



**CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD**

**ANNEXURE 16**

**WARD AND SUBCOUNCIL  
ALLOCATIONS POLICY**

**2024/25 BUDGET**

**Approved by Special Council: 31 May 2024**

**SPC 10/05/24**



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## 1. DEFINITIONS

**“Capital budget”** means the expenditure relating to the purchase/upgrade/ refurbishment of a Council asset (property, plant and equipment).

**“City Manager”** means the Accounting Officer of the municipality, as defined in the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003)

**“City”** means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), or any structure or employee of the City acting in terms of delegated authority.

**“Control Document”** Lists the title of the project; project scope; funding model; asset to be registered and approved value of the project

**“Council”** means the Municipal Council

**“Grants-in-Aid”** means a grants-in-aid or allocation, as referred to in the MFMA section 17(3)(j)(iv), made by the City to any organisation or body referred to in the MFMA section 67(1) and, to be utilised to assist the City in fulfilling its constitutional mandates including social developmental, and arts and culture programmes as set out in the respective Implementation Protocol Agreements with the Western Cape Government, the City of Cape Town's Inclusive Economic Growth Strategy (EGS) and Social Development Strategy (SDS) criteria.

**“Lead directorate/department”** is the directorate whose core business encompasses the Ward or Subcouncil allocation project

**“Municipal Finance Management Act”** (MFMA): means the Local Government: Municipal Finance Management Act, 2003, (Act 56 of 2003).

**“Operating budget”** refers to expenditure (other than capital) in respect of Council activities and includes repairs and maintenance of Council assets.

**“Subcouncils Allocations”** refers to the additional operational funds allocated to the Subcouncil to identify projects of need to maintain City infrastructure or beautify an area (eg. area cleaning)

**“Subcouncil”** means a metropolitan Subcouncil established in terms of the City of Cape Town Subcouncil By-law

**“Successful Beneficiary”** Bona fide non-profit organisation



**“urban support areas”** refers to vulnerable areas faced with a combination of challenges, including but not limited to infrastructure failure and service delivery challenges, high socio-economic need and a need for co-ordination among projects, programmes and stakeholders, that require prioritised public investment.

**“Ward/s”** refers to geographical subdivisions within a municipal boundary used for electoral purposes

**“Ward Allocation Concept”** refers to Local projects of intrinsic need proposed for a ward. Objective 16 of the IDP: Enunciates a Collaborative Government, with the sub-category 16.7 encouraging Community Engagement. It further sub-categorises 16.7.c which specifically underpins local needs and service delivery coordination.

**“Ward Allocations”** Each financial year, every subcouncil is allocated a budget per ward for ward allocation projects

## 2. ABBREVIATIONS

|                |   |   |
|----------------|---|---|
| <b>“EPWP”</b>  | : | Expanded Public Works Programme                 |
| <b>“IDP”</b>   | : | Integrated Development Plan                     |
| <b>“MTREF”</b> | : | Medium-Term Revenue and Expenditure Framework   |
| <b>“SDBIP”</b> | : | Service Delivery and Budget Implementation Plan |
| <b>“WBS”</b>   | : | Work Breakdown Structure                        |

## 3. BACKGROUND

The City's Ward Allocation Policy was developed in 2014 in order to provide effective and efficient governance arrangements for the process of allocating resources for local communities' needs as well as enabling Council to expedite certain projects within the wards of the City. During the processing of proposed projects, Line departments are not always allowed sufficient time to evaluate and cost these projects. Line departments are at times reluctant to accept responsibility for the implementation of ward projects because of the financial impact of these projects on their operational budgets in the ensuing years. Additionally, there are instances when the proposed ward allocation projects do not fall within the mandate of Council.



A review of the policy was initiated in 2022 in order to update it and strengthen legislative compliance. The review presents an opportunity to enhance the policy's relevance, focus and effectiveness as a means of addressing the aforementioned challenges and to increase its value as a tool to attain greater impact in communities. Various clauses of the policy have been strengthened to drive transparency, consistency and accountability as part of its implementation, as well as ensure efficiencies in the processes governing the distribution of funds allocated to each Subcouncil in order to enhance service delivery.

Additionally, the scope has expanded to include guidance on Subcouncils Allocations, in terms of the administration of Subcouncils operating funding for projects of impact beneficial to communities within a Ward or Subcouncil because the administration of Subcouncil funding would need to follow similar processes for control, assessment and submission to Council for approval as is required for ward allocations. The rationale is to subsume this policy governance into the existing Ward Allocation Policy as opposed to duplicating content in an additional and separate policy. This incorporation of Subcouncil funding can lead to greater impact through consolidation and enhance the operating funding model. The policy is therefore being renamed the 'Ward and Subcouncils Allocations Policy and will continue to serve as a tool to deliver on local plans in line with the City's strategic priorities and objectives.

#### **4. REGULATORY CONTEXT**

This Policy draws its legal mandate from the following, as amended from time to time:

##### **4.1 National Legislation:**

- 4.1.1 The Constitution of the Republic of South Africa, 1996;
- 4.1.2 Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);
- 4.1.3 Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);
- 4.1.4 The Municipal Budget Reporting Regulations.

##### **4.2 Other documents:**

- 4.2.1 The City's Integrated Development Plans (IDPs);
- 4.2.2 The City of Cape Town Supply Chain Management Policy;
- 4.2.3 The City of Cape Town Asset Management Policy;
- 4.2.4 The City of Cape Town Virement Policy;
- 4.2.5 The Grants-in-Aid Policy;
- 4.2.6 Traffic Calming Policy;
- 4.2.7 The Municipal Spatial Development Framework
- 4.2.8 The District Spatial Development Framework



## 5. POLICY OBJECTIVES

The objectives of the Ward and Subcouncil Allocations Policy are to enable Council to expedite certain projects in the Wards and Subcouncils of the City, which —

- 5.1 directly benefit communities within a ward of the Subcouncil;
- 5.2 have been identified by Ward Councillors, in consultation with community structures/stakeholders, supported by Subcouncils and authorised by Council, and
- 5.3 comply with the following:
  - 5.3.1 Local Government's mandate;
  - 5.3.2 The vision, priorities and foundations of the Integrated Development Plan (IDP); and
  - 5.3.3 Council policies and by-laws.

The policy contains project selection criteria and principles that can increase the impact of Ward and Subcouncils allocations in contributing to enhanced service delivery.

## 6. STRATEGIC ALIGNMENT

The policy shall be governed by the underlying principle of ensuring that Ward and Subcouncil Allocation projects and programmes meet the requirements of the City's Five Year IDP (2022-2027), with specific reference to the following:

- 6.1 "Inclusive Economic Growth": With a focus on fostering an environment that stimulates meaningful, economic growth, investment and job creation.  
The City will strive to support projects and programmes which contribute to an increase in jobs and investment in Cape Town's economy. The City will partner with communities within wards of Subcouncils to address their local needs through implementation of the Ward and Subcouncil Allocation policy and wherever possible, use it as a tool to effect investment into projects that subscribe to this overarching priority.
- 6.2 "Safety": The City is addressing safety through a multi-pronged approach that entails providing effective law enforcement to make communities safer, as well as strengthening partnerships to create an environment where citizens feel safe. Collective action at grassroots level, where government, the private sector and residents collaborate to make communities safer, is required. Safety goes beyond policing and includes aspects such as disaster and risk management, rescue services, and traffic and by-law enforcement, therefore the City is increasingly



approaching safety as a well-rounded concept that considers social factors in its approach.<sup>1</sup>

- 6.3 "Basic Services": Improving access to quality and reliable basic services, especially to those most in need of assistance, is a core objective of the IDP. When implementing the Ward and Subcouncil allocation policy, projects and programmes that will be considered include those which support getting the basics right and contribute to the development of urban support areas.
- 6.4 "Housing": The IDP is driving the increase in supply of affordable, well-located homes, as well as safer, better quality homes in informal settlements and backyards to better integrate and meet the needs of communities. The ward and subcouncil allocations will continue to contribute to these objectives by supporting various housing programmes.<sup>2</sup>
- 6.5 "Public Space, Environment and Amenities": The City continues to maintain and promote a healthy and sustainable environment, clean and healthy waterways and beaches as well as quality and safe parks. A partnership approach is being taken as the City works with communities to keep the city clean, healthier, more liveable, attractive and resilient.<sup>3</sup>
- 6.6 "Transport": The City continues to strive for efficient and sustainable public transport and quality road networks as these are key enablers to job seekers, workers and businesses. Objectives within the IDP such as delivering a sustainable transport system that is integrated, efficient and provides safe and affordable travel options for all, as well as safe and quality roads for vehicles, cyclists and pedestrians is a priority. Through the funding of projects that support traffic calming, the re-surfacing of roads, footways and pavements, the Ward and Subcouncil Allocation policy will contribute to make Cape Town more transit-oriented and connected.

To ensure delivery on the aforementioned priorities, the foundation of serving as a "Capable and Collaborative Government", as per the IDP, is integral, whereby the City is

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<sup>1</sup> IDP Programmes currently funded through ward allocations include the Partnerships for Community Safety Programme and the Holistic Crime Prevention Programme.

<sup>2</sup> Currently, IDP Programmes which the Ward and Subcouncils Allocations policy can continue to support include the 'Partnership for affordable housing programme', the 'Tenure Security Programme' and 'Public Housing Programme', as well as support for repairs and maintenance to Community Residential Units (CRUs).

<sup>3</sup> Through the administration of Ward Allocations, the City is currently working with communities on programmes such as the Environmental and Biodiversity Management Programme and the Partnerships for quality public spaces programme.



committed to function as a "modernised and administratively efficient government that is financially sustainable and empowers residents to contribute to decision-making and improving Cape Town". This commitment will support the successful application of the Ward and Subcouncils Allocations Policy.

## 7. POLICY PARAMETERS

- 7.1 The provisions of this Policy apply to wards within Subcouncils and all line departments;
- 7.2 This policy applies to all ward programmes and projects within the City's municipal area, funded by Ward and Subcouncils Allocations and approved by Council.;
- 7.3 The utilisation of Ward and Subcouncils Allocations funding cannot be used for Expanded Public Works, ward administrative positions in the ward offices of Councillors as this does not align with the concept of enhancing local service delivery needs.

## 8. POLICY PRINCIPLES

The following principles can support the successful application of the Ward and Subcouncil Allocation process:

- 8.1 **Sustainability** – in stipulating criteria and conditions, the policy seeks to ensure that project identification and Ward and Subcouncil spend must be done in a sustainable manner and can be linked back to the City's core, strategic mandates.
- 8.2 **Partnering and Collaboration** – the policy encourages local communities to identify their priorities and work with their local Ward Councillors and Subcouncils. The policy supports participation in local governance, as well as acknowledges the aspirations, needs and interests of local communities.
- 8.3 **Transparency** - by providing clear direction, guidelines and criteria around what is included in the "Ward and Subcouncil allocation Basket of services" and what is excluded, the policy aims to facilitate access to these services in a consistent and equitable manner across Cape Town.
- 8.4 **Effectiveness and Integrity** – the policy aims to serve as a tool for creating and fostering dignity across Cape Town by efficiently directing resources to address communities' needs, injecting hope for communities, especially in urban support areas.
- 8.5 **Value-Add** – To continue to develop and grow the "Ward Allocation Concept" as a viable means of distributing tangible, medium to long-term benefits and forms of relief, to communities across Cape Town in compliance with budgetary processes and measurable objectives.





## **9. ROLEPLAYERS AND STAKEHOLDERS**

The relevant role players are the Subcouncil Chairperson and members of the Subcouncil, Subcouncil Managers, Technical / functional representatives in line departments, finance managers of line departments, Technical committees e.g. Grants-in-Aid Committee Corporate Budgets and Executive Directors.

## **10. CRITERIA FOR THE SELECTION OF PROJECTS**

10.1 Projects that are to be implemented under the Ward and Subcouncil Allocations Policy must comply with the following criteria:

- 10.1.1 be within Local Government's mandate as defined in legislation;
- 10.1.2 be aligned with the priorities, foundations, programmes and objectives of the IDP;
- 10.1.3 comply with all the Policies and By-laws of Council;
- 10.1.4 be informed by the local needs of the Subcouncil through public consultation, and supported by the Subcouncil;
- 10.1.5 fall within the core business activity of the Lead Directorate and shall form part of the Lead Directorate's SDBIP;
- 10.1.6 Subcouncils should take a principled decision on identifying Ward and Subcouncils Allocations projects of local need in consultation with the Lead Department. This is especially applicable to determine whether numerous projects of need, per ward can be considered, provided that the Lead Department can implement such projects.

10.2 Ward Allocation Projects undertaken in terms of the Capital Budget must also comply with the following additional requirements :

- 10.2.1 have a provision for Maintenance and Operating costs on the Operating Budget of the Lead Directorate for subsequent years and adhere to Sections 18 and 19 of the Municipal Finance Management Act;
- 10.2.2 be placed on the Asset Register of the Lead Directorate;
- 10.2.3 be adequately insured, controlled and secured by the Lead Directorate;
- 10.2.4 be optimally utilised and managed by the Lead Directorate for the benefit of the community; and
- 10.2.5 be on Council property.

10.3 Ward and Subcouncils Allocations Projects undertaken in terms of the Operating Budget must also comply with the following requirements:

- 10.3.1 adequate supervisory control must be provided by the Lead Directorate;
- 10.3.2 projects must be undertaken on Council-owned property in the first instance. Where this is not possible a partnership with an external party has to be



undertaken and the project scope must contain an impact assessment on how the external party adds value to the local community's needs.

- 10.4 Projects shall, as far as possible, be completed within the financial year in respect of which they are approved but capital funds may be rolled over to the next financial year where compelling reasons exist for such roll-over in terms of the requirements of the MFMA;
- 10.5 Projects may cross ward boundaries within Subcouncil boundaries provided the relevant Ward Councillors and Subcouncils are in agreement thereto and it is contained in the Subcouncil Resolution and duly signed Subcouncil report;
- 10.6 Projects must be technically evaluated and costed by the Lead Directorate to ensure that they are technically feasible, cost effective and compliant with budget principles prior to being considered by Subcouncils for recommendation to Council;
- 10.7 All projects, with either Capital or Operating Budget components, must consider and include local labour intensive approaches to maximise temporary EPWP opportunities, where possible;
- 10.8 Capacity-building projects that qualify are those, which contain defined project or programme scopes, are outcomes-based, and align to the IDP and the lead directorates' functional responsibilities.

## **11. SUBCOUNCILS ALLOCATIONS**

Each Subcouncil receives an allocation of operating funding to propose projects that can revitalise and improve the local area. These projects will need to follow the same compliance processes as outlined in section 17 below for submission to Council for approval.

- 11.1 Subcouncils Allocations are to be proposed for projects and programmes of local need for the entire Subcouncil and for submission to Council for the ensuing financial year.

## **12. PROJECTS THAT ARE EXPLICITLY EXCLUDED**

Projects that are explicitly excluded are those that directly benefit individuals or private property and would include:

- 12.1 Bursaries. Proposals and applications in this regard shall follow the relevant City policies;
- 12.2 Repairs and maintenance of property not owned by the City;
- 12.3 Any Capacity building initiatives where the project scope is not measurable or where the scope is not clearly defined upfront and does not align with the lead directorate's service delivery objectives;
- 12.4 The utilisation of funding for Subcouncil administrative positions (EPWP) and in the ward offices of Councillors as this would not directly enhance local service delivery needs and rather promote individualistic objectives.



### **13. GRANTS-IN-AID ALLOCATIONS AS DERIVED FROM THE WARD AND SUBCOUNCILS ALLOCATIONS**

- 13.1 Apportionments of Ward and Subcouncils Allocations can be allocated to Grants-in-Aid for viable community programmes, and must comply with the City's Grants-in-Aid Policy and focus areas linked to the Integrated Development Plan as approved;
- 13.2 Subcouncils are responsible for the monitoring, reporting and ensuring compliance in terms of the Grants-in-Aid Policy and associated Memorandum of Understanding, for projects implemented by successful beneficiaries.

### **14. OWNERSHIP AND ACCOUNTABILITY**

The Executive Directors are responsible for ensuring that all Ward and Subcouncils Allocations projects within their respective directorates are implemented during the financial year in respect of projects, which were approved by Council.

The Executive Directors must ensure that, where the costing of projects are insufficient to enable its implementation, such shortfall, is to be recovered through the Adjustment Budget, to enable the implementation of the local project of need. The respective line department shall take the appropriate measures to prevent such reoccurrence.

### **15. BASIS FOR ALLOCATING A SUBCOUNCIL BUDGET**

- 15.1 Council may allocate as part of the City's annual budgetary process, certain funding from the Rates accounts towards the Ward and Subcouncil Allocations which may be either an Operating Budget allocation or a Capital Budget allocation. The funding provision for each ward in the City must be equal;
- 15.2 The amount of the Ward Allocations budget allocated to each Subcouncil is determined based on the number of wards in each Subcouncil. The amount is allocated to the Subcouncil as a whole and the Subcouncil will ultimately recommend which projects should be submitted for approval by Council in line with the budget timelines;
- 15.3 The amount of the Subcouncil Allocation budget is allocated equally to each Subcouncil irrespective of the amount of wards within the Subcouncil or urban support areas. This amount is allocated to the Subcouncil as a whole and the Subcouncil will ultimately recommend which projects should be submitted to Council for approval in line with the budget timelines.



## **16. POOLING OF FUNDS BETWEEN WARDS AND SUBCOUNCILS**

Subject to the provisions of this Policy, allocations within a Subcouncil or adjacent Subcouncils, may be combined where the project scope has been clearly defined, supported by applicable Subcouncils and approved by Council.

## **17. PROCESS FOR THE SELECTION OF WARD AND SUBCOUNCILS PROJECTS**

The different stages of implementation are set out hereunder and are subject to the timelines set out in the IDP and Budget Preparation process approved by Council in August of each year.

### **17.1 Stage 1: Introduction: Internal Consultations and Workshops**

- 17.1.1 During this stage a report is submitted by the Subcouncil Managers to the Subcouncil to inform them of the applicable timeframes, their responsibilities and the process to be followed;
- 17.1.2 Subcouncil members (Councillors within a particular Subcouncil) must, at the first workshop, give an indication of what projects they want to propose in respect of Ward and Subcouncil Allocations. The Subcouncil should prioritise the proposed projects very early in the process of project identification so as not to overload line departments with costing exercises for projects that will not be implemented;
- 17.1.3 Subcouncils are encouraged to identify projects per ward that directly benefit the community or to pool funds and identify larger projects that would have a meaningful impact within the Subcouncil.

### **17.2 Stage 2: Further Consultations and Technical Assessments**

- 17.2.1 Subcouncil Managers meet with their Subcouncil Chairpersons, Councillors and technical/functional representatives to explain the process to be followed in Stage 3;
- 17.2.2 The Subcouncil Manager, in consultation with the Councillors of the Subcouncil and Line Managers, must draw up a schedule of workshops whereby all parties will agree on the timely submission of proposed projects and a commitment from line departments to determine the costs of these projects.

### **17.3 Stage 3: Project Identification, Costing and Technical Review**

- 17.3.1 A prioritised list of projects for implementation during the financial year is to be compiled in accordance with the approved criteria. It is imperative that the compilation of these priority lists should be finalised in consultation with all role players;
- 17.3.2 During this stage, workshops between members of the Subcouncil, the



Subcouncil Manager, functional representatives from line departments and the Finance Directorate are required to confirm whether proposed projects can be implemented and to finalise costs and evaluate requests on a technical basis. The Subcouncil Manager must ensure that adequate records are kept of these proceedings;

- 17.3.3 Line departments must also confirm that projects will be completed by the financial year-end, i.e. they must complete project management plans to be included in the prescribed Control Document. It is imperative that the Control Document is signed off before the project is submitted to the Subcouncil for recommendation to the Council, i.e. Subcouncils may not consider a project for recommendation to Council if it has not been signed off by the line department's Financial Manager.

#### 17.4 Stage 4: Project Authorisation

- 17.4.1 During this phase the full schedule of Ward and Subcouncil Allocation projects must be submitted to the Subcouncil meeting for submission to the Corporate Budgets Department for inclusion and recommendation to MAYCO and Council as part of the Draft Budget;
- 17.4.2 Subcouncils may only consider reports which have been duly signed off by all parties including Finance and Legal Services;
- 17.4.3 After the Subcouncil has recommended the Ward and Subcouncil Allocation Projects, the relevant line functionaries must liaise directly with Finance for the allocation of WBS numbers for each project. The Corporate Budgets Department will also ensure that the Ward and Subcouncil Allocation Projects are listed on the proposed Budget that will be tabled at Council;
- 17.4.4 For any significant changes to a project scope following Council approval, a reallocation report must be drafted for recommendation into the City's Adjustment Budget process.

#### 17.5 Stage 5: Implementation

Subcouncil Managers will monitor and drive the implementation of the Ward and Subcouncil Allocation Projects with individual Project Managers and ensure that progress on each project is reported to the Subcouncil at every Subcouncil meeting, to the Office of the Speaker monthly (FOCOS), to the Corporate Services Portfolio Committee and to Council on a quarterly basis.

### **18. MONITORING AND CONTROL**

- 18.1 After every financial year there shall be a review of the projects undertaken as part of the Ward and Subcouncil Allocation process. This review will be undertaken, jointly by the lead Project Manager from within the lead Directorate and Subcouncil Managers to provide assurance of implementation, and reported to the Subcouncils after due outcomes have been measured in terms of the sustainability



and quality of the project. Once the review is adopted by the Subcouncils, it shall be reported to Council;

- 18.2 The review shall cover the following for all the projects undertaken in the Subcouncil area:
- 18.2.1 Name of project, ward and Subcouncils;
  - 18.2.2 Lead Directorate responsible for the project;
  - 18.2.3 Cost against budget;
  - 18.2.4 Whether the project was completed within the programmed time by the Lead Directorate;
  - 18.2.5 Assessment of project in terms of quality;
  - 18.2.6 Assessment of project as to whether the original objectives of the project were achieved;
  - 18.2.7 Assessment of the sustainability of the project in terms of maintenance and operating cost;
  - 18.2.8 Check list for Asset Register and Insurance;
  - 18.2.9 Reason for any underspend of allocated funds in order to reflect if there has been any savings or changes in tender pricing and whether this could be mitigated.

## **19. DEVIATION FROM THE POLICY**

Any deviations from the policy will only be managed by, the Subcouncil Administration, in consultation with the Budget Department and need to follow relevant processes as per the Adjustments Budget process.