

**9.
HERMANUS SPORTS CENTRE: FUNDING FOR FURTHER DEVELOPMENT:
2021/2022 CAPITAL BUDGET**

17/7/1/2/2

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1. Executive Summary

An amount of R1,9 million has been provided on the 2021/2022 Budget for the further development of the Hermanus Sport Centre on Remainder Erf 1253, Hermanus. An further amount of R100 000.00 has been made available from Ward 3 Committee towards the BMX Track and Skate Park.

This item serves to recommend to Council to make the funds available in terms of the Grant-in-Aid Policy to allow the Hermanus Sports Committee (HSC) to make drawdowns from the Capital Budget as they develop the sports facilities.

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure and Planning
Town Planning

3. Compliance with Strategic Priorities

Infrastructure investment and development

4. Delegated Authority

None

5. Legal Requirements

Municipal Finance Management Act, 2003
Overstrand Grants-in-Aid Policy

6. Background/Evaluation/Conclusion

Background

Council previously resolved to make funding available to the HSC in terms of the Grant in Aid Policy.

The HSC submitted drawdowns as the project progressed.

The reason for this was to allow the committee to implement the project. The HSC can do it more cost effective than the Municipality, because of goodwill

received from various role players and the fact that they could negotiate with service providers. This has been proven throughout the progress until now.

It is therefore recommended that the Council make the sum of R1,9 million and R100 000.00 from Ward 3 as contained in the Capital Budget for 2021/2021, available to the HSC as a Grant-in-Aid.

The money will be administered by Treasury and the Hermanus Sports Committee will be allowed to make drawdowns as the work is verified by their project engineer.

Grant-in-Aid

Discussions were held between the Executive Mayor, Municipal Manager and officials to discuss the way forward with the further development of the Hermanus Sports Centre.

It was agreed that an amount of R1,9 million and the R100 000.00 from Ward 3 be made available as a Grant-in-Aid to the HSC for them for the further development of the Hermanus Sports Centre.

This however should comply with Council's Grants-in-Aid Policy.

Clause 5.2 and 5.3 in the Grants-in-Aid Policy:

"5,2 The total expenditure on grants may not exceed 0,1% of the operational budget of the Municipality.

5.3 No transfer may be made which exceeds R100 000.00 per organization or body per annum, except for allocations to organizations which in terms of an agreement, perform a municipal function on behalf of the Municipality. In such case, these grants will be determined annually when the Municipality's budget is approved by Council."

Council will thus need to consider a deviation on the above clauses should it approve the grant-in-aid.

Evaluation

Grant- in-Aid

There are a few reasons why a grant-in-aid of the HSC could benefit the Municipality and ultimately the community.

Firstly, should the Grant-in-Aid of the HSC be made subject to the further development of the club house and to improve the safety of the Country Market structures.

Secondly, the HSC, although it must comply with Section 67 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), can negotiate with contractors and suppliers for better tariffs. Council is bound by the prescriptions of the MFMA.

Recent comparisons between projects indicate that the private sector can complete projects for up to 30% less than those undertaken by a Municipality.

The HSC would then be able to do much more than what Council could do with the R2 million.

Thirdly, various businesses in town have indicated that they would provide their services and goods at cost towards this project. Only the HSC would be able to take advantage of this.

Council Grants-in-Aid Policy states the following:

“The objective of the Grants-in-Aid Policy is to complement the goals, objectives, programmes and actions of the Overstrand Municipality in order to create a sustainable, credible and caring town by empowering and building communities and enhancing growth and sharing through partnerships. Grants-in-Aid should improve the opportunity for the Municipality to elicit the support of external organizations to deliver those services to communities which fall within the Municipality’s area of responsibility in a way that allows the Municipality to create an enabling environment for community development and partnerships.

A key objective is to provide the opportunity of creating sustainable partnerships with outside agencies to achieve the objectives of the Municipality’s Business Plan as outlined in the Integrated Development Plan.

It should also provide the opportunity for developing methods of joint funding strategies with outside agencies such as matching funding or sponsorship partnerships to meet the objectives of developmental local government.”

Council, if approving this grant-in-aid for the HSC, will be fulfilling the above objective.

In addition to this, the HSC will continue with fundraising to endeavor to further development and complete the project.

Deviation of the Grants-in-Aid Policy

Council’s policy makes provision for a grant-in-aid to sports bodies.

However, as explained in the Background, Clause 5.2 and 5.3 restricts the amount which Council can grant.

Council therefore needs to approve a deviation of this in order to allow for a Grant-in-Aid of R1,9 million and R100 000.00 from Ward 3.

Conclusion

In order for the facility to be further developed it is recommended that Council make the amount off R1,9 million and R100 000.00 (from Ward) available to the HSC as a Grant-in-Aid. Further, that the drawdown be submitted to the Municipality as and when the work has been completed and certified.

7. Financial Implications

Item is budgeted for in the Capital Budget 2021/2022.

8. Staff Implications

N/A

9. Comments from other Departments, Divisions and Administrations

Comment from the Chief Financial Officer

The recommendation is supported.

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

1. that Council **approves** the deviation of Clauses 5.2 and 5.3 of its Grants-in-Aid Policy;
2. that a **once off** Grant-in-aid towards Hermanus Sports Committee be made to the amount of R1,9 million and R100 000.00 on condition that they use the grant for further development of the Sports Club; and
3. that the HSC be fully compliant with the provisions of Section 67 of the Municipal Finance Management Act, 2003.

RESPONSIBLE OFFICIAL :

R KUCHAR

TARGET DATE FOR IMPLEMENTATION :

9 DECEMBER 2021

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A