



Part D

CORPORATE STRATEGY & SCORECARD

Introduction

The strategic approach required to bend the development trends in a positive direction requires major commitment, re-tooling and refocusing from City Government. The capital and operating budget need to be focused on priority areas highlighted in strategy. 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.

In order to facilitate the above, an integrated corporate strategy has been developed that links the six key strategic focus areas with the required changes to support this in our organisation. This strategy has been unpacked into four elements which align easily with the four perspectives of the Balanced Scorecard – service delivery (community/citizen); finance; institutional (internal processes); and learning and innovation (organisational learning).

The service delivery approach

The service delivery approach is based on two key imperatives – development and equity. It recognises that the expression of the development and equity imperatives will vary depending on the nature of the service.

The service approach thus recognises that the activities of the City can be broken into three primary categories :

- Services or activities focused on the City as a whole (such as metropolitan transport).
- Services or activities directed at communities (such as sport and recreation or land use management).
- Services or activities provided to individual households or consumers (such as electricity).





Each group of services has a different role in relation to ensuring an equitable and developmental approach in line with the City's strategic goals.

Services with a city-wide focus need to meet the following requirements:

- Improving city competitiveness in order to attract and retain capital, skilled labour and tourists and to create the environment for our economic sectors to compete successfully.
- Improving access to jobs and income opportunities in order that participation in the economy can be broadened and so that poor of the City can have improved access to opportunity, to skills and to sustainable livelihoods.
- Improving transport access to work and recreation opportunities in order address spatial inequities and to improve the efficiency of our urban form.

In doing this, the City will seek to cluster public investment in priority areas in order to ensure critical mass and impact in the poor areas of the City in particular. In this regard, priority will be given to making strategic land close to opportunity available for housing for poorer communities. The City will also work in partnership with other spheres of government and with metropolitan stakeholders in order to achieve the required economic development and urban efficiency.

Services with a community focus need to meet the following requirements:

- improving the health of community;
- ensuring access to adequate shelter for all;
- improving community safety; and
- ensuring community dignity, cohesion and self-reliance.

In focusing on these issues, community services will engage in targeted community improvement and urban renewal interventions focused on areas of greatest need and using a multi-disciplinary, multi-organisational approach. Again partnership with communities, community organisations and with other governmental, non-governmental and private sector agencies will be critical.





Services focused on delivering to individual households and consumers need to ensure the following:

- Eliminating basic service backlogs over a defined period of time through a structured extension programme.
- Improving the maintenance of existing service infrastructure in order to limit asset stripping and prevent infrastructure failure.
- Improving service efficiency to reduce costs.
- Introducing improved demand management practices in order to ensure the long-term environmental sustainability.

The financial approach

The developmental service delivery approach has to be implemented within the context of major financial constraints. The cost of administration and services is currently too high relative to revenue. The consequence has been that over time available cash reserves have been used up. This long-term problem has been made much worse by a fall in collection rates.

Significant adjustments to the 2003/04 budget were made to ensure immediate stabilisation and prevent the worsening of the financial position. However, concerted action over many years will be required to create a strong financial base able to support the long-term growth and development of the City.

The first financial imperative is to increase City revenue. This will be achieved by focussing on other ways of increasing revenue. This will include improved collection administration, external funding and leveraging Council assets. The second related financial imperative is to ensure affordable rate and tariff levels. This implies that increases in revenue will not be achieved through increasing the level of rates and tariffs because of its negative socio-economic impact. The City's rates and tariffs policy, including its approach to the indigent, will need to be monitored and refined on an ongoing basis.

The third financial imperative is to reduce the administrative overhead significantly. This will primarily be achieved through staff reductions. The target is to reduce the number of staff and the staff budget as the major cost driver of the operating budget by approximately R800 million per annum over the course of the next four years. This will realise the potential savings flowing from the amalgamation of seven former councils and the introduction of the ERP. It will also involve a review of the service menu to identify areas where services can be reduced or where there are potential savings from alternative service arrangements.





Institutional approach

To support the service delivery and financial strategies outlined above, a number of key institutional interventions will be made. These are as follows:

- Establishing a smaller, flatter organisation based on accountable service units in order to meet both the financial sustainability targets as well as promoting greater responsiveness and less bureaucracy.
- Increasing the representivity of the staff complement especially at senior levels in order to enhance the effectiveness and credibility of the organisation and to ensure that statutory obligations are met.
- Ensuring effective area integration and co-ordination in order to align the activities of different services on an area basis.
- Ensuring effective governance and integration processes and systems.
- Establishing an integrated and seamless responsive user-interface system, which enables service users to have most of their municipal service delivery issues addressed at the first point of contact.

Innovation and learning

The new organisation will require new capabilities to work effectively in a more efficient and more developmental manner. Culture change and effective change management will be key to achieving the approach outlined in the corporate strategy. The key immediate strategies are as follows:

- Improving management capability to ensure effective implementation of the new approach through focused management development programmes and through performance management.
- Ensuring all staff are equipped to implement the new developmental approach through enhanced training, clearer management systems and improved internal communication.
- Deepening linkages, partnerships and networks with communities and other stakeholders as a basis for new approaches to service delivery and development.

Linking the IDP to business planning and the budget process

The corporate strategy outlined above has been captured in a strategy map in terms of the Balanced Scorecard methodology. This is the key strategic tool of the City from which the five services and the directorates of the City obtain their strategic guidance. The strategic map will be enhanced with targets and indicators.

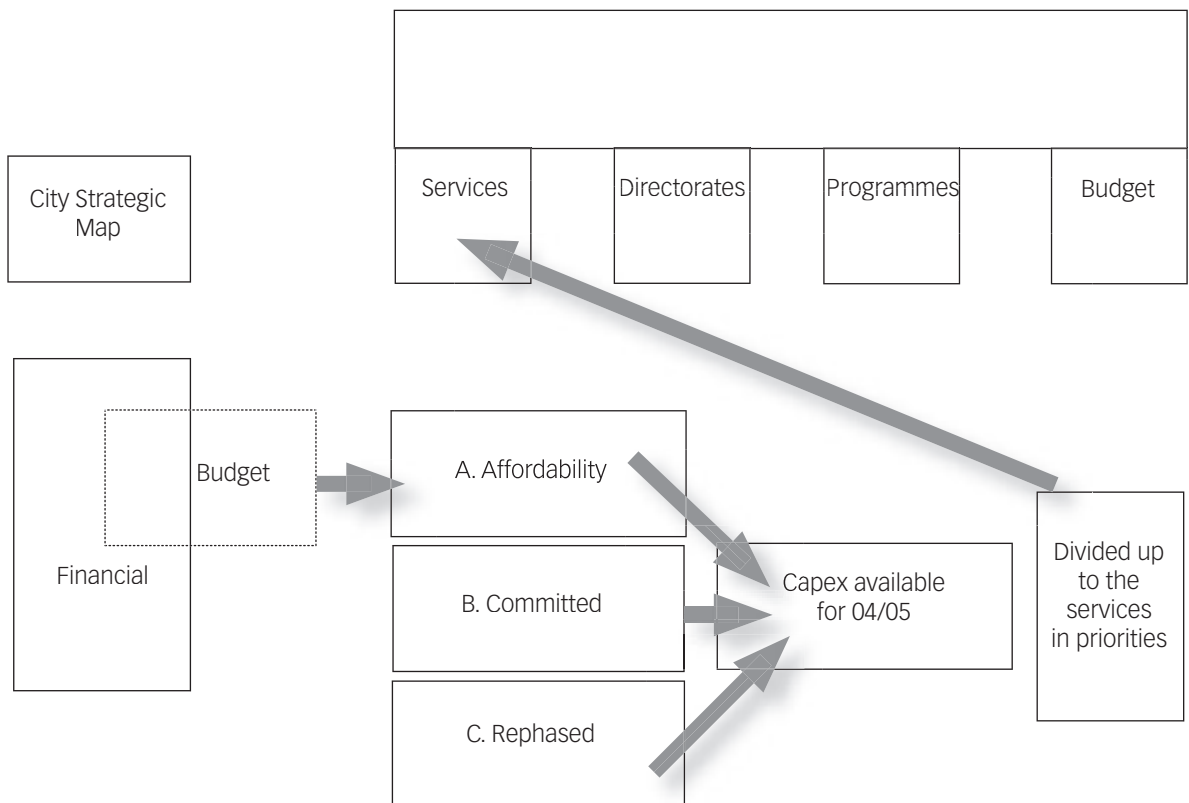




This is then cascaded down into into service maps and then into directorate strategic maps. These are used as strategic frameworks from which directorates can devise programmes and projects which are costed and included into a draft budget. This is a simple strategic process. Financial realities must, however, also be taken into consideration. To this effect, financial projections were done in MTIEF, which shows the budget amounts that the City can afford (reflected as A in the figure). A certain portion of the 2003/04 budget was rephased (C) and certain financial commitments and long-term projects are already committed to the budget. These, if taken into consideration will provide a guideline as to how much budget is available in the coming three years on the operational and capital budgets.

The process to be followed must comply with the provisions of the Municipal Finance Management Bill as the City is a pilot site for the Budget Reform Project. The process timetable conforms to these requirements by integrating the IDP Review, Business Planning and Budget processes. The guidelines informing the Business Plans as well as the Operating and Capital Budget will be the Strategic map of the City as informed by:

- the IDP;
- MTIEF (Medium Term Income and Expenditure Framework);
- the parameters and assumptions for growth in income and expenditure implicit in the modelling for the Restructuring Grant Application; and
- the macro-guidelines issued by National Treasury.





Conclusion

Just as the Cape Town of 2004 is wholly different from the City of ten years ago, our vision for the Cape Town of tomorrow – for every community and each of its inhabitants – demands commitment to a future that seems far distant from today. Our common challenge, as a city and as local government, is to move from the Cape of Storms to the Cape of Good Hope. We will arrive there only by continuing to ask the hard questions, by listening and responding to the City's residents and partners, and by communicating a clear sense of direction and purpose in everything we do. From decision-making to delivery, we will drive development only if we strengthen and maintain our collective focus – on sustainability, dignity, accessibility, credibility, competence, safety, prosperity, and, above all, leadership to share this exciting transformation with all of Cape Town's citizens.

