ANNEXURE 2: Institutional Plan

Introduction

This IDP points to the need for re-tooling and refocusing the City administration. Structures and systems that facilitate the new developmental approach are required. This will include strong capacity to manage and co-ordinate action at an area level, a much more accessible and effective interface with our communities and consumers and a regulatory environment that is friendly to residents, businesses and visitors. There is also a need for the skills required to drive the new approach including partnership working, working with communities and inter-disciplinary project working. This institutional plan summarises the major principles and approaches informing the required transformation.

Structuring the Council administration
Drivers of the restructuring process

The restructuring process is motivated by the need to amalgamate, rationalise and improve the internal mechanisms that provide service delivery. The challenge is to create an organisational structure which will enable Council, within its financial constraints, to deliver on its strategic and developmental priorities. The main drivers of restructuring are:

- A revised service menu, which is packaged to include the constitutional and legislative mandate of local government, the needs and priorities of residents and stakeholders, as identified in the IDP, and in the City's Vision, Direction and Priority Programmes. This service menu will be phased and prioritised by financial affordability and sustainability.
- Significant reductions in the proportion of staff working in managerial roles and support services relative to those doing direct service delivery.
- Streamlining decision-making and accountability processes to improve operational efficiency and stakeholder access to information and services.
- The need to significantly reduce both the numbers of staff and the staff budget over the next four financial years.

A streamlined, strategic and accountable administrative executive
The current macro-structure of the City has been reorganised to ensure optimal alignment with the strategic agenda of the City. This has resulted in a reduction of the size of the Executive Management Team from ten to five and the review and re-allocation of individual roles and responsibilities.

Administrative transformation and stability

Most Council staff remain organised within the seven legacy administrations, albeit with changed top-level reporting lines. This causes inefficiencies in managing work output and maximising the benefits of amalgamation, and creates morale problems among staff who are insecure about their future placement.

A transformation task team has been appointed and as one of their tasks will proceed rapidly with the process of placing staff in new positions within an approved micro-design. This process will enable the redeployment of supernumerary staff and normalise issues surrounding the high number of contract positions that came about through the transformation process. This process will be mindful, however, of the plans for the establishment of a system of decentralised service delivery and management (described below).
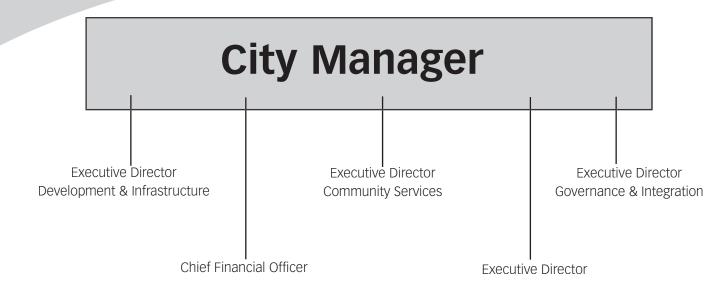
Preferred service delivery mechanisms

A corporate task team is to be established to consider the preferred delivery mechanism for a range of services, presently provided internally, but which are not core to the business of the Council and for which there are many potential private sector suppliers. Recommendations will be made dependent upon the financial desirability of retaining a service within the Council's structures, its strategic importance to the City and the human resource and service implications of a change. Alternative service delivery mechanisms will be considered for various functions.

Transparent service units

Focused and financially transparent service delivery units will be established in order make informed decisions in respect of our services. They will each have their own operating statements (and in some cases balance sheets) and perform in accordance with charters that require responsible management practice and alignment with the Council's strategic direction and legislative frameworks. This will ensure organisational coherence and better drive down financial management accountability to those who actually undertake the bulk of the expenditure and revenue collection. Best practice shows that decentralised budget and cash management results in improved financial management.

It is acknowledged that Council does not intend privatising or corporatising its core service units. Creating financially transparent services is not a precursor or mechanism to doing so; it is simply a mechanism to achieve better service access to the public and financial accountability and management within the organisation.

City Manager

Executive Director
Development & Infrastructure

Executive Director
Community Services

Executive Director
Governance & Integration

Chief Financial Officer

Executive Director

Flexibility to change governance structures (e.g. transfer to a service authority) is maintained, without at this stage, replicating the overhead costs of "ring fencing" for such units as the electricity services until such time as it is legislatively required. In addition, organisational focus can be maintained around a single vision. All functions delivered by the Council on an agency basis (such as libraries and health) will be structured on a ring-fenced basis to ensure full staff and cost accountability.

Focused programme management
The current administration functions in a fragmented manner and a silo approach predominates. Although we recognise that a silo or line management approach is needed for the efficient delivery of some services, the strategic focus areas and programmes largely demand integrated work across functions and sectors. Past attempts at integrated work have been hindered by inadequate support, both administrative and political. To this end, we will appoint and empower project management drivers for the strategic programmes and projects.

This process will also serve to identify talent in the organisation and groom these individuals for future senior management roles. Mayoral Committee and administrative top management team champions will support the programme managers.

Service planning and coordination
The City will be divided into service planning and coordination areas. Individual services will structure themselves to allow for alignment and reporting in terms of these areas.

Service needs are to be strongly rooted in area realities. Each area will have a service planning and coordination team made up from every service or function. This team will ensure coordination, monitoring, and evaluation of development and service delivery in the area.

The team will work very closely with the sub-councils and ward committees in developing area plans. Local knowledge and strong interpersonal relationships developed through this system will contribute to cross-functional teamwork and a shared vision for each area.

Contact centres

People need to have easy access to the municipality in the area in which they live. The City is committed to the provision of seamless, integrated services. Recognising the different needs of different areas, it values the importance of a service-user and citizen focus, with area-based coordination and management of services and integrated 'one-stop' access where the '80%' of normal day-to-day user needs can be addressed.   To assist in this process, the City has prepared a Policy Framework for Integrated Service Delivery and Management.

The service interface, provisionally called Cape Town Connect, is the core of this framework, aimed at making it a simple matter for all users to do business with the City of Cape Town. As the frontline of the system, a network of over 40 contact centres located at safe and accessible points across the City is planned. Citizens will access them by visiting a centre, via the single Cape Town direct phone number, or by fax or e-mail. Well-trained, multi-skilled officers will be able to address 80-90% of user needs in regard to all Council services as well as select services of other spheres of government at the first point of contact. All centres will have cash-receipting facilities.

The contact centres will be supported by a higher network of integrated service centres, each associated with particular service planning and co-ordination areas. These will provide higher level services needing specialised technical knowledge such as processing development and planning applications. Where citizens' needs are too specialised to address at the first point of contact, individuals will be referred directly to the integrated service centres to finalise the issue. Appropriate delegations of authority will enable streamlined decision-making and service delivery.

Administrative offices and cash offices are to be the foundation for this network; however, the City will move some of the centres to more convenient sites. The number of staff located in a centre will vary depending on need. In addition to the contact centres and the integrated service centres, the City's municipal clinics, municipal libraries, and a number of other non-municipal public facilities will be equipped with a free telephone kiosk which connects the user directly to a contact officer in one of our service centres.

Cape Town Connect will also provide the City with a wealth of information about service user issues on a daily basis, greatly aiding service monitoring and improvement. The overall system for decentralised service provision and management will be implemented in a phased manner A roll-out plan for such implementation has been prepared, including proposals for associated project management.

The Enterprise Resource Planning Programme (ERP)
The City of Cape Town is the first local authority in Africa to implement a full-scale ERP solution and by September 2003 had established the largest local government-sector SAP installation in the world. An ERP system offers organisations a comprehensive and integrated solution for managing financial, revenue, human resources, operations and other services on a single integrated IT system. A well-managed and the optimal use of the ERP system will enable the City to comply with statuary requirements relating to transparent governance, financial, resource and performance management.

To date the focus of the programme has been to design, test and build the system and to train and roll it out to over 6000 users. This was done in two phases: Release 1 – Expenditure (Dec 2002) and Release 2 – Income (Sept 2003). The income-focused phase of the project addressed Lease Management, Real Estate, Rates, Utilities Consumption, Billing and Customer Service functionality for the City and by September 2003 the implementation phase of the project was complete.

Human Resources strategy

Introduction
Over 35% of the City's operating budget is spent on one single resource – staff. The productive utilisation of its human resources will be one of the most important challenges for the City. The staffing strategies of the City need to be fully integrated into the financial strategies if either are to succeed. Historically, the two have been poorly integrated, with the result that neither are maximised to the full benefit of the City. The HR strategies, risks and impact on the budget, need to be well understood, fully endorsed and driven from the highest level in the organisation, starting with the Mayoral Committee and the City Manager.

HR strategies required to achieve City's vision
A number of strategies to achieve the strategic outcomes are indicated in the IDP, particularly the competent accessible administration for all, financial sustainability and a healthy city. The key challenge lies in the reduction in high cost of staff and administration over the next four years. A Corporate Staffing Strategy aimed at achieving these results has been formalised (including 2003/04) and is in process of being implemented. In summary the following steps are included:
- Size of new structure. Ensuring the new structure is the correct size will be a key lever in delivering on financial sustainability. Affordability in five years time and the speed of placement will be taken into account when deciding on the size of the new structure.
- Consolidation of staff costs and budget. At present labour costs are split between the staff budget and the contractor services budget, with the latter not being considered

part of staff costs. In order to properly manage this expenditure and correctly reflect total staff costs, these costs need to be consolidated under staff costs and tighter management mechanisms need to be in place to manage the process of accessing and utilising labour broker staff.

- Management of supernumary staff. Identification of the posts and staff who are supernumary to the establishment will take place through the placement process. The affected staff needs to be managed in order to ensure that they are productively utilised and that the pool is reduced progressively over the next five years.
- Reskilling & alternative placement. Reskilling and alternative placement will be one of the key mechanisms for reducing the pool.
- Managing staff flexibility. Developing mechanisms to ensure staff can be utilised flexibly by the organisation is a key driver to ensure the success of our staffing strategy. These mechanisms include both geographical and functional flexibility as well as flexibility of working hours and working weeks. All the mechanisms will need to be consulted on in the SALGBC.
- Management of disparity & TASK implementation. Current salaries across the City contain significant disparities. This will be addressed through the implementation of TASK, following placement next year. There is a significant cost implication to parity.
- Management of integration of contract staff into permanent positions and the costs related to this exercise. Approximately half of all fixed-term contract staff are in critical operational positions, the balance are in support roles. Many of these staff will become permanent following the placement exercise. There will be a cost implication to this exercise.
- Standardisation of Conditions of Service. A standardised set of Conditions of Service for all local government employees have been finalised. The current draft agreement will have an increased effect on the staff budget.
- Short to medium term savings on the staff budget. A process has been implemented to address the projected overspend on this years staff costs.

In addition to these measures, other important HR strategies will include:
- Seamless performance management – at the individual level, be rolled out in line with the Balanced Scorecard at operational level.
- Managing the workplace HIV/Aids epidemic through providing appropriate interventions to both limit the spread of the epidemic and extend the economic lifespan of HIV-positive employees. This includes the roll-out of treatment to those employees who cannot afford it.

Skills development strategy

The skills development strategy of the City, as articulated in the annual workplace skills plan, contributes to raising the skills base of the organisation and is important in addressing the

need for greater organisational efficiency and performance, employment equity and improved service delivery. The skills development strategy also integrates with the national skills development strategy as the City of Cape Town is complying with the requirements of the Local Government Water and Related Services SETA.

In developing the skills development strategy, three areas have been identified as the focus, in order to prioritise resource allocation. These are:

• Equitable and accessible services – in particular the creation of integrated, decentralised service delivery.
• Diverse and representative workforce.
• Financial sustainability.

Twelve areas of training have been prioritised within the Skills Development Plan for 2003/2004 and can be linked back directly to these three priority focus areas. Training and development is implemented across all services. 40% of the training budget is funded from the corporate centre and the balance from within each service. To ensure that this training supports the three focus areas, the skills development strategy will be managed, coordinated and monitored under corporate HR, through a project management approach.

In addition to the training interventions identified under the Skills Development Plan, the skills development strategy will be supported by the conducting of the baseline skills audit and by the mentorship programmes under employment equity. The City has also committed itself to an increased financial investment in training and development over the next few years and has established policies and procedures to effectively facilitate the implementation of the workplace skills plan. The identified training areas contained in the workplace skills plan are:

Training area	Strategic priority
Finance	Financial sustainability
Management/supervisory/leadership	Equitable & accessible services
	Diverse & representative workforce
Policy & legislation	Financial sustainability
Community development & partnership	Equitable & accessible services
Safety & security	Equitable & accessible services
Information technology	Financial sustainability
Organisational change, transformation	Equitable & accessible services
& project management	Diverse & representative workforce
Administrative	Financial sustainability
Quality management	Financial sustainability
Job/function specific	Equitable & accessible services
Human relations	Financial sustainability
	Diverse & representative workforce
Formal education	Equitable & accessible services
(including ABET, formal schooling & tertiary)	Diverse & representative workforce

Performance management system

Introduction

Council has adopted a performance management system to ensure accountability to our stakeholders, to enhance performance and learning and to ensure our compliance with the Systems Act. In terms of Section 39 (c) of the Systems Act, a municipality is required to submit its OPMS to the council for adoption. In order to meet this legal requirement, Council formally adopted widely used Balanced Scorecard (BSC) methodology on 26 March 2003 after a public participation process. The process of creating a scorecard is as follows:

* formulating the organisation's business strategy (mission, core values, vision etc);
* developing the organisation's key business objectives on a strategy map consisting of four perspectives, community / stakeholder, financial, internal processes and organisation and learning;
* developing specific measures (indicators) and metrics to track progress; and
* implementing methodology, which includes continuous improvement in the process.

Performance is then regularly monitored, measured and reviewed so that corrective action can be implemented. This part of the process is known as 'operationalising' and is effected by means of Plan-Do-Review (PDR) sessions at the respective management levels. At the City (Corporate) level, performance in respect of the targets set for key performance indicators supporting the objectives in the Corporate Strategy Map is measured at PDR meetings overseen by the City Manager. A revised Corporate Strategy Map was approved by the Executive Mayor in November 2003 and is to be further refined. In the interim it has been cascaded to each of the Council's service areas to facilitate the finalisation of the business planning and budgeting processes.

City Strategic Map

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City Manager's Strategic Map

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Service Strategic Map

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Directorate Strategic Map