

ITEM 5*Section 80***BUDGET AND TREASURY OFFICE: PROGRESS ON THE IMPLEMENTATION OF THE FUNDING BUDGET PLAN FOR QUARTER ENDED 31 DECEMBER 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 takes note of the progress made regarding the Funding Budget Plan for the quarter ended 31 December 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.



WEST RAND DISTRICT MUNICIPALITY



**MONTHLY PROGRESS REPORT ON THE IMPLEMENTATION OF THE
FUNDING BUDGET PLAN
31 DECEMBER 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>	5
<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 (3% 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 has declined due to the depletion of the last equitable share funds and non-receipt of other conditional grants i.e. NDPG .The low collection rate had a negative impact on the total operating revenue for the month ended in November 2025 due to the depletion of Equitable Share funds since the municipality is grant dependent.

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 R54 million which represents funds available for the municipality to pay their creditors up to the month of March. The cash flow of the municipality will not be enough to cover normal operations after considering short term obligations for the next three 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	609.00	39,266.00
Contracted Services	Consultants	726,110.00	249,860.00	114,878.00	134,982.00
Contractors			2,592,467.00	-	2,592,467.00
Other Expenditure					-
Travel & Subsistence		240,000.00	540,000.00	-	540,000.00
Fuel			173,025.00	100,000.00	73,025.00
Domestic Accommodation			-	-	-
Sponsorship, events and catering			-	-	-
Communication/ Advertisement			39,737.00	29,863.00	9,874.00
Conferences, Meetings and study tutors			-	-	-
External Audit Fees			392,545.00	1,633,551.00	- 1,241,006.00
Printing, publications and books			-	-	-
Uniform & Protective Clothing			4,642.00	-	4,642.00
Legal Cost			147,515.00	-	147,515.00
			4,179,666.00	1,878,901.00	2,300,765.00

The total saving of R3,9 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 months. 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 trade creditors book for the suppliers remain was reduced to R16 million as at 31 December 2025. 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	2025/26 Actual																	
	Projected Revenue Increase/Expenditure savings	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Actual to Date 2025/26	Total Remaining projections	Budget Year +2 2026/27	Budget Year +3 2027/28	Estimate 2028/29
Revenue																		
Exchange Revenue	2103	646	1142	634	929	613	1515							5480	-3377	468	491	516
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			42		39	40	40							161	-161			
Interest earned from Current and Non Current Assets	715	204	456	145	346	4	171							1325	-610	-640	-672	-706
Dividends																		
Rent on Land																		
Rental from Fixed Assets	332	189	341	267	308	308	308							1721	-1389			
Licence and permits	0	4	4	4										13	-13			
Operational Revenue	0	249	299	218	236	261	997							2260	-2260			
Non-Exchange Revenue	0	105343	484	953	470	1030	82875							191155	-191155	30870	32414	33386
Property rates	0																	
Surcharges and Taxes																		
Fines, penalties and forfeits																		
Licences or permits																		
Transfer and subsidies - Operational		105343	484	953	470	1030	82875							191155	-191155	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 contributions)	2103	105989	1626	1587	1399	1643	84390							196635	-194532	31338	32905	33902
Expenditure																		
Employee related costs	0	18129	19861	24313	19791	21370	18550							122014	-122014			
Remuneration of councillors		999	1073	1152	1456	-2170	1101							3611	-3611	-3792	-3982	-4181
Bulk purchases - electricity	0																	
Inventory consumed	0	87	56	21	46	68	1							279	-279			
Debt impairment																		
Depreciation and amortisation		427	40	46	488	472	487							1960	-1960			
Interest			63	122	100	73	81							439	-439			
Contracted services	0	361	435	779	602	385	115							2677	-2677			
Transfers and subsidies																		
Irrecoverable debts written off																		
Operational costs	240	3446	2479	4558	4096	1969	2967							19515	-19275	-20239	-21251	-22313
Losses on disposal of Assets																		
Other Losses																		
Total Expenditure	240	23449	24008	30991	26579	22167	23303							150496	-150256	-24031	-25232	-26494

RECOMMENDATIONS THAT:

1. Note be taken of the progress made regarding the Budget Funding Plan.
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.