

## **2026 Western Cape Economy Innovation Awards – Explanatory Document (±3 pages)**

### **Innovation: Local Government Budget Performance Overview (LGBPO)**

#### **1. Overview and Introduction**

The Western Cape Provincial Treasury came up with the Local Government Budget Performance Overview (LGBPO) as a new way to show and explain how well municipalities are doing financially to the government, businesses, and the public. The LGBPO, which was made entirely in-house and came out in January 2025, rethinks how financial oversight works by turning raw, very technical mSCOA data into a clear, easy-to-understand, and insight-driven provincial story. It uses financial analysis, simple language, trend interpretation, and visual storytelling to give a clear picture of the financial health of all 30 municipalities in the Western Cape.

The LGBPO doesn't just report compliance information; it also explains the story behind the numbers. It shows patterns, risks, and strengths in city finances that have a direct impact on service delivery, setting tariffs, planning infrastructure, making things affordable, and attracting local investment. The Provincial Cabinet approved the publication as an annual accountability tool, which shows how important it is for making the province's finances more open and stable. It is a big change toward high-impact fiscal communication that is open to the public and costs nothing to the outside world through internal innovation, design, analysis, and storytelling.

#### **2. The goal, the problem statement, and the reason for the new idea**

Before the LGBPO was thought of, municipal financial information was available but hard to understand because it was scattered and very technical. Municipalities frequently depended on spreadsheets, mandated reports, and intricate technical documentation. These formats made it hard for councillors, community members, businesses, and even government officials to really understand how money works. Because of this, oversight processes were less informed, public participation was limited because people couldn't easily find the information they needed, and weak shared understanding hurt strategic decision making.

Institutional inefficiencies continued because there was no single, public-facing overview. There were often times when the same datasets had to be explained over and over again in workshops, EXCO meetings, and budget talks. Also, risk identification was not always clear. The Provincial Treasury knew that making finances more open could help the whole local government system. By changing the way people think about financial monitoring from a compliance task to a way to create public value, the LGBPO closes long-standing communication gaps and makes it easier to understand, meaningful, and useful for municipalities to see how well they are doing financially. The publication helps the Provincial Treasury do its job under MFMA section 71 (6) by keeping an eye on and combining municipal budget performance. It also goes beyond compliance to give meaning and context.

#### **3. What the innovation is and how it came to be**

The LGBPO is a full, story-driven annual report that puts together all of the financial performance of all the municipalities into one easy-to-read document. It talks about trends in collecting taxes, operating and capital spending, cash and liquidity positions, affordability, changes in the cost of service, and funding profiles for infrastructure. Instead of showing numbers on their own, it looks at

trends over three years and makes comparisons at the district level, pointing out both successes and new fiscal risks. The publication was put together from October to December 2024, and the final report came out in January 2025. To make it, they had to move away from traditional technical reporting and include analysis, design, narrative writing, and cross-unit validation. The product was made entirely by people who worked for the Provincial Treasury, at no cost to the company. They used their analytical skills, narrative development, and cost-effective tools like Canva Design Studio. This method made sure that public money was used wisely, improved internal skills, and set up a model for future annual publications that would last.

#### **4. Who the Innovation Helps (Target Groups and Beneficiaries)**

The LGBPO serves an ecosystem across the province that is competitive because it has predictable, reliable municipal services and clear public finances. The publication makes it easier for businesses to know what to expect when it comes to tariff trends, stable revenue collection, liquidity positions, capital investment trends at the local level, factors that affect operating costs, service continuity, and the timing of municipal infrastructure rollouts. Companies in manufacturing, agribusiness, logistics, tourism, ICT, property development, and professional services use this information to plan production, set prices with confidence, time investments, and figure out risks that are specific to their area. The LGBPO combines performance data from all 30 municipalities with district insights, so investors and developers can compare places based on important factors like service cost, infrastructure spending, debt sustainability, and cash coverage. This directly reduces the difference in information and makes it easier for private investors to do their research on projects in the Western Cape.

Municipal governments are still the main users. Mayors, councillors, CFOs, and managers use them to measure performance, find new risks, and talk to communities clearly. The result is a cleaner operating environment for businesses: fewer service interruptions, more reliable capital programs, and better affordability signalling. The publication helps the Western Cape Government plan for the province in a way that works with the realities of the municipalities. It also helps departments plan infrastructure and program support in a way that works with the municipalities' ability to pay for them. This consistency makes the business environment more stable by aligning multiple public levers behind credible municipal delivery. Transparency that connects finances to service reliability is good for communities and residents because it lets them take part in budget and tariff processes that directly affect the cost of living for families and the businesses that serve them.

#### **5. Showed results and effects**

The LGBPO turns complicated data into signals that businesses and investors can use to make decisions. The 2023/24 review showed that key fiscal indicators were better across the province. For example, 25 of 30 municipalities collected more than 95% of their revenue, spent R13.94 billion on capital projects, and had a total cash surplus of R3.66 billion. These findings were then used to inform the 2025/26 municipal budget cycle, adjustments budgets, and intergovernmental engagements. This mix of proof and action makes the budget more trustworthy, makes cost recovery plans stronger, and puts infrastructure investment at the top of the list. This lowers the risk of service failure and gives businesses clearer information about municipal work tariffs, availability, and timing. In real life, clearer municipal balance sheet strength and capex follow-through lower the cost of private sector pricing, lower bid risk premiums, and make it more likely that private and public investment schedules will line up.

The LGBPO has brought together reports that were once separate into one official, reusable reference for the Western Cape Government. This makes sure that departments and oversight bodies all work from the same, data-driven story. The result is that the whole government works together: provincial infrastructure planning and sector programs can be aimed at municipalities with good financial and delivery performance, which boosts the economic multiplier of public spending and encourages private participation. The publication makes it clear that tariff and investment trade-offs are linked to service reliability and infrastructure backlogs. This helps to give social licence for reforms that will ultimately make doing business in the province less risky. In general, more fiscal transparency, better budget execution, and stronger service reliability signals are good for growth because they lower uncertainty, speed up pipeline execution, and support job-intensive supplier ecosystems.

## **6. Addressed the needs of institutions and communities**

The LGBPO was created to meet the needs of both institutions and communities. Municipal councils need to be open about their finances so they can make smart choices and talk to their constituents clearly. Communities need to know how money affects services, infrastructure investment, and the cost of tariffs. The Provincial Treasury needed a single, reliable, and easy-to-find publication to help with structured fiscal engagement with municipalities. The LGBPO meets all of these needs with one tool and gets rid of waste by replacing many separate reports, presentations, and spreadsheets with one annual, official publication that can be widely shared and updated every year.

## **7. Sustainability, Longevity, and Connection to Provincial Growth**

Cabinet's approval makes the LGBPO an annual way to hold people accountable, with production based on internal capability and cost-effective tools that make sure it continues without any extra costs. The publication supports provincial economic goals by making local service platforms more trustworthy, which is important for attracting private investment. For Growth for Jobs to work, municipal finances need to be stable and clear. Companies will only invest if they know that electricity, water, roads, and waste services will be paid for, delivered, and maintained, and that tariff paths are based on budgets that can be recovered and are backed by data. The LGBPO makes the province's case to investors stronger by giving them a yearly, public, and comparative look at these basics: revenue performance, capital expenditures, liquidity, and affordability. It also makes it easier for developers to plan and for suppliers to grow around a more predictable pipeline. Over the next ten years, planned improvements like district dashboards, more visualisations, and translated summaries will make the LGBPO even more common in the market. This will help keep business transparency and municipal performance discipline for ten years.

## **8. Conclusion**

The Local Government Budget Performance Overview is a major step forward in public sector innovation. It shows how the government can make complicated financial data useful for communities, businesses, and decision makers. It makes the operating environment better for all municipalities, increases accountability, allows for planning based on evidence, and helps build investment confidence across the Western Cape. It is new, useful, cheap, focused on citizens, and built into institutions. This is exactly the kind of public value innovation that the Western Cape Economy Innovation Awards wants to honour.