



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

**ANNEXURE 9
GRANTS-IN-AID POLICY**

2023/24 BUDGET (MAY 2023)



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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 a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure compliance.

“Beneficiary” means the target community or group that will benefit from a Grants-in-Aid funded project or programme.

“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 and/or services by the contractor or vendor.

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

“Disclosure and declaration of interests - Councillors” means disclosure and declaration by Councillors as required in terms of sections 5 and 7 of Schedule 1 – (Code of Conduct for Councillors) of the Local Government: Municipal Systems Act, 32 of 2003 (MSA).

“Disclosure and declaration of benefits – staff” means disclosures and declarations by staff as required in terms of Sections 2 (Code of Conduct for Municipal Staff Members) of the Local Government Municipal Systems Act, 32 of 2003 (MSA).

“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 shall be registered with the Western Cape Government and be managed and maintained in terms of the Children’s Amendment Act, 41 of 2007.



“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/line department who is responsible for the financial management and administration of the directorate/department.

“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 (Act 56 of 2003).

“MOA” means memorandum of agreement.

“Municipal Property Rates Act (MPRA)” means to regulate the power of a municipality to impose rates on property and to implement a transparent and fair system of exception, reductions and rebates through their rating policies.

“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, 71 of 2008.

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

“Serving the poor” means organisations that assist people whom have the total lack of resources and means required to meet the most basic standards of living and is best defined by conditions of existence, like the lack of access to food, clothing, and shelter.

“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 and/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 and/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 set out in the Social Development and Early Childhood Developmental Implementation Protocol with the Western Cape Government;
- 3.2 Building and growing arts and culture within communities and involving youth in Arts and Culture programmes as set out in the Arts and Culture Implementation Protocol with the Western Cape Government;
- 3.3 Driving Economic and Social Development within its area of jurisdiction in terms of City approved strategies through application of the respective criteria as detailed in;
 - 3.3.1 Promoting sports and recreation and the utilisation of local sports facilities;
 - 3.3.2 Ensuring the safety of the general public using City's beaches;
 - 3.3.3 Fighting crime to ensure the safety and security of its citizens by supporting the establishment of neighbourhood watch services within communities; and,
 - 3.3.4 Pursuing its mandates and responsibilities relating to existing health situations in terms of the Health Act.
 - 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
6. Transport

Foundation:

1. A resilient City
2. A more spatially integrated and inclusive City



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

- People living on the street initiative; and
- 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, other officials, and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure compliance.

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

5.3.1 Review reports regarding GIA applications from line department where necessary



- 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.
- 5.5 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.
- 5.6 Grant-in-Aid Committee
 - 5.6.1 Section 67 of the MFMA requires the City to implement and sustain proper and effective controls and procedures when transferring funds of the City 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).
 - 5.6.2 This regulatory process will receive oversight from the Grants-in-Aid Committee (“the Committee”). The members of the Committee shall be officials of the City appointed by the CFO. The Committee will have a broad strategic representation by including officials from various functional areas in the City as members and will be chaired by the CFO or nominee(s).
 - 5.6.3 The Committee will administer and co-ordinate grant-in-aid applications recommended by line departments and subcouncils. The Committee must ensure that each of the recommended grant-in-aid allocations comply with the provisions contained in this policy, the Constitution and relevant legislation, Implementation Protocol Agreements and other applicable policies of the City. The Committee is mandated to support or not support a recommendation received from a subcouncil or a line department dependent on the outcome of its assessment of the grant-in-aid allocation.
- 5.7 Budgets department
 - 5.7.1 Review and assess the grant-in-aid applications at a preliminary screening process;
 - 5.7.2 Review and assess the grant-in-aid applications during the first screening processes;
 - 5.7.3 Co-ordinate and facilitate the grant-in-aid meetings; and
 - 5.7.4 To note the minutes of the Grants-in-Aid Committee.



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 VAT 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 such expenditure.

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, 58 of 1962 as amended.



- 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, 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, 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, 58 of 1962 as amended, performing public benefit activities or carrying out community based projects or programmes aligned to requirements of this policy and a religious organisation undertaking as a public benefit organisation.
- 7.2.6 Any public school, as defined in the South African Schools 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 and/or maintain their own sports facilities and/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.
- 8.1.19 To civic or ratepayers' associations.
- 8.1.20 Items not listed above can be considered and approved at the discretion of Council.
- 8.2 This Policy does also not apply to the following, which are processed and regulated in terms of other polices 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: -
 - 8.2.1 Housing billing subsidies.
 - 8.2.2 Housing development subsidies.
 - 8.2.3 Indigent grants and rates rebates.
 - 8.2.4 Inter-governmental grants.
 - 8.2.5 Transfers to other municipalities.
 - 8.2.6 Transfers to other organs of state.
 - 8.2.7 Transfers to municipal entities.
 - 8.2.8 Allocations, by the Social Development and Early Childhood Development directorate, 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.



- 8.2.9 Allocations in terms of environmental or heritage management and/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.
- 8.2.10 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.
- 8.2.11 Repairs and maintenance to Council owned facilities, buildings or properties utilised by organisations. Funds established and operated by the City in terms of section 12 of the MFMA.
- 8.2.12 Events of any kind, including the marketing thereof, which include large sporting and major cultural events, concerts, shows and/or exhibitions and “indabas”.
- 8.2.13 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.
- 9.2 All applications must be delivered, e-mailed or posted to the relevant subcouncil offices and/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 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.
- 9.5 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.
- 9.6 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.
- 9.7 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.



- 9.8 The Tax Compliance Status must be valid upon the time when payment is affected.
- 9.9 All applications and business and project plans must be fully and properly completed and must reflect the desired outcomes of the project.
- 9.10 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 to the specific criteria within this policy will be considered at Council's discretion.
- 9.11 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.
- 9.12 The organisation must be up-to-date with any lease rental and services charges where it is leasing property from the City before a grant-in-aid application shall be processed.
- 9.13 Where there is a payment arrangement in place, the City's Revenue department monitors and takes appropriate action if a default on arrangements occurs.
- 9.14 The owner of a property that is leased to an organisation applying for a grant in-aid must be up to date with his/her municipal account before the grant-in-aid application can be processed.
- 9.15 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.
- 9.16 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.
- 9.17 A copy of the latest audited annual financial statements of the organisation is required where the grant-in-aid amount applied for exceeds R50 000.
- 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 Council reserves the right to request audited financial statements of organisations irrespective of the amount of grant-in-aid funding applied for.
- 9.20 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.



- 9.21 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 and/or progress of the project.
- 9.22 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.
- 9.23 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).
- 9.24 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.
- 9.25 Failing to complete the project within the aforementioned time period will result in all such grant-in-aid funds immediately be refunded to the City together with any interest that may have accrued.
- 9.26 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.
- 9.27 Permission to extend the timeframe can only be granted by the subcouncil manager.
- 9.28 The Director: Budgets and the CFO will approve extensions for line departments.
- 9.29 Should the organisation fail to complete the programme in the extended timeframe, all such grant-in-aid funding must immediately be refunded to the City together with any interest that may have accrued thereon.
- 9.30 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 ASSET

- 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 Budgets Departments SharePoint site.