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# **BUSINESS SUPPORT FACILITIES MANAGEMENT FRAMEWORK**

**(Approved by the Executive Mayor and Mayoral Committee,  
31 May 2006)**

# **BUSINESS SUPPORT FACILITIES MANAGEMENT FRAMEWORK**

## **1 Introduction**

The City of Cape Town (CoCT) needs a Business Support Facilities Management Guideline Framework (BSFMF) in place to ensure operational efficiency of its business support facilities and alignment to its business support and job creation objectives. The Business Support policy and Informal Trading framework adopted by Council in September 2003 and February 2004, respectively, promotes the development of emerging and existing business, and commits Council to facilitating affordable infrastructure for business and informal traders.

Various reasons have resulted in business support facilities being constructed over the years which are now the responsibility of CoCT. Further Economic and Human Development is involved in the management of kiosks and market facilities or informal trading infrastructure created by other CoCT Directorates as part of public space upgrades and interchange developments. These upgrades or developments all contribute to Economic and Human Development achieving its overarching task of providing business development and support and the ultimate goal of job creation.

## **2 Goals/ Objectives**

A BSFMF will not only assist COCT to evaluate each business support facility under its control and on a sound basis implement the most suitable management option but also ensure that the management options proposed for new business support facilities are in line with Council's objectives. The agreed management option will take into account the objectives of the facility. The target community's needs and also allow COCT to :

- expand its business development and support network thus improving overall job creation;
- ensure good governance through a uniform approach and maximise benefits to the City; and
- improve management efficiency and effectiveness so that facilities are well managed and maintained.

## **3 Guiding Principles**

The following principles will guide the implementation of the BSFMF:

### **Principle 1 : Scale**

To extend business support services through the existing facilities to the largest number of people.

**Principle 2 : Outreach**

To ensure business support services through the existing facilities are extended to reach under-served areas, markets and particularly the poor and disadvantaged.

**Principle 3 : Impact**

To ensure business support services through the existing facilities result in viable, self-sustaining enterprises whose growth can contribute to alleviating poverty.

**Principle 4 : Cost-effectiveness**

Resources that are allocated to existing and new facilities must be used efficiently and effectively.

**Principle 5 : Sustainability**

To ensure business support services and benefits through the existing facilities continue for as long as possible.

**4 The Business Support Facilities Management Framework ( BSFMF)**

Te core components of the BSFMF are indicated below:

4.1 The acceptance of the good practice rule that the City will not operate business support facilities other than by exception when the need is not met by other stakeholders. Accordingly, the operation and management of business support facilities management will be externalized, to best advantage, through one of the following 2 options:

**4.1.1. As a self sustaining (non city subsidized) operation by an individual/ legal entity ; or**

**4.1.2 As a City subsidized operation by means of municipal entity, legal entity or an individual.**

4.2 Classification of key activities of facilities so as to determine the level of business support required and Council’s level of involvement as per table hereunder:

Activity	Guideline
<p><b>Workfare Support</b> - key activity being to meet the need of individuals for subsistence income through the conduct of an (informal) business or business-like activity</p>	<ul style="list-style-type: none"> <li>• Intermediate priority but essentially a short-term welfare intervention rather than a business development activity. The intervention will imply relatively high and ongoing <i>per capita</i> direct or indirect subsidies to beneficiaries</li> <li>• City’s affordable direct contribution relative to the scale of the problem is likely to remain relatively insignificant</li> <li>• Informal trading areas at appropriate locations do however need to be provided in community planning as public amenities for the benefit of the population at large. Cost recovery by the City on such amenities is likely to be limited</li> <li>• Management of these amenities should be harmonized with that of other amenities within the City of Cape Town</li> </ul>
<p><b>Service Support</b> - key activity being to procure in a cost-effective manner the provision of a service of defined quality and standard to the public generally or at a specific location</p>	<ul style="list-style-type: none"> <li>• Low priority with emphasis in the first place on providing appropriate, self-sustaining services where required at amenities controlled by the City</li> <li>• City plays a facilitating and networking role</li> <li>• City subsidises service provision only to the extent necessary to ensure the provision of the service on the most cost-effective basis for the City</li> </ul>
<p><b>Business Development Support</b> -key activity being to facilitate the incubation of new, self-sufficient and viable businesses capable of creating stable employment and income without ongoing support by government or other external agencies</p>	<ul style="list-style-type: none"> <li>• The highest priority for the City</li> <li>• City plays a facilitating and networking role</li> <li>• City engages directly only by exception when required and then in such a manner as to establish a platform for the engagement of market role-players over time. This generally implies a role for the City in previously disadvantaged communities and informal settlement areas not served by credible and affordable business support services</li> <li>• Structured and phased residential and non-residential development programmes for businesses from start-up to self-sufficiency conditionally subsidised by the City. Residential programmes should involve support of businesses located in designated business incubators. Non-residential programmes should involve outreach in support of free-standing businesses located across the community</li> <li>• Entrance and exit strategy with performance monitoring and the requirement for businesses demonstrably to move through the system from start-up to self-sufficiency. City’s financial commitment to the subsidization of businesses is capped and conditional upon progress to self-sufficiency</li> </ul>
<p><b>Business Property Development</b> - key activity being to provide, by exception, of business property on a cost-effective and affordable basis for the accommodation of self-sustaining SMME business</p>	<ul style="list-style-type: none"> <li>• Not a priority for the City except in areas that have been “red lined” by business property developers where the social benefit/cost exceeds the private benefit/cost to the developer</li> <li>• A valid role for the City is to facilitate business property development on a benefit/cost basis in “red lined” areas primarily by absorbing social benefit/cost in the form of risk</li> <li>• Business properties owned and/or controlled by the City in this mode (such as business and industrial parks and hives) should be operated on a commercial basis so as to recover private cost of the development concerned from tenant businesses</li> </ul>

4.3 A framework whereby all business support facilities are classified, operated or managed according to a standardised classification scheme which evaluates facilities in terms of level of infrastructure, qualifications for access, terms and conditions of usage and type of management model (including externalized options) to be considered as per table hereunder:

Facility	Facility Description and type Assistance	Qualification	Terms/Conditions	Management Model
Informal Managed Workspace	<p>Basic (communal) amenity</p> <hr/> <p>Basic (individually dedicated) amenity (Subsidised) outreach business development support on an individual <i>ad hoc</i> basis</p>	<p>Unqualified access</p> <hr/> <p>Business acumen</p>	<p>Partial cost recovery through daily charge where feasible</p> <hr/> <p>Partial cost recovery</p> <p>Recovery of costs of services (partial where unfeasible)</p> <p>Commitment to and enrolment in outreach business development programme</p> <p>Outreach assistance conditional upon performance</p> <p>Entry-level contract</p>	<p>a. Local Community Business Forum for liaison (First priority) with tenant consultation as necessary</p> <p>b. Amenities management to best advantage of the City either by <b>City itself</b>, a <b>municipal entity</b> or by <b>service provider in terms of a service level agreement</b> with sweat equity where possible by beneficiaries</p> <p>Business development support by a <b>municipal entity</b> or a <b>service provider</b> (where available)</p>
Formal Managed Workspace	<p>In underserved areas only:</p> <p>Purpose-designed lowest-cost stand-alone facilities</p> <p>Purpose-designed lowest-cost shared facilities</p>	<p>Preference to businesses that have completed incubation programmes</p> <p>Capacity to sustain full-cost commercial terms</p>	<p>Normal commercial contractual terms and conditions</p>	<p>Facilities management to best advantage by the <b>City itself</b>, a <b>municipal entity</b>, a <b>body corporate (conditional)</b> or a service provider</p> <p>Business services by the market or facilitated by a <b>municipal entity</b> or <b>body corporate</b></p>
Informal Developmental Workspace	<p>Lowest-cost for purpose basic facilities (on site)</p> <p>Directly subsidised appropriate facilities (off-site)</p> <p>Business development support</p>	<p>Business acumen</p> <p>Potentially viable business</p> <p>Potential contribution of residential element to ultimate business self-</p>	<p>Commitment to a business development programme</p> <p>Subsidies phased out over the incubation period</p> <p>Regular review of status on the basis of performance</p>	<p>Local Community Business Forum for liaison (First priority) with tenant consultation as necessary</p> <p>Amenities management to best</p>

	on a formally structured basis (off-site access)	sufficiency		<p>advantage of the City by the <b>City itself</b> a <b>municipal entity</b> or by <b>service provider</b> in terms of a <b>service level agreement</b> with sweat equity where possible by beneficiaries</p> <p>Business development support by a <b>municipal entity</b> or a service provider (where available)</p>
Formal Developmental Workspace	<p>Purpose-matched stand-alone facilities (on site)</p> <p>Business development support on a formally structured basis (on-site)</p>	<p>Business acumen</p> <p>Potentially viable business</p> <p>Contribution of residential element to self-sufficiency</p>	<p>Commitment to a business development programme</p> <p>Subsidies phased out over the incubation period</p> <p>Performance review</p>	<p>Facilities to best advantage by the <b>City itself</b>, a <b>municipal entity</b>, a <b>body corporate (conditional)</b> or a service provider</p> <p>Business development support by <b>municipal entity</b>, <b>service provider</b> (where available)</p>

4.4 The externalization of business facilities management will allow EHD's business support intervention programme to tie in with its existing business support infrastructure and allow for the introduction of:

- incubation and consolidation programmes for tenants;
- outreach programmes to survivalist entrepreneurs and emerging business in the surrounding areas.

## 5 Implementing the Business Support Facilities Management Framework

5.1 Implementation of an approved BSFMGF is expected to include the following steps:

- Compilation of business, operational and resourcing plans for all facilities managed by EHD;
- Identification of the most appropriate means of management;
- Relevant community/ tenant liaison to discuss implementation of the appropriate management model for the facility.
- Approval of most appropriate proposal by EHD
- Process to action the identified externalized option.