

LAINGSBURG MUNICIPALITY



LONG-TERM FINANCIAL PLANNING POLICY 2026/2027

Financial Policy No.: 8
Revision: Version 1
Last Review: May 2026 (MTREF)
Effective From: 1 July 2026
<https://www.laingsburg.gov.za>

1. INTRODUCTION

- 1.1 In essence a municipal financial plan encompasses the development, implementation, and evaluation of a plan for the provision of basic municipal services and capital assets. Such a plan aims to help Municipal Councillors and other decision makers make informed choices about the provision of basic services, management of capital assets and to promote stakeholder participation in the process.
- 1.2 The financial plan should set out the Municipality's estimated expenditure over the medium-term, based on its goals and objectives, as well as the resources necessary to achieve this. In addition, the financial plan must set out where funding for the planned expenditure will come from.
- 1.3 The compilation of a financial plan is a core component of an Integrated Development Plan (IDP). The envisaged timeframe allocations for a long-term financial plan are:
 - 1.3.1 Immediate (12 months)
 - 1.3.2 Medium term (3 years)
 - 1.3.3 Long term (4 years onwards).

2. PURPOSE

- 2.1 The Policy on Long Term Financial Planning is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long-term objectives through the implementation of the medium term operating and capital budgets. The purpose of the Policy on Long Term Financial Planning is therefore to:
 - 2.1.1 Ensure that all long-term financial planning is based on a structured and consistent methodology to ensure the long-term financial sustainability of Laingsburg Municipality.
 - 2.1.2 Identify capital investment requirements and associated funding sources to ensure the future sustainability of the Municipality.
 - 2.1.3 Identify revenue enhancement and cost saving strategies in order to improve service delivery at affordable rates;
 - 2.1.4 Identify new revenue sources as funding for future years; and
 - 2.1.5 Ensure continuous improved audit outcomes.

4.2.2 The financial viability and creditworthiness of the Municipality is measured against several nationally recognised key ratios. These key ratios should include for example the following:

- a) Gross debtors to annual revenue.
- b) Gross Debtors Collection Period (Days).
- c) Net debtors to annual revenue.
- d) Net Debtors Collection Period (Days).
- e) Annual Collection Rate.
- f) Service Charges and Property Rates Revenue Budget Implementation Indicator.
- g) Cash Coverage Ratio.
- h) Personnel Costs to Total Operating Expenditure.
- i) Repairs and Maintenance to PPE.
- j) Liquidity Ratio (Current Ratio); and
- k) Net Asset Position.

4.2.3 The objective of the status quo report is to assess the current financial position and to identify the key challenges faced by the Municipality. The status quo report will aim to identify issues which impact on the overall financial stability of the Municipality and will include a historical analysis and assessment of financial results (based on financial statements).

4.3 Phase Two: Planned Finance and Financial Modelling

4.3.1 Upon completion of the status quo assessment, resulting in an understanding of the Municipality's financial position, the next phase is to determine the Municipality's financing need over the medium-term.

4.3.2 This entails determining what expenditure the Municipality plans to undertake over the medium-term and what its financing requirements are likely to be and how these can be funded either internally or externally.

4.3.3 As the Municipality evolves and expands its service delivery framework, so do those of the National Government. Long term community development and economic development projects will therefore also be included under this phase.

then have to be done in order to illustrate the projected result of the implementations throughout the five-year period.

4.5.2 Although a long-term financial plan provides a forecast of potential outcomes, it has to be emphasised that the success of the financial plan remains in continuous revision. As is the case with any forecast model, the financial plan should be seen as a moving target and should be subject to honest and realistic assessments of successes and failures on a regular basis.



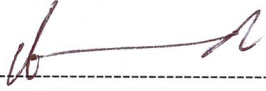
4.5.3 The fourth phase involves finalising a medium-term income and expenditure plan based on the various alternative service delivery options.

4.5.4 A key component in determining future options, potential problems and opportunities is the forecast of revenues and expenditures. The revenue and expenditure plan essentially involve combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast.

4.5.5 Finalisation of the Financial Plan includes collating all short-, medium- and long-term financial data and develop a long-term financial plan that:

- a) Identifies future revenue projections based on current and projected revenue streams, as well as those projects required to achieve these projections.
- b) Identifies future expenditure frameworks and cost of service delivery based on current and projected expenditure patterns.
- c) Identifies the level of infrastructure development required to achieve the municipal priorities, within the funding restrictions.
- d) Identifies external funding requirements required for capital investment.

DOCUMENT CONTROL

VERSION AND DOCUMENT CONTROL			
			
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4	31 March 2025	31 March 2025	3 rd Revision
5	May 2026		
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Municipal Manager J. Booysen		Mayor A Theron	
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