



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

ANNEXURE 9

GRANTS-IN-AID POLICY

2024/25 BUDGET

Approved by Special Council: 31 May 2024

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TABLE OF CONTENTS

1. DEFINITIONS AND ABBREVIATIONS	3
2. PROBLEM STATEMENT	5
3. DESIRED OUTCOMES	5
4. STRATEGIC FOCUS AREA	6
5. ROLE PLAYERS AND STAKEHOLDERS	7
6. REGULATORY CONTEXT	8
7. GUIDING PRINCIPLES	8
8. PROJECTS, PROGRAMMES AND EXPENDITURE THAT CANNOT BE FUNDED BY MEANS OF GRANTS-IN-AID ALLOCATED IN TERMS OF THIS POLICY	10
9. SPECIFIC REQUIREMENTS	12
10. CONTROL, MONITORING, REPORTING AND RECOVERY OF GRANTS-IN-AID FUNDS AND ASSET	15
11. EVALUATION AND REVIEW	16



1. DEFINITIONS AND ABBREVIATIONS

In this policy unless the context indicates otherwise -

“Accountability and responsibility” means top management, senior managers and other officials and each official of the City exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure compliance.

“Beneficiary” means the organisation or body that receives a Grants-in Aid allocation from the City in terms of the Policy.

“Business and Project Plan” A document setting out the objectives and strategy for achieving those objectives within specified timeframes

“Chief Financial Officer (CFO)” means a person designated in terms of section 80(2) (a) of the Municipal Finance Management Act.

“Commercial or other business transactions” means a contract or transaction entered into between the City and an outside contractor or vendor in terms of the City’s SCM Policy and Procedures for the supply of goods or services by the contractor or vendor.

“Council” means the municipal council of the City of Cape Town.

“Early Childhood Development (“ECD”) Facility” means any place, building or premises, including a private residence, maintained or used partly or exclusively, whether for profit or otherwise, for the reception, protection and temporary or partial care of more than six children that must be registered with the Western Cape Government and be managed and maintained in terms of the Children’s Amendment Act, 41 of 2007.

“City’s Economic Growth Strategy” means a strategy that is aimed at coordinating and directing the work of the City and its external partners towards the expansion of access to economic opportunities by growing the economy and creating jobs being core objectives of the City’s strategic focus area of being an opportunity City.

“Finance manager” means the official in a directorate who is responsible for the financial management and administration of the directorate.



“Grants-in-Aid” means a grants-in-aid or allocation, as referred to in MFMA section 17(3)(j)(iv), made by the City to any organisation or body referred to in 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 Economic Growth Strategy (EGS) and Social Development Strategy (SDS) criteria.

“Grants-in-Aid Committee” means the committee established in terms of section 79 of the MFMA as well as paragraph 7.1.2 of this policy.

“Memorandum of Agreement (MOA)” means the agreement entered into between the City and any organisation or body which receives a grant-in-aid in terms of this policy.

“MFMA” means Municipal Finance Management Act, 2003 (Act 56 of 2003).

“Municipal Property Rates Act (MPRA)” means the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), a national law that regulates the power of a municipality to value and rate immovable properties located within the boundaries of municipalities.

“Municipal account” means the municipal services account in respect of property rates, services and user charges for services rendered by the City.

“Non-governmental Organisation (NGO)” means a non-governmental organisation that is a legally constituted non-profit organisation that operates independently from any form of government.

“Non-profit company (NPC)” means a company whose memorandum of incorporation must set out at least one object of the company and each such object must be either a public benefit object or object relating to one or more cultural or social activities, or communal or group interests as required by Item 1(1) of Schedule 1 of the Companies Act, 2008 (Act 71 of 2008) (Companies Act).

“Non-profit Organisation (NPO)” means a non-profit organisation registered in terms of section 13 of the Non-profit Organisations Act, 1997 (Act 71 of 1997).



“Public benefit organisation (PBO)” means any organisation which is a non-profit company (NPC) as defined in section 1 of the Companies Act or a trust or an association of person that has been incorporated, formed or established in the Republic.

“Social Development Strategy (SDS)” means a strategy that is aimed at coordinating and directing the work of the City and its external partners towards realising the City’s aim and commitment to the building of a caring and inclusive City to improve the lives of its citizens especially the poor, marginalized and vulnerable.

“Specific delivery agreement” means an agreement entered into between the City and a beneficiary to deliver goods and services of a specialised and unique nature or require specific expertise and special skills to produce, install and/or provide.

2. PROBLEM STATEMENT

The Grants-in-Aid Policy (hereafter referred to as the/this policy) was drafted in order to ensure that all grants-in-aid, allocated in terms of this policy, are only allocated or transferred to an organisation or body (beneficiary), outside any sphere of government, following confirmation of compliance with all relevant legislation and the due application of proper and sound regulatory and approval processes.

3. DESIRED OUTCOMES

The projects or programmes supported by the grant-in-aid allocations aims to assist the City in:

- 3.1 Addressing the social developmental and early childhood developmental needs of communities, as per the City’s policies and strategies;
- 3.2 Building and growing arts and culture within communities and involving youth in Arts and Culture programmes, as per the City’s policies and strategies;
- 3.3 Driving Economic and Social Development within its area of jurisdiction in terms of City approved strategies through application of the following criteria:
 - 3.3.1 Promoting sports and recreation and the utilisation of local sports facilities;
 - 3.3.2 Advocating the safety of the general public using City’s beaches;
 - 3.3.3 Fighting crime to enhance the safety and security of its citizens by supporting the establishment of neighbourhood watch services within communities;
 - 3.3.4 Pursuing its mandates and responsibilities relating to existing health situations in terms of the Health Act; and



3.3.5 Enabling access to services for NPOs or NPCs in accordance with determinations made by Council, in order to enable effective partnering for Social and Economic development.

4. STRATEGIC FOCUS AREA

4.1 The City's Five Year IDP (2022-2027) identifies six priorities and three foundation areas, which support the vision of creating a City of Hope and provide a solid foundation for the articulation of service delivery. The priorities and foundation areas are:

Priority:

1. Economic Growth;
2. Basic Services;
3. Safety;
4. Housing;
5. Public Space, Environment and Amenities; and
6. Transport.

Foundation:

1. A resilient City;
2. A more spatially integrated and inclusive City; and
3. A capable and collaborative City government.

The City has identified linked objectives and programmes within the above areas.

4.2 This policy supports the following priority/foundation areas, objectives and programmes:

4.2.1 Foundation 2 – Objective 15: A more spatially integrated and inclusive City; and

Programme 15.2: Social inclusion and well-being Programme.

This programme aims to reduce barriers to well-being, by means of

- a) People living on the street initiative; and
- b) Food systems project.

4.2.2 Foundation 3 – Objective 16: A capable and collaborative City government and

Programme 16.1: Operational sustainability Programme.



5. ROLE PLAYERS AND STAKEHOLDERS

Top management, senior managers and other officials, of the City exercising financial management responsibilities, must take all reasonable steps within their respective areas of responsibility to ensure compliance relating to projects funded through grant-in-aid, which are implemented by successful beneficiaries.

- 5.1 Council
 - 5.1.1 Assess and approve grant-in-aid allocations as submitted by subcouncils and line departments.
- 5.2 Mayoral Committee (MayCo)
 - 5.2.1 Assess and recommend grant-in-aid allocations as submitted by subcouncils and line departments.
- 5.3 Section 79 Committees (For GIA applications received through line departments)
 - 5.3.1 Review reports regarding GIA applications from line department
- 5.4 Subcouncils
 - 5.4.1 Administer the grant-in-aid application process;
 - 5.4.2 Prepare and submit a report with the supported grant-in-aid applications to MayCo for recommendation and to Council for approval.
 - 5.4.3 Responsible for the monitoring, reporting and ensuring compliance in terms of this policy and associated Memorandum of Agreement, for projects implemented by successful beneficiaries.
- 5.5 Line departments
 - 5.5.1 Administer the grant-in-aid application process;
 - 5.5.2 Prepare and submit a report with the supported grant-in-aid applications to MayCo for recommendation and to Council for approval.
 - 5.5.3 Responsible for the monitoring, reporting and ensuring compliance in terms of this policy and associated Memorandum of Agreement, for projects implemented by successful beneficiaries.
- 5.6 Grant-in-Aid Technical Committee
 - 5.6.1 The Technical Committee comprises of City officials appointed by the CFO. The Committee has a broad strategic representation of officials from various functional areas in the City and is chaired by the CFO's nominee. The composition of the committee is subject to change depending on organisational structure changes.
 - 5.6.2 The Technical Committee is mandated to evaluate the submissions received from a subcouncil or a line department dependent on the outcome of the grant-in-aid second screening assessment (evaluating the application in line with the City's GIA policy , City Strategies - and IDP.



5.7 Budgets department

5.7.1 Review and assess the grant-in-aid applications during the first screening processes in compliance with the criteria of the GIA policy; and

5.7.2 Co-ordinate and facilitate the grant-in-aid meetings.

6. REGULATORY CONTEXT

6.1 Section 67 of the MFMA requires the City to implement and sustain proper and effective controls and procedures when transferring City funds to an organisation or body outside any sphere of government. Compliance with the regulatory and control measures as set out in section 67(1) must be enforced by the Accounting Officer through contractual and other appropriate measures in terms of section 67(3).

7. GUIDING PRINCIPLES

7.1 Financial Control and Oversight

7.1.1 To ensure that applications in terms of this policy, are in accordance with the relevant SCM policies and applicable legislation including the Value Added Tax Act, 1991 (Act 89 of 1991).

7.1.2 Outside contractors are appointed to deliver goods and services that are normally performed and delivered by the City's line departments utilising funds on their approved operating budgets.

7.1.3 Line departments also utilise funds allocated and transferred to them by various subcouncils from their ward allocations to appoint contractors to deliver goods and services.

7.1.4 All contractor appointments shall be made in terms of the City's SCM Policy and procedures as applied and interpreted by the SCM Department.

7.1.5 Such appointments shall be regulated and managed as commercial or business transactions.

7.1.6 Grants-in-aid allocated in terms of this Policy may not be utilised to fund expenditure as indicated in paragraph 8 of the policy.



7.2 Specific qualifying criteria for organisations/bodies making application for grant-in-aid funding in terms of this policy

Applicants who apply for grant-in-aid funding, in terms of this policy, in order to carry out projects ~~and/or~~ programmes that meet the project qualifying criteria, shall be the following:

7.2.1 A PBO that is a NPC

7.2.1.1 Incorporated in terms of Schedule 1 of the Companies Act, 71 of 2008; and

7.2.1.2 A trust or an association of persons that has been incorporated, formed or established in the Republic as contemplated in the definition of public benefit organisations in sections 30(1) and 30(3) of the Income Tax Act, 1962 (Act 58 of 1962) as amended (Income Tax Act).

7.2.2 A NPO registered in terms of section 13 of the Non-Profit Organisations Act, 71 of 1997.

7.2.3 A ECD site or child care and development facility such as a crèche, day care or Educare centre -

7.2.3.1 with the principal object being early childhood development for children aged 0 – 6 years; and

7.2.3.2 duly registered with the Department of Social Services of the Western Cape Government as a place of care in terms of the Children's Amendment Act, 2007 (Act 41 of 2007).

7.2.4 An old age home registered with the Department of Social Services: Western Cape Government in terms of the Older Persons Act, 2006 (Act 13 of 2006) or a senior citizens group, association or recreational club registered as a PBO or a NPO. The grant-in-aid funding may be used for the promotion of sport and the utilisation of local sports facilities by the aged or to acquire recreational material or to promote arts and culture among the aged. They may acquire special frail care equipment to improve mobility of the aged. The old age home and the senior citizen groups may utilise grant-in-aid funding to provide a service to the community in respect of skills development, poverty alleviation or other projects or programmes that qualify for grant-in-aid funding in terms of this policy.

7.2.5 A PBO, in terms of section 30 of the Income Tax Act as amended, performing public benefit activities or carrying out community based projects or programmes aligned to requirements of this policy and a religious organisation operating as a public benefit organisation.



- 7.2.6 Any public school, as defined in the South African Schools Act, 1996 (Act 84 of 1996), or independent school registered in terms of section 46 of that Act, where grant-in-aid funding may only be allocated and used to provide or maintain their own sports facilities or acquire sports equipment.
- 7.2.7 Any sports body, club, association or group registered as a PBO or NPO i.e. not an undertaking or enterprise operating as a business for profit and who actively promotes the utilisation and provision of sport facilities, and the repairs and maintenance thereof and/or provides sports equipment to be utilised by participants on a non-professional basis as a past time.
- 7.2.8 A lifesaving club registered as a PBO and affiliated to Life Saving Western Province who ensures the safety of the general public using the City's beaches by training and providing lifeguards and the necessary equipment and facilities to effectively perform their functions, including National Sea Rescue Institute lifesaving awareness programmes performed on inland rivers and dams.
- 7.2.9 Any arts and culture association/group, heritage- and history society, theatre- and dance group, and museum registered as a PBO or NPO. They must be properly constituted voluntary organisations or associations with verifiable lists of members and with minutes of recent annual general meetings functioning as arts collectives or groupings which actively promote the utilisation and provision of arts and culture.

8. PROJECTS, PROGRAMMES AND EXPENDITURE THAT CANNOT BE FUNDED BY MEANS OF GRANTS-IN-AID ALLOCATED IN TERMS OF THIS POLICY

- 8.1 The following, being either, projects, activities, programmes or types of expenditure, will not qualify for grants-in-aid funding in terms of this policy:
 - 8.1.1 Bursaries of any kind;
 - 8.1.2 Disaster management and relief;
 - 8.1.3 Donation of assets, moveable or immovable;
 - 8.1.4 Public functions, conferences and seminars of any kind;
 - 8.1.5 Rewards and awards;
 - 8.1.6 Sponsorships, of any kind, as defined in and regulated by other policies of the City;
 - 8.1.7 Luncheons, dinners, parties and functions of any kind;
 - 8.1.8 Sporting, entertainment, recreational, religious, cultural, exhibition, organisational or similar activities, hosted at a stadium, venue or along a route or within respective precincts;



- 8.1.9 If not aligned to the priorities, strategies and objectives as set out in the City's IDP;
- 8.1.10 Retrospective funding of expenditure that has already been incurred or to fund any over expenditure that may be incurred on an approved Grants-in-Aid project;
- 8.1.11 Where only one individual will benefit;
- 8.1.12 Which are to be carried out beyond the City's area of jurisdiction unless a clear and compelling benefit to the City and its residents can be demonstrated;
- 8.1.13 For the benefit of any political party, political organisation, group or affiliation.
- 8.1.14 Subsidisation or funding of municipal rates, tariffs, service or user charges;
- 8.1.15 Funding of any expenditure relating to or associated with the operation of special rating areas established in terms of the MPRA;
- 8.1.16 Funding any organisation's or body's normal operational expenditure including:
 - 8.1.16.1 Employee costs or any expenditure required to establish an organisation or to make it viable;
 - 8.1.16.2 Where employee costs are an integral part of project's management/implementation or operational costs, except for projects undertaken by organisations who provide residential care to victims of abuse who are removed from their family units due to circumstances.
- 8.1.17 Any commercial or other business transactions entered into between the City and outside contractors or suppliers, in terms of the City's SCM Policy for the supply of goods or services;
- 8.1.18 Any undertaking or enterprise operating as a business for profit or gain except in the case of an ECD site or child care facility referred to in paragraph 7.3 or economic and social developmental projects and initiatives approved by Council in terms of the City's EGS and SDS; and
- 8.1.19 To civic or ratepayers' associations.
- 8.2 Items not listed above can be considered and approved at the discretion of Council.
- 8.3 This Policy does also not apply to the following, which are processed and regulated in terms of other policies of the City or are administered and regulated in terms of other empowering legislation, are considered to be commercial or business transactions, or are transfers made in terms of Specific Delivery Agreements as utilised by certain line departments: -



- 8.3.1 Housing billing subsidies;
- 8.3.2 Housing development subsidies;
- 8.3.3 Indigent grants and rates rebates;
- 8.3.4 Inter-governmental grants;
- 8.3.5 Transfers to other municipalities;
- 8.3.6 Transfers to other organs of state;
- 8.3.7 Transfers to municipal entities;
- 8.3.8 Allocations, by the Community, Arts and Culture Development department, in terms of specific delivery agreements to fund municipal delivery partnerships utilised to regulate the funding of “caretaker allocations”, municipal facility management committees and district sports councils and annual allocations to the Life Saving Western Province Organisation;
- 8.3.9 Allocations in terms of environmental or heritage management or conservation specific delivery agreements as entered into by the relevant City department with other organs of state and non-governmental organisations, which are registered NPOs or section 21 companies;
- 8.3.10 Provision of capital expenditure and the erection of buildings or the extension of, or alterations to, buildings on property either belonging to the City or property belonging to the organisation or body making application for a grant-in-aid in terms of this policy or to property being leased by such organisation and body from another party;
- 8.3.11 Repairs and maintenance to Council owned facilities, buildings or properties utilised by organisations; or
- 8.3.12 Funds established and operated by the City in terms of section 12 of the MFMA.
- 8.3.13 Events of any kind, including the marketing thereof, which include large sporting and major cultural events, concerts, shows, exhibitions and “conferences.
- 8.3.14 The promotion of tourism and/or destination marketing.

9. SPECIFIC REQUIREMENTS

- 9.1 Applications for grant-in-aid funding in terms of this policy shall only be considered where organisations/ bodies have responded to advertisements published in the local press and City’s website.
- 9.2 All applications must be delivered, e-mailed or posted to the relevant subcouncil offices or relevant line departments and no applications may be delivered to or be accepted by any councillor.



- 9.3 No late applications received in response to an advertisement may be considered and processed.
- 9.4 Only applications made as per City's prescribed formats and requirements will be considered.
- 9.5 Adverts must stipulate that applicants must provide proof that they are a bona-fide organisation by submitting the minutes of its Annual General Meeting ("AGM") (not older than 18 months) and the minutes of its last meeting where the organisation took the decision to apply for the grant-in-aid funding.
- 9.6 The City may, consider grant-in-aid applications during a financial year, as and when received, and such applications shall also be processed in terms of this policy.
- 9.7 Reasons must be provided where ad-hoc applications were received and where no advertisements were placed and such requests, being exceptions to the norm, shall be assessed according to the GIA process and submitted to Council for approval.
- 9.8 All applications must be submitted using the standardised application form and business and project plan and a valid Tax Compliance Status as well as an up-to-date municipal account.
- 9.9 The Tax Compliance Status must be valid at the time when payment is affected.
- 9.10 All applications and business and project plans must be fully and properly completed and must reflect the desired outcomes of the project.
- 9.11 The City reserves the right to fund an organisation for two years or more in succession without creating any expectations as it is under no obligation to allocate grant-in-aid funding. Notwithstanding the latter, all applications complying with the specific criteria within this policy will be considered at Council's discretion.
- 9.12 The organisation must be up-to-date with its municipal account(s) by either settling any arrears or amounts outstanding in full or making the necessary payment arrangements, as agreed with and applied by the City's Revenue department, in terms of the City's Credit Control and Debt Collection Policy, before a grant-in-aid application can be fully processed.
- 9.13 If the organisation does not have a municipal account, an affidavit confirming this needs to accompany the application.
- 9.14 The organisation must be up-to-date with any lease rental and service charges where it is leasing property from the City before a grant-in-aid application may be processed.
- 9.15 Where there is a payment arrangement in place, the City's Revenue department monitors and takes appropriate action if a default on arrangements occurs.



- 9.16 The organisation should also ascertain, from the City, that it may in terms of other relevant legislation and policies, utilise the property for the purpose for which it requires the grant-in-aid by obtaining the correct property Zoning from the City.
- 9.17 The minimum amount of any grant-in-aid allocation shall not be less than R15 000 per approved project/programme in a particular financial year.
- 9.18 Where the amount of the grant-in-aid being applied for is R50 000 or less, the organisation is required to attach a copy of its Income and Expenditure Statement for its previous financial year as tabled at its AGM and signed by the chairperson/other relevant official/member of the organisation together with a copy of the minutes of the relevant AGM.
- 9.19 Where the amount of the grant-in-aid being applied for is between R50 001 and R100 000, the organisation is required to attach the latest independently reviewed financial statements.
- 9.20 A copy of the latest audited annual financial statements of the organisation is required where the grant-in-aid amount applied for exceeds R100 000.
- 9.21 Council reserves the right to request audited financial statements of organisations irrespective of the amount of grant-in-aid funding applied for.
- 9.22 A Certificate of Compliance/Acceptability Certificate is required if the organisation intends to manufacture, store, distribute, prepare, transport or sell any kind of foodstuff intended for public consumption.
- 9.23 A grant-in-aid allocation shall only be paid over to an organisation after all of the above has been complied with and Council has approved the grant-in-aid and the MOA has been signed by all parties.
- 9.24 Approved grant-in-aid applications may be paid over as a single payment or in tranches as per the MOA determined or required dependent upon the nature or progress of the project.
- 9.25 Underspent grant-in-aid funds, as reflected on the operating budgets of subcouncils and line departments, in any financial year, may not be carried over into any ensuing financial year.
- 9.26 All organisations or bodies making application for grants-in-aid must register as vendors on the City's SAP Vendor Data Base in terms of the City's SCM policy and procedures as well as on the National Treasury Centralised Supplier Database (CSD).
- 9.27 The organisation or body shall commence the project within 2 (two) months after the grant-in-aid funds were deposited into its bank account by EFT and finalise the project within six months of the applicable financial year.
- 9.28 Failing to complete the project within the aforementioned time period will result in all such grant-in-aid funds be refunded to the City immediately, inclusive of interest that may have accrued.



- 9.29 Notwithstanding clause 9.28 organisations, requesting extension to the timeframe of their programmes must apply in writing and provide proper motivation as to the reasons why the timeframe must be extended.
- 9.30 Permission to extend the timeframe must be supported by the relevant Director for subcouncils or line departments, recommended by the Director: Budgets and approved by the CFO.
- 9.31 Should the organisation fail to complete the programme in the extended timeframe, all such grant-in-aid funds must immediately be refunded to the City together with any interest that may have accrued thereon.
- 9.32 The City may consider granting extension to the beneficiary if it is unable to commence the project within the 2 (two) months after receipt of the grant-in-aid funding, but such extension shall only be considered in the event of exceptional circumstances caused/ created through no fault of the beneficiary who must submit a complete written motivation when requesting extension.

10. CONTROL, MONITORING, REPORTING AND RECOVERY OF GRANTS-IN-AID FUNDS AND ASSETS

10.1 Reports to Subcouncils and the Accounting Officer

- 10.1.1 Organisations that received a grant from the City shall comply with all reporting, financial management and auditing requirements as stipulated in the MOA.
- 10.1.2 Beneficiaries must implement effective, efficient and transparent financial management as well as internal control systems to guard against financial misconduct.
- 10.1.3 Beneficiaries must promptly, or no longer than 6 months after the end of their financial year, submit their audited financial statements (where applicable) to the subcouncil or project manager in the relevant line department.

10.2 Reports to Section 79 Committees, Subcouncils, MayCo and Council

- 10.2.1 Recipients of grant-in-aid allocations must report to the subcouncil or line department on a monthly basis regarding their expenditure as stipulated in the MOA.
- 10.2.2 Subcouncils and project managers shall submit quarterly reports, in terms of section 67(i) (a) (iii) to the Accounting Officer, as well as to the relevant Portfolio Committee(s).
- 10.2.3 On completion of projects a final report shall be submitted by the subcouncil manager to the relevant subcouncil and to the relevant PC in the case of line departments.
- 10.2.4 Beneficiaries of grant-in-aid allocations must provide details of all assets and inventory items acquired with the grant-in-aid funding.



11. EVALUATION AND REVIEW

- 11.1 This policy shall be implemented once approved by Council.
 - 11.2 This policy must be reviewed on an annual basis.
 - 11.3 Changes in legislation must be taken into account for future amendments to this policy.
 - 11.4 Any amendments to the policy must be submitted to Council for approval.
 - 11.5 All applicable annexures are available on the Grants-in-Aid SharePoint site.
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