Savings		
			Monthly projections	Monthly actual	Savings
Employee related costs	Salaries/Overtime/ Standby Allowances/Leave	-	-		-
Finance charges	Finance Charges		-	-	-
Inventory Consumed		-	39 875.00	54 666.67	
Contracted services	Consultants	726 110	249 860.00	13 366.67	236 493.33
	Contractors		2 592 467.00	119 006.67	2 473 460.33
Other expenditure	Travel and Subsistence	240 000	540 000.00	201 000.00	339 000.00
	Fuel		173 025.00	100 700.00	72 325.00
	Domestic Accommodation		-		-
	Sponsorship, events and catering		-		-
	Communication/ Advertising		39 737.00	9 557.33	30 179.67
	Conferences, Meetings and Study Tours		-		-
	External Audit Fees		392 545.00	-	392 545.00
	Printing, publications and books		-		-
	Uniform and protective clothing		4 642.00	-	4 642.00
	Legal Cost		147 515.00	70 942.00	76 573.00
Total			4 179 666.00	569 239.34	3 625 218.33

The total saving of R3 million is mainly emanating from the NDPG programmes under contractors that has yet undertaken for the current financial year. Other savings are due to the expenditure not yet incurred.

2.1.5. Debtors and creditors

Debtors

The debtor's book has improved the status of long standing debtors for the month by the collections from the Department of Health with the reduction of their long outstanding debtor compared to the previous month. Credit control measures for other commercial debtors have already commenced. It remains a cash flow challenge whereby no cash has been realised to meet other short term obligations.

Creditors

The payment arrangements with long standing creditors are in place. The municipality is striving to ensure that payment terms are honoured as per agreement while facing cash constraints challenges. The creditors book for the suppliers remain was reduced from R29 million to R13 million. The creditors within 30 days are paid timeously.

The strategy was outlined in terms of short- term, medium term. The status on the following short-term goals:

2.2. COST CONTAINMENT MEASURES (SHORT TO MEDIUM TERM) :

Annexure C - Financial Performance Reporting

Description	Projected Revenue Increase/Expenditure savings	2025/26 Actual												Actual to Date 2025/26	Total Remaining projections	Budget Year +2 2026/27	Budget Year +3 2027/28	Estimate 2028/29
		Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26					
Revenue																		
Exchange Revenue	2103			451										451	1652	1458	1531	1608
Service charges - Electricity	0																	
Service charges - Water	0																	
Service charges - Waste Water Management	0																	
Service charges - Waste Management	0																	
Sale of Goods and Rendering of Services	1055														1055	1108	1164	1222
Agency services																		
Interest																		
Interest earned from Receivables				-27										-27	27			
Interest earned from Current and Non Current Assets	715			382										382	333	350	368	386
Dividends																		
Rent on Land																		
Rental from Fixed Assets	332			36										36	296			
Licence and permits	0			59										59	-59			
Operational Revenue	0																	
Non-Exchange Revenue	0															30870	32414	33386
Property rates	0																	
Surcharges and Taxes																		
Fines, penalties and forfeits																		
Licences or permits																		
Transfer and subsidies - Operational																30870	32414	33386
Interest																		
Fuel Levy																		
Operational Revenue																		
Gains on disposal of Assets	0																	
Other Gains	0																	
Discontinued Operations																		
Total Revenue (excluding capital transfers and contrib	2103			451										451	1652	32328	33945	34994
Expenditure																		
Employee related costs	0			744										744	-744			
Remuneration of councillors		180		-608										-428	428	449	471	495
Bulk purchases - electricity	0																	
Inventory consumed	0																	
Debt impairment				-162										-162	162			
Depreciation and amortisation				402										402	-402			
Interest				1003										1003	-1003			
Contracted services	0			2775										2775	-2775			
Transfers and subsidies				1011										1011	-1011			
Irrecoverable debts written off																		
Operational costs	240		371	-320										50	190	199	209	220
Losses on disposal of Assets																		
Other Losses																		
Total Expenditure	240	180	371	4845										5395	-5155	648	681	715