

THE UNICITY COMMISSION  
DIE UNISTADKOMMISSIE  
IKOMISHON YESIXEKO SOBUBANO



# BUILDING A UNIFIED CITY FOR THE 21ST CENTURY

*A summary of the proposed service delivery  
and institutional change proposals for the term  
of office of the new City of Cape Town*





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## THE CHALLENGE



**L**ocal government in metropolitan Cape Town can look back at significant achievements since 1995 including the consolidation of local democracy, significant extension of services and the completion of major restructuring. It can point to many examples of innovation and good practice in its areas of activity.

At the same time, the indications are that conditions in the city are deteriorating. The current arrangements for managing Cape Town are not succeeding in bending the key socio-economic trends in a positive direction despite the goodwill and efforts of a range of actors. We face growing unemployment, growing informalisation, an HIV/AIDS explosion, increasing levels of crime and other signs of social decay.

Cape Town should, in fact, be doing much better than it is. It has much higher levels of basic services than any other South African city. Its diverse economy has grown more rapidly than other South African metropolitan areas over the past 10 years. Yet Cape Town's human and social development outcomes are way below what they should be given these service levels and economic situation. For example, the violent crime and TB rates, indicators of social breakdown and poverty, are the highest in the country.

At the heart of the failure to translate our strengths into real socio-economic progress lies social division. We are a divided city full of racial, political and social divisions that have greatly limited the space for dynamic shared city leadership to emerge. Many communities are internally fragmented and dysfunctional which undermines the effect of social and economic development initiatives and services. We have an economy - formal and informal - that does not provide decent opportunities for many.

The Unicity Commission sees the establishment of the unicity as a unique opportunity to build a unified city and take bold and innovative steps to significantly improve our position as a relevant, socially just and globally competitive city.

We need a very different approach to managing the city. Local government's current "game plan" is not working and we need to substantially re-organise and re-gear city government if we are to address our complex, competitive, changing environment characterised by growing demands with limited increases in resources

## A VISION FOR CAPE TOWN



**B**efore we sketch the key elements of a new agenda or plan, let us imagine a different Cape Town – a unified city. What is it like? This represents one vision – reflecting the hopes and desires that inspire the work contained in this document. A key task of the new Council will be to develop its own vision, its own imagined city of the future, to focus and direct the respective strengths of diverse stakeholders in local government and the city as a whole.

### *“Cape Town – a unified city”*

*It is a city known worldwide for being in command of its destiny, a respected player and partner in a network of South African, African and worldwide metropolitan areas, and an enviable place to live, work and visit. It is hard to believe that this was once one of the most violent cities in the world, a city where more than 20% of residents were unemployed.*

*It is a busy city. On the streets there are people cleaning, people negotiating, people coming and going. Although many citizens live very ordinary lives and are still poor, there is clearly hope for a better life. Small businesses flourish everywhere. They form part of intricate networks of production, contributing to the city's larger enterprises and utilising their downstream opportunities. The city hosts a number of world famous markets where unique African and Cape products are sold to locals and tourists alike. Advertising signs announce the presence of global companies. It is an economy that enjoys the confidence of the world but is not trampled by it.*

*Increased access to opportunities and wealth generating assets has restored the dignity and confidence of people. As a result community life is rich. Visiting the city's network of public spaces, ranging from large to small, all different but true hubs of community life, provides a powerful experience of the culture of Cape Town. The coming together of different cultures develops new commonalities and expressions in the arts. The diversity of cultures provides exciting contrast and interest to the visitor reflected in the music, dance and traditions of the city.*

*The focus on education and information is noticeable at these hubs. Institutions of various kinds surround the public spaces. Most fulfill different functions, are joint initiatives of different government and community organisations, and they welcome visitors. These places are also points at which people, especially children, access the world's latest information technologies, and link to the world. Notice boards announce numerous cultural and community events, as well as the availability of safety networks for those in need. Unlike in so many of the world's cities, these places are safe at all hours of the day.*

*Although advanced and rapidly transforming through new building programmes, the fullness of the city's history is visible, as well as the innovation of its residents. The city's residents and visitors delight in the quality of its natural environment. The most famous of*

*these, Table Mountain, is the home of some of the most unique flora in the world, while the walks and promenades on its edges are similarly, world-renowned. Large numbers of people parade, jog and cycle along these on fine evenings and a range of local cuisines can be sampled from vendors along the way. Beaches and the city's new parks are popular places for relaxation, whilst the parks also fulfill a productive role, accommodating allotment gardens and nurseries. The public works programmes that built these parks provided new skills and employment to many Capetonians over the years of their construction.*

*The city's institutions are prized for academic excellence as well as innovative solutions to old problems, testimony to the open mindedness and tolerance of its citizens. Cape Town is increasingly becoming a choice destination for quality health treatment, the film industry and for major international conferences.*

*Movement by public transport is efficient, easy and affordable. Community hubs are always associated with public transport interchanges, and it is easy to change from a taxi, to bus or train, depending on how far and where you want to go. Rich tapestries of neighbourhoods surround community hubs. These are made up of a wide range of housing types, offering people many choices. Most housing is modest, but it doesn't matter because of the quality of the city's public spaces and institutions. Early evenings hum with noise, laughter.*

*The visitor ends up tired – there is too much to see and experience. One visit is clearly not enough to experience the fullness of Cape Town.*

*It is said that Cape Town achieved its success through strong leadership. For two decades, through a succession of mayors, the council has mobilised the city, including business and community organizations, and citizens, around a directed programme of transformation.*

*This strategy was led in the beginning through a few critical interventions which enabled the new Council and residents to reclaim their city, point-by-point, issue-by-issue. The city's transformation was designed to build on every initiative and to enrich it over time. Everyone worked together, from community organisations to the city's prized academic institutions. They learnt as they went, pulling in more actors and greater integration across sectors and groups. Today, the Council is one of the most preferred places of employment in Cape Town.*

*These initiatives overcame a critical tension: meeting immediate and pressing service needs, while at the same time consciously transforming established ways of doing. They took charge of poverty through directed programmes, at the same time building for the future.*

*It was a brave move, there were differences along the way, but Cape Town stuck to the task it set itself in 2000. Now the city is reaping the benefits and others are following its lead. It is a city prepared for what is brought its way.*

# THE CHALLENGE OF CHANGE



**T**he Constitution, the White Paper on Local Government and various pieces of legislation enshrine a powerful and central role for local government in managing South Africa's towns and cities. This role is captured by the concept of developmental local government – local government committed to working with citizens and groups within communities to find sustainable ways to meet their social, economic, and material needs and improve the quality of their lives.

The Unicity Commission has prepared proposals for a service delivery and institutional strategy as key parts of a term of office Integrated Development Plan (IDP) that gives expression to developmental local government in the context of the unique challenges of Cape Town. Over time, further work on these issues will result in an increasingly sophisticated and comprehensive IDP.

The proposals focus on the need for strategy change, structural change and process change. Change will need to happen in all these areas simultaneously and in a complementary manner if we are to achieve sustainable development impact and high performance.

**The main elements of the approach can be summarised in the 10 points listed below:**

## 1 ENSURING DEVELOPMENT IMPACT

The proposals of the Commission are based on

the view that the key obstacles to sustainable development in Cape Town are the connected problems of a divided city, social breakdown and a dual economy. The argument suggests that the focus of development should be on attacking these through the following approach.

Firstly, support and enable economic growth as far as is possible. This entails measures to strengthen existing sectors, enable the emergence of new ones and includes a strong emphasis on skills development.

Secondly, access to support measures for the poor should be enhanced as far as is possible whilst recognising that unmet need far outstrips capacity in the state.

Thirdly, the key and most fundamental challenge to development, is to focus on increasing access to opportunities. The 60% of Cape Towns population who live below or just above the poverty datum line are the key. Those who are either excluded, or vulnerable to exclusion from the formal economy must get access to positive opportunities which enhance socially responsible self-reliance. Opportunities which foster self reliance

The new Unicity Council should be judged on the extent to which it is able to make a substantial difference to the economic and social realities of Cape Town.

are defined broadly to include income earning opportunities, skills development and learning opportunities, safe and secure environments to live in etc.

The new Unicity Council should be judged on the extent to which it is able to make a substantial difference to the economic and social realities of Cape Town over the next 5 years by turning around the negative trends which currently apply. Some of the major areas of action proposed by the Commission include:

#### **Shift of resources to strategic levers**

The Unicity Council will progressively shift resources and effort into those activities which have maximum leverage on the development challenges. This will involve choices and trade-offs. The following strategic levers emerging from the on-going work around a development strategy have been identified as crucial but are under-resourced currently, are not all well understood and will require on-going elaboration and alignment:

- Enabling competitive advantage in lead economic sectors.
- Ensuring increased access to income generating and other opportunities for the poor
- Supporting the development of enhanced skills to support growth and self-sufficiency.
- Building community and household cohesion.
- Increasing levels of connectivity and access, in particular IT and public transport infrastructure and services.
- Spatially targeted and environmentally sustainable investments that create safer more dignified and more opportunity rich community environments.
- Reliable and appropriate management and regulation of the urban environment.

#### **Maximising the effect of local government services and activities**

At the same, all municipal activities and resources need to be managed to have maximum impact on the development challenges. Any municipal activity must be able to answer some of these questions positively.

- Does the service or activity contribute to breaking down social division?
- Does it help to foster dignity and civil behaviour?
- Does it build leadership?
- Does it harness the ideas, energy and resources of other sectors of society?
- Does it facilitate access to the formal economy?
- Does it contribute to skills development?
- Does it provide support to the poor?
- Does it enhance our economic competitiveness?

The Council will thus use its procurement policies and its influence as a major purchaser of goods and services to influence its suppliers and other stakeholders to maximise jobs creation, skills development, economic empowerment of previously disadvantaged people and to improve their IT capability.

### **Aligning long-term strategy development with immediate action**

In addressing these levers a balance will need to be struck between interventions based on the need for immediate action and developing the long-term perspective. It has not been possible to develop a comprehensive long-term city development strategy within the time frames and resourcing of the Commission process. Such a strategies only emerge over time. City government will need to systematically align major sectoral strategies such as transport and land use through the annual IDP process.

However, some key interventions can make an almost immediate difference - early or short-term successes can be achieved that will assist other processes, build confidence, encourage further efforts and aid the development of a new organisational culture and development concept.

The Commission has undertaken processes to develop business plans for partnership based strategies for safety and security and HIV/AIDs which have been identified as critical immediate issues of broad concern with massive implications. It has also developed proposals for a number of other "quick win" development-focused projects for implementation in the short term.

### **Cross-functional programme working**

The need to maximise development impact will also drive much more integrated cross-functional working and a project or programme approach. The developmental challenges of Cape Town will not be addressed through the provision of individual services on their own. Many of the complex and critical problems facing the Unicity, whether this is crime and security or poverty, require a concerted cross-functional attention. The Unicity Council will thus initiate and support a range of programmes targeted at critical problems. Such programmes will tend to be run on a partnership basis involving other spheres of government and the private and community sectors as required.

## **2 PARTNERSHIP AND JOINT EFFORT**

We need partnerships because a single actor

cannot solve the most challenging problems facing the city. The challenges require co-ordinated and multi-dimensional responses from all quarters. The municipality is but one player in Cape Town's socio-economic landscape. It has access to a finite set of levers and resources. Other stakeholders complement these levers and resources. Acknowledging the limitations of city government levers means acknowledging that the private sector grows businesses, the SAPS leads crime prevention strategy, families and households socialise children, the Western Cape Provincial Government runs the education system and so on.

The Unicity will seek to leverage private sector, NGO, community and public sector knowledge, resources and effort for service delivery and development.

The Commission's recommendations include the following:

The forging of city unity and cohesion through strong and assertive leadership will make the critical difference in Cape Town's ability to tackle the future.

#### City development partnership

Growth and development is thus every-ones business. City government however has the constitutional responsibility to lead and enable this process in its particular geographical location. The forging of city unity and cohesion through strong and assertive leadership will make the critical difference in Cape Town's ability to tackle the future.

The Commission proposes the urgent establishment of a City Development Partnership to enable the development and implementation of a shared development agenda. This partnership must be about concerted action and must be co-owned by the Council, other government agencies, parastatals, the private sector, labour and civil society organisations.

The emphasis of the city development partnership will be on a highly focused campaign or campaigns which can mobilise the commitment, energy and resources of a wide range of stakeholders but which substantively address our core issues of a divided city, dysfunctional communities, and dual economy. However, it will be an important player in developing a common vision and approach to the long-term development of Cape Town.

#### Building civil society

A key task in the partnership approach is empowering communities and community organisations to engage effectively in the development process and to address community needs. Studies have shown that the most crucial success factor in poverty reduction strategies is the level of community organisation. The Commission recommends that a city leadership centre should be established to support the development of a strong civil society and to foster partnerships and common vision amongst civil society and municipal leadership.

#### Improved linkages with other spheres of government

If we are to effectively govern the city, the Council will also need to work with provincial and national government especially in areas where their functions overlap in much more effective ways than is currently the case. The Commission makes a number of recommendations in this regard. These include a commitment that the development of major city strategies involves all three spheres of government.

The primary responsibility of the Ucity will still be to ensure the provision of high quality municipal services to both the residents and commercial and industrial enterprises of Cape Town that represent the best possible value in terms of both their efficiency and effectiveness. The Commission's recommendations on service include:

### 3 BEST VALUE SERVICES - THE FOUNDATION OF CITY SUCCESS

The primary responsibility of the Unicity will still be to ensure the provision of high quality municipal services

### **Service equity**

The range and standard of services across the Cape Town metropolitan area currently varies considerably. There will be an immediate challenge to ensure that services are provided on an equitable basis across the metropolitan area. The move to service equity will need to happen simultaneously with the setting of common city-wide tariffs and the finalisation of a common General Valuation to ensure that everyone also pays for services equitably.

### **Guaranteed package of services**

The Commission recommends that all citizens should have access to a guaranteed package of services which is in line with applicable national standards and that this should at least include water and sanitation, electricity, refuse removal and access to his/her residence. This guaranteed package should include a basic level of water and electricity which is provided free. It recommends that individual services plan to achieve universal access to their components of the guaranteed level by the end of the 2001/02 financial year.

### **Pro-poor measures**

The Commission proposes that the new Council adopt a policy aimed at ensuring that services are affordable to poor households. Such pro-poor measures should follow a philosophy of subsidies implemented through stepped tariffs and progressive property tax rather than an approach based on means-testing. At the same time it should allow for cases where individual households approach Council to seek relief. It also proposes that where possible subsidies should be transparent and that unnecessary hidden subsidies should be eliminated.

### **Needs based approach**

The Commission recommends that a "needs-based" approach within the equity framework be followed in planning service provision. Variations in needs and priorities must be recognised and services should be responsive to the particular needs of individuals, households and communities. A one size fits all approach to service delivery is not appropriate. As part of this approach the Unicity will also need to ensure that the special needs of different categories of people including the poor, the disabled, youth and the formal and informal business community are addressed.

### **Efficiency drive**

The Unicity Council will have to address growing needs without a corresponding increase in the financial resources available. All services will thus need to be tested against the standard of whether they represent the best possible value in terms of their efficiency, their effectiveness and the extent to which they align with the social values of the city.

The savings achieved through more efficient local government services will free up municipal resources to provide more services and to address the development challenges more forcefully.

The Unicity Council will thus need to adopt a variety of measures to increase the efficiency and effectiveness of its services and activities in an on-going manner. These should include:

- ▶ Re-engineering of work processes and encouraging innovation to improve efficiency and effectiveness.
- ▶ Rationalisation through eliminating duplication given the establishment of a single council.
- ▶ The introduction of modern information technology practices.
- ▶ The elimination of unnecessary bureaucracy and red tape.
- ▶ Service benchmarking to enable it to compare efficiency.
- ▶ Exploring alternative service delivery mechanisms within the context of the National Framework Agreement, where in-house provision is unable to provide efficient and effective delivery on its own.

#### **Discontinuation of non-core activities**

The Commission recommends that the Council adopt the principle that activities and functions which it has no constitutional or legislative obligation to ensure, or which do not support its strategic priorities or its core functions, should be phased out. The Commission recommends in this regard that the Council should discontinue its role in managing the Fresh Produce Market and the Abattoir and that the annual business planning process be used in an on-going manner to identify other such activities and to phase them out.

#### **Citizen service charter**

The Commission recommends that a citizen service charter which defines the mutual service obligations of the Council and citizens be developed with the extensive participation of all stakeholders.

## 4 FINANCIAL SUSTAINABILITY

The financial situation of the new City of Cape

Town requires careful management. Municipal reserves have declined significantly over the past five years. There is also uncertainty regarding the future of a number of income streams including electricity surpluses and the RSC levy which are potentially subject to national change. Ensuring financial sustainability will require a range of proactive measures that substantially increase the financial strength of the Unicity Council including:

- ▶ Limiting expenditure growth (while expanding services) through achieving substantial efficiency gains and more focused use of resources.
- ▶ Maintaining and expanding income streams (through maintaining integrity of rates base, improved credit control and securing additional sources of finance).
- ▶ Establishing a stronger relationship between city government and the public built on their respective responsibilities to deliver affordable services and to pay for those services.
- ▶ Ensuring adequate investment in the maintenance of assets and infrastructure .

## 5 RESPONSIVE AND ACCOUNTABLE POLITICAL LEADERSHIP AND GOVERNANCE

There is an understandable concern that the move to a Unicity will result in a distant unresponsive Council with

poor connection to local communities. The proposals of the Unicity Commission seek to balance the need for strong metropolitan leadership with strong participation and local decision-making. Key elements of the proposed governance structure include:

- ▶ A collective executive committee comprising 10 members elected on a proportional basis and chaired by the Mayor will have a crucial role in ensuring city-wide leadership and overseeing the implementation of policy.
- ▶ Council committees with portfolios based on the key responsibilities and priorities of the Council will be responsible for making recommendations regarding policy issues relevant to the portfolio, as well as monitoring implementation of the policy. The committee system will also be structured to facilitate meaningful stakeholder input into the policy development process.
- ▶ To ensure local responsiveness and accountability, area committees or sub-councils will be established with responsibility for service monitoring, local planning and regulatory decisions, identifying local needs and priorities and facilitating public input. The number of such councils or committees will be determined by the new Council but will be considerably greater than the current 6 local councils to create enhanced local responsiveness.
- ▶ Councillors will also be supported at a ward level to ensure that they are more accessible to the public and are in a stronger position to take up local concerns.
- ▶ Checks and balances over the exercise of executive and administrative authority are important to ensure that honest and transparent decision-making is the rule. This is vital for our competitiveness as a city. Key recommendations in this regard include:
  - The Speaker should be empowered to play a strong role in overseeing Council ethics and in ensuring that councillors act according to the code of conduct;
  - A Citizen Protector with the power to investigate and make recommendations regarding human rights abuses, corruption and other abuses of authority should be appointed.
  - A Tender Board with clear transparent procedures that is able to process tenders rapidly and efficiently should be established.
  - Oversight committees to oversee Council performance and management comprising external specialists as well as councillors should be established.
- ▶ A strong system of public participation, which is both a legislative requirement and good practice for a developmental municipality, should be introduced. A range of mechanisms to get citizen and community views and involvement in policy and services will be required at all levels. The Council will need to devote greater human and financial resources to support this.

The proposals of the Unicity Commission seek to balance the need for strong metropolitan leadership with strong participation and local decision-making.

The Commission also proposes that there is considerable decentralisation of decision-making from the centre to the services but that this is balanced by an increase in the capacity of the centre to hold services accountable for performance.

The move to the Unicity poses tough structural challenges. How do we re-organise 7 current

administrations into a new single structure that is able to operate effectively at both unicity and local level? There are many ways of organising a new administration - on an area basis, on a service basis, on a programme basis or some hybrid. There are also many different ways in which power can be distributed between the centre and the line services. The Commission proposes that the line responsibility in the new organisation will vest in the services at least initially. At the same time, the Commission recognises that the new organisation will also need mechanisms to facilitate strong integration on an area and programme/process basis. The Commission also proposes that there is considerable decentralisation of decision-making from the centre to the services but that this is balanced by an increase in the capacity of the centre to hold services accountable for performance.

The main elements of the new municipal organisation will be:

#### **Focused corporate centre**

The corporate centre should be structured to support the council and its executive in establishing policy and strategy for the Unicity, to ensure the alignment of activities and services with the development strategy and IDP, to facilitate the holistic management of local government and the metropolitan area, and to ensure equitable service coverage across the Unicity.

The corporate centre would be responsible for managing overall strategic planning, corporate policy, the IDP, establishing and monitoring service levels and standards, performance and contract management as well as unicity human resource, IT and finance strategy and planning.

The proposed centre will play an orchestrating rather than command and control role and will decentralise considerable authority.

#### **Decentralised services**

Services will have significant levels of decision-making decentralised to them to ensure greater management authority and greater service responsiveness. This will be matched by increased accountability for performance on the part of services. Services will also be financially ring-fenced to enable Council to compare service performance and performance management and service level agreements will be introduced to hold managers accountable.

The appropriate form of decentralisation will depend on the nature of the function and on the capability inside and outside of local government to manage the function in line with the performance requirements specified above. Decentralisation will need to happen on an incremental basis based on the respective competencies of service management and the corporate centre. Experience has shown that unplanned decentralisation without adequate capacity to manage those relationships and to ensure accountability can have very negative consequences.

## **6 AN ADMINISTRATION STRUCTURED TO DELIVER AT BOTH A UNICITY AND LOCAL LEVEL**

The focus is rather on fixing the business by putting in place measures to ensure that every service can be managed properly

Provisionally, 12 primary services have been defined for business planning purposes. This provides a measure of structure for an extensive process of business planning for the new organisation currently under way while being flexible enough to be changed during the organisation design phase of the process. The 12 provisional services are Water and sanitation services, Electricity services, Solid waste services, Transport services, Road services, Emergency and disaster management services, Law enforcement and security services, Planning and environmental services, Community development services, Housing services, Economic development services and Health services.

The proposals do not propose any immediate privatisation of primary municipal services. The focus is rather on fixing the business by putting in place measures to ensure that every service can be managed properly because real information is available regarding the cost, the efficiency and the impact of each service and ensuring that managers have sufficient authority over their services to be held accountable for performance. This will also provide the Unicity Council with the knowledge to make decisions regarding the optimal manner of delivering the service at a later stage.

In regard to individual services, Commission recommendations include:

- Given the national process to establish Regional Electricity Distributors (REDs), the Council should expedite the amalgamation and ring-fencing of municipal electricity services in Cape Town.
- The initiative to establish an integrated metropolitan transport authority, in accordance with national legislation, be supported on the understanding that such an authority be located within local government and that mechanisms to ensure that transport planning is integrated with spatial and other sectoral strategies are in place.
- The establishment of the district health system and the incorporation of provincial primary health functions be supported with the proviso that adequate national and provincial financial guarantees are provided for.

#### **Integrated area co-ordination**

The Commission recommends that the establishment of these service undertakings will be balanced by a system of area co-ordination to ensure that the activities of the different services are monitored, co-ordinated and aligned at a local level.

The Commission recommends that the metropolitan area be divided into a number of co-ordination areas for planning, information gathering and reporting purposes and as a basis for integrated area management. One option will be to use the current 11 health districts of the metropolitan area as the basis for these areas. This will ultimately be a political decision of the new Council.

The Commission recommends that area co-ordinators be appointed for each co-ordination area with responsibility for service monitoring, development facilitation and community interface functions but no line management responsibilities. Their roles will include logging all service complaints, liaising closely with ward councillors, facilitating monthly meetings with service providers in the area, linking with community groups and identifying potential projects and partners.

The Commission also recommends that service and development/quality of life indicators be developed for each co-ordination area and that performance and overall progress

be regularly evaluated against these indicators. There is further a recognition that these co-ordination areas themselves might be too large for all the local co-ordination functions and that the need for smaller co-ordination sub-areas based on wards or a combination of two or three wards, be investigated, particularly in areas of greatest need.

In addition to the area co-ordination level, there are areas in the city that will require specific interventions. Some recommendations in this regard include:

- That the IDP process be used to identify special intervention areas and to develop appropriate programmes to address the key needs of these areas;
- That current City Improvement District type partnership initiatives be evaluated with a view to extending the concept to other areas over time.

### **Accountable and efficient support agencies**

Current support services require considerable rationalisation and re-organisation to ensure that accountable value for money service is provided to municipal operations. The broad principles endorsed by the Unicom are as follows:

- That current support service functions related to corporate policy and the functioning of the Council and its committees be located within the corporate centre.
- That those support functions related to the provision of services to the organisation or its component parts be addressed in the following manner:
  - That they be accommodated in a shared service centre or hosted by a service entity where the function is relatively routine in nature and where there are economies of scale.
  - That they be devolved to the functional service entities where they there are no obvious economies of scale or other advantages in locating them in a shared service or hosting arrangement.
  - That internal service level agreements be established between any support functions located in a shared service centre or hosted by service and the service recipient as a means of ensuring accountability and cost-effective performance.

### **Seamless access**

The Commission recommends that the restructuring ensure simpler, more convenient access to the Council and its services. Call centres, one-stop facilities where many different services can be accessed at a single point and the internet will be some of the ways to achieve this.

The changes will require a much more flexible workforce with many new skills and the capability to work in new ways.

The nature of many current jobs will change as work processes are modernised, bureaucracy is reduced and the development focus changes priorities and ways of working. These changes will require a much more flexible workforce with many new skills and the capability to work in new ways and in new areas. Key areas of change proposed by the Commission include:

## 7 A HUMAN RESOURCE SYSTEM AND CULTURE THAT ENCOURAGES HIGH PERFORMANCE

### **Developing capability and skills**

The Unicity Council will need to place a high priority on developing the capability of current and future staff as the foundation for greater flexibility and as part of its broader responsibility to the skills development of our society. This will require a large investment in upgrading the skills base. A skills development focus also provides a unique opportunity to address gender and racial disparities in the organisation.

### **Employment practices to support performance**

The Council will also need to introduce conditions of service, remuneration practices and job grading systems which support the establishment of a high performance organisation. The implementation of the recruitment and selection policy and procedure, as well as the implementation of the migration policy set out in the HR policies and procedures published in the section 12 notice, are critical tools to ensure that the appointment and placement of staff promotes a high performance culture. The introduction and full implementation of a Total Cost Of Employment (TCOE) approach to remuneration for all employees is a necessary measure to support a performance-based culture.

### **Improved collective bargaining**

Sound employment relations and effective collective bargaining is a necessity for the success of the restructuring initiative. The management of the collective bargaining relationship must therefore be given high priority and must be appropriately resourced at a governance and management level.

### **Culture change**

Local government has been characterised by an inwardly focused, bureaucratic culture that is generally unresponsive to citizen needs and is focused on inputs rather than outputs or outcomes. Major cultural change initiatives need to be launched to supplement the structural and system changes outlined above. This will include substantial commitment to team-building and strong communications capacity to support the flatter more responsive and learning organisation envisaged and to facilitate the merger of seven different organisations with different cultures.

The driving values of such a cultural change process should be a citizen/user focus and continuous improvement. The emphasis on the citizen/user and community involvement will be reinforced by a variety of tools and techniques, including increased use of surveys,

customer care focus training and greater citizen involvement in scrutinising services.

The value of continuous improvement and innovation will similarly be reinforced by training and by delegating greater responsibility to frontline workers for resolving and finding customised solutions at the interface with the community and the citizen.

The Unicity Council will require a shared and seamless

strategic management process (including an IDP, business planning, budgeting, reporting and review processes and performance management) supported by strong information systems to rationally allocate and align resources and to ensure that Cape Town is able to address the related challenges of becoming globally competitive and systematically eliminating poverty.

This strategy process will be the basis for ensuring that internal and partnership-based decision-making and service delivery arrangements are aligned with a long-term perspective for addressing the city's critical challenges.

Performance management across the organisation is both a requirement of the Municipal Systems Act and an essential tool for building a high performing organisation and will need to link strategic objectives with operational, team and individual performance.

This system should be driven from the corporate centre but must be balanced by the encouragement of experimentation, pilot projects and the other strategic thinking tools such as scenario planning to promote innovation and new thinking. The adoption of learning organisation and knowledge management practices can also facilitate the sharing of innovations and the creation of an environment that supports innovation and communication between the coalface of service delivery and the centre.

## 8 MODERNISED MANAGEMENT SYSTEMS

The transition to the Unicity creates an opportunity

to rapidly establish an IT enabled government with a strong e-Government capability to improve efficiency, integration, information flow and citizen access. The Commission recommends that a Smart City strategy be a key ingredient of any development agenda of the city and that a Chief Information Officer (CIO) be appointed to create a "centre of gravity" for technology strategy. It also argues that a new IT system to give the organisation its basic capabilities (including budget formulation, financial management and HR management) be in place by July 2002. The new systems implemented must also give the organisation the ability to ring-fence service units. It is suggested that e-Procurement should be explored as a possible fast-track project to realise administrative and developmental objectives.

## 9 e-GOVERNMENT

## 10 A PHASED TRANSFORMATION JOURNEY

A major re-organisation is a large and complex

process and will need to be implemented in a systematic manner that ensures rapid transformation without disrupting service delivery in the short term. It will need to be supported by the establishment of strong change management capability.

A detailed change road map defining all the major change projects required and indicating the time frames and outputs will be a critical tool for managing the change process. The major area of focus by year can be summarised as follows:

- On the day after the elections the current administrations will essentially remain intact although they will all now form part of a single organisation.
- The focus of year 1 from July 2001 - June 2002 will be on the establishment of the central administration and the amalgamation of the different services.
- Year 2 will emphasise inter-service working and the building of external partnerships.
- By Year 3 the benefits of rationalisation and efficiency should begin to emerge in significantly increased performance.
- The change plan for Year 4 emphasises consolidating the change process as a foundation for sustained high performance.

# SUMMARY OF KEY UNICITY COMMISSION TERM OF OFFICE RECOMMENDATIONS



## **1 MANAGING THE STRATEGIC AGENDA**

### **1.1 Overarching strategic challenge**

- 1.1.1 That the Council affirm its responsibilities to ensure (and guarantee) the provision of services for which it is constitutionally and legally responsible at the same time as facilitating development and providing civic leadership.
- 1.1.2 That the Council adopts the following interrelated problems as a primary city development and management challenge: social breakdown, a dual economy and a fragmented city.
- 1.1.3 That the Council will work to address this challenge by emphasising its developmental and civic leadership roles through measures to ensure broad based growth and targeted support for low income citizens. In this regard the following strategic levers will require development and alignment:
  - 1 Ensuring increased access to income generating and other opportunities for the poor.
  - 2 Enabling competitive advantage in lead economic sectors.
  - 3 Supporting the development of enhanced skills to support growth and self-sufficiency.
  - 4 Building community and household cohesion, especially through youth, early childhood, HIV/Aids and anti-crime initiatives.
  - 5 Increasing levels of connectivity and access, in particular Information Technology and public transport infrastructure and services.
  - 6 Spatially targeted and environmentally sustainable investment with clear socio-economic impacts.
- 1.1.4 That in the short term, the Council will prioritise establishing appropriate governance and institutional arrangements and operations which meet the requirements of "good governance" and developmental best value service delivery as the foundations for supporting growth and addressing poverty.

### **1.2 Managing strategy**

- 1.2.1 That the Council will manage different elements of macro strategy management (integrated development planning, business planning and a medium term income and expenditure framework and performance management) as a seamless process.
- 1.2.2 That the Council will drive and co-ordinate macro strategic processes from one point in the corporate centre.
- 1.2.3 That three-year operational and capital business planning processes be instituted as part of the IDP and budgeting processes.
- 1.2.4 That the MTIEF and the annual budget be considered the financial expression of the IDP.
- 1.2.5 That Performance Management be included as an integral component of the strategy management system and should occur at different levels, including the city, municipality, individual services and staff.

### **1.3 City Development Partnership (CDP)**

- 1.3.1 That the Council agrees to initiate a city development strategy/partnership process to enable the development and implementation of a shared development agenda for the city.
- 1.3.2 That the CDP process be co-owned by the Council, other government agencies, parastatals, the private sector, the academic sector, labour and civil society. To this end, that mechanisms to ensure such co-ownership be established and that a single ownership structure must be created to act as a custodian of the process on behalf of the city.
- 1.3.3 That the CDP process provide substantive and well researched strategy pointers which inform the formulation of the 2002/3 budget.

### **1.4 Integrated Development Planning (IDP)**

- 1.4.1 That the IDP sets the medium term direction for and creates internal alignment of all areas of local government work, mobilising the power of its R7-8 billion annual budget and all the underlying resources.
- 1.4.2 That the IDP process be initially focussed at the unicity level and that it be progressively disaggregated to include area plans and the identification of special intervention areas.
- 1.4.3 That the IDP involves a structured annual review process.
- 1.4.4 That the IDP process is a central focus of the public participation efforts of Council.

## **2 MANAGING LOCAL GOVERNMENT RESOURCES TO SUPPORT THE DEVELOPMENTAL EMPHASIS: OVERALL GUIDING PRINCIPLES**

### **2.1 Resource allocation principles**

- 2.1.1 That resources be allocated on the basis of outcomes and outputs, based on an IDP process which includes sound business planning, medium term expenditure planning and a related performance management process.
- 2.1.2 That the Council's tax and tariff structure be designed to ensure both affordability and choice and that it enhance access to services by low income residents.
- 2.1.3 That service delivery resources be employed as flexibly as possible in order to improve responsiveness to changing priorities.
- 2.1.4 That resource allocation decision-making processes always seek to enhance accountability and transparency.
- 2.1.5 That mechanisms to promote financial accountability, local government legitimacy, and effective and efficient resource management be strengthened at all levels.
- 2.1.6 That local government's strategic financial capacity be strengthened.
- 2.1.7 That financial and service systems ensure high levels of service payment.

### **2.2 Development impact**

- 2.2.1 That specific targets be set for all services to ensure that the objectives of Council's development strategy are met.
- 2.2.2 That Council's capacity to deliver cross-service development programmes should be increased through programme and project- based management.
- 2.2.3 That an increasing proportion of the annual budget should be devoted to cross-service programmes over time, depending on the development of capacity and resources to deliver such programmes.

## **3 MANAGING LOCAL GOVERNMENT RESOURCES TO SUPPORT THE DEVELOPMENTAL EMPHASIS: KEY EXPENDITURE VARIABLES**

### **3.1 Citizen needs**

- 3.1.1 That the IDP process identifies citizen needs and plans to address these in a systematic and co-ordinated manner.
- 3.1.2 That particular emphasis be given to the strategic levers identified in the course of the Commission's development strategy analysis.

### **3.2 Special needs**

- 3.2.1 That areas and categories of people with special needs should be designated through the IDP process. This could include people with special needs (such as disability or homeless people), areas of poverty or social dysfunctionality and business areas.
- 3.2.2 That where appropriate, targeted programmes or enhanced service levels should be provided for such areas or constituencies.

### **3.3 Range of services**

- 3.3.1 That new services should only be offered where these services are aligned with the IDP and have been shown to be financially sustainable options.
- 3.3.2 That the Council only accept any assignment or devolution of powers and functions from provincial and national government if they are subject to enabling legislation coupled with acceptable long-term financial guarantees if suitable arrangements for the transfer of staff and assets are in place, if they are not in conflict with the strategic objectives of the Council and if the council is satisfied that they are best performed by local government.

### **3.4 Changes to powers and functions**

- 3.4.1 That the Council continue to render any function affected by the lapsing of the LGTA and that it not assume any new function pending the probable revision of legislation.
- 3.4.2 That a common national and provincial approach to addressing the issues concerned should be sought.

### **3.5 Discontinuation of activities**

- 3.5.1 That the Council adopt the principle that functions or activities which it has no constitutional or legislative obligation to ensure, and which do not support its strategic priorities, should be phased out.
- 3.5.2 That the Council should discontinue its role in managing the Fresh Produce Market and the Abattoir
- 3.5.3 That individual services use the business planning process to identify other non-core activities with a view to phasing out these activities.

### **3.6 Guaranteed package of services**

- 3.6.1 That a "needs-based" approach within an equity framework be followed in planning service provision. Variations in needs and priorities must be recognised and services should be responsive to the particular needs of individuals, households and communities.
- 3.6.2 That service provision be affordable and sustainable, from the perspective of households, non-residential consumers, and service providers.

- 3.6.3 That all citizens should have access to a guaranteed package of services and that this should at least include but is not limited to water and sanitation, electricity, refuse removal and access to his/her residence.
  - 3.6.4 That the provision of water and electricity should include a basic level which is provided free.
  - 3.6.5 That all components of this guaranteed package should meet applicable national standards.
  - 3.6.6 That individual services plan to achieve universal access to their components of the guaranteed package by the end of the 2001/02 financial year.
  - 3.6.7 That any exceptions be motivated for, outlining constraints, budgets and timeframes and be reported to full council
  - 3.6.8 That the MTIEF be structured to ensure that the guaranteed package is affordable and sustainable.
- 3.7 Equitable service levels**
- 3.7.1 That every service should establish service level standards where these are appropriate.
  - 3.7.2 That these standards should explicitly differentiate between different service levels.
  - 3.7.3 That each business planning unit should identify inequitable variations from its standard service levels, and propose plans to achieve equity in service delivery throughout the Council's jurisdictional area.
  - 3.7.4 That each business planning unit should plan to achieve equitable service delivery by the end of the 2001/ 02 financial year.
  - 3.7.5 That exceptions should be motivated for, outlining constraints, budgets and timeframes and should be reported to full council
- 3.8 Efficiency of service delivery**
- 3.8.1 That each service explore and propose mechanisms to improve productivity, particularly addressing issues associated with capital and labour intensity, and the use of modern information technologies.
  - 3.8.2 That Council's performance management system should explicitly seek to measure service productivity, in order to promote an internal culture of high-performance.
- 3.9 Benefits of amalgamation**
- 3.9.1 That the Council should establish savings targets, based on current expenditure, for all services with special emphasis on the areas of financial management, human resource management, information technology , procurement and accommodation.
- 3.10 Cost of capital**
- 3.10.1 That a financial strategy for Council should determine appropriate debt levels and appropriate parameters for projected capital expenditure.

#### **4 MANAGING LOCAL GOVERNMENT RESOURCES TO SUPPORT THE DEVELOPMENTAL EMPHASIS: KEY INCOME VARIABLES**

- 4.1 Range of revenue instruments**
- 4.1.1 That Council should continue to vigorously engage with national and provincial government to ensure that existing revenue instruments are not prejudiced and that new revenue instruments are established as necessary.
- 4.2 Revenue principles**
- 4.2.1 That revenue instruments should generate sufficient total income to achieve overall cost recovery.
  - 4.2.2 That revenue instruments should reflect the value of the benefit to the consumer of the services.
  - 4.2.3 That revenue instruments should signal the cost of providing services, through a relationship to their consumption.
  - 4.2.4 That revenue instruments should take the consumer's ability to pay into consideration and that this should be addressed in the context of the total household bill
  - 4.2.5 That the revenue instruments should take environmental issues into consideration, particularly where scarce natural resources are consumed.
- 4.3 Pro-poor policy**
- 4.3.1 That Council adopt a pro-poor policy aimed at indigent households, to ensure that basic services are affordable.
  - 4.3.2 That in general the pro-poor policy should follow a philosophy of indirect service subsidies implemented through progressive revenue structures.
  - 4.3.3 That as far as possible the need to implement general means testing systems should be avoided, but that the pro-poor policy should allow for cases where individual households approach Council to seek relief.
  - 4.3.4 The policy must ensure that subsidies reach the people who need them, and that unnecessary hidden subsidies are eliminated.
  - 4.3.5 That where possible subsidies should be transparent.
  - 4.3.6 That the policy should support access to work and welfare grants.
  - 4.3.7 That Council note that, in carrying out this responsibility, it will probably require greater financial support from other spheres of government through the equitable share.

#### **4.4 Top up levy**

- 4.4.1 Top-up levies should be employed up to a maximum of 10% of the applicable rates, on condition that over 50% of affected rate-payers vote in favour of this policy.

#### **4.5 Payment levels and cash management**

- 4.5.1 That effective city-wide credit control measures and cash management criteria must be developed.  
4.5.2 That existing consumer databases must be integrated in order to ensure that they are accurate and comprehensive and that they enable effective meter reading and monthly billing.

#### **4.6 Access to borrowings**

- 4.6.1 That suitable gearing ratios be determined based on international norms and that adequate provision be made for working capital.

#### **4.7 Tariff convergence**

- 4.7.1 That given the complexity of the Council's services and tariffs it will not be possible to converge all service tariffs on 1 July 2001.  
4.7.2 That a tariff convergence policy should be established, based on clear principles taking into account other recommendations within this report.  
4.7.3 That a political committee should obtain public input and oversee the process.  
4.7.4 That all miscellaneous tariffs should be converged by 1 July 2002 or sooner if possible.

#### **4.8 Property taxes**

- 4.8.1 That the General Valuation process be completed as rapidly as possible.  
4.8.2 That differentiated rates increases be applied in the interim.  
4.8.3 That property taxes based on the new GV roll should be implemented from 1 July 2002.

#### **4.9 Inter-governmental grants**

- 4.9.1 That Council continue to proactively monitor the situation and respond accordingly.

### **5. RESTRUCTURING GOVERNANCE AND ROLE OF COUNCILLORS**

#### **5.1 Role and power of the Executive Committee**

- 5.1.1 That a collective Executive Committee comprising 10 members elected on a proportional basis as defined in the Municipal Structures Act be elected by the Council.  
5.1.2 That portfolios based on the key responsibilities and priorities of the Council should be identified and that a committee of Council should be established for each such portfolio.  
5.1.3 That such committees have responsibility to make recommendations regarding policy issues relevant to the portfolio, to monitor implementation of the policy and to make decisions on any matter delegated to it by the Executive Committee.  
5.1.4 That members of the Executive Committee with the possible exception of the Mayor and Deputy Mayor should be responsible for a portfolio or portfolios. Such portfolios should both be strategic in their focus and should give them political oversight responsibility for linked municipal services or activities (For example, a possible "city mobility" portfolio would have political responsibility for all issues related to mobility and transport affecting the city including municipal transport and roads functions).  
5.1.5 That members holding portfolios should be responsible for proposing policy to the Executive Committee in regard to their portfolio and for politically overseeing the implementation of that policy by Council.  
5.1.6 That strong delegation to the administration in terms of performance contracts and service level agreements be instituted to facilitate a focus on strategic issues and decision-making but that this be balanced by tight monitoring of performance.  
5.1.7 That the committee system should be structured to facilitate meaningful stakeholder input into the policy development processes associated with the different portfolios.  
5.1.8 That the Executive Committee establish sub-committees where required in order to ensure that it manages its workload effectively and retains a focus on the strategic issues.

#### **5.2 Role of area-based political committees**

- 5.2.1 That decentralised political committees be established on an area basis.  
5.2.2 That the powers of these area-based committees be focused on service monitoring, delegated local planning, local regulatory decisions, identifying local needs and priorities as a part of the broader IDP processes and facilitating area co-ordination and public input.

#### **5.3 Role of councillors**

- 5.3.1 That it be recognised that Councillors will need to play a wide variety of roles including setting policy, overseeing municipal performance, representing communities, articulating council perspectives to different constituencies, representing the council on external bodies and so on.

5.3.2 That the allocation of Councillors to committees and outside bodies ensure that Councillors as far as possible play a role in both metropolitan policy formulation and monitoring as well as a local role.

5.3.3 That effective mandating processes be put in place to ensure that Council nominees on outside bodies act in a mandated and accountable manner.

5.3.4 That strong training programmes and infrastructure support be provided to facilitate councillor effectiveness.

#### **5.4 Council-administration interface**

5.4.1 That the Council undertake a process with the Municipal Manager to clearly define the respective roles, responsibilities and mutual expectations of the political leadership and senior management.

5.4.2 That the Council establish protocols and structures to allow the Executive Committee and senior executives of the administration to meet and develop a common approach to the strategic and leadership issues on a regular basis. (One possible mechanism might be an informal "policy board" comprising the Executive Committee and senior management).

#### **5.5 Public participation**

5.5.1 That the Council commit itself to promoting strong and effective civil society and to ensuring open and transparent participation as key elements of strong local democracy.

5.5.2 That it be accepted that effective public participation requires a wide range of mechanisms and approaches for engaging the public and civil society. (This will range from establishing formal linkages with community forums to more extensive use of public opinion surveys, and so on).

5.5.3 That the design of the public participation system should ensure accountable and efficient decision-making that does not unduly hinder development.

5.5.4 That a Citizen Charter process be initiated to establish a compact around the mutual obligations of the Council and the citizen and that this process be conducted on both a city wide and local basis.

5.5.5 That increased resources and skilled capacity be allocated to ensure the success of community participation initiatives.

5.5.6 That the establishment of a "City Leadership Academy" to be investigated as vehicle for enhancing capacity of community organisation and community leadership.

#### **5.6 Relationship to other spheres of government**

5.6.1 That the CDP and IDP processes to be used to establish a clear city wide framework for the activities of all spheres of government, civil society, the private sector and labour.

5.6.2 That major city strategies to be jointly developed with all three spheres of government.

5.6.3 That all municipal services to be required to identify related initiatives of other governmental agencies as part of the IDP/ business planning processes and to make conscious efforts to seek alignment and co-ordination.

5.6.4 That the area co-ordination system bring local, provincial and national government agencies (and non-governmental agencies) together to develop area plans and to co-ordinate activities.

5.6.5 That the Council engage with national and provincial government regarding those functions where there is significant overlap or complementarities regarding their respective responsibilities with a view to formalising such relationships via partnership agreements or formal joint ventures.

#### **5.7 Ethics and probity**

5.7.1 That the Speaker be empowered to play a strong role in overseeing Council ethics, in evaluating councillor performance and in monitoring the code of conduct as suggested in the Municipal Structures Act.

5.7.2 That the Speaker chair a Council Effectiveness Committee comprising the whips of the different parties to monitor the efficiency and effectiveness of the workings of the Council and its committees and to monitor the implementation of the code of conduct.

5.7.3 That a Citizen Protector with the power to investigate and make recommendations regarding human rights abuses, corruption, and so on, be appointed.

5.7.4 That a Tender Board with clear procedures that maximise transparency and good decision-making and that is able to process tenders rapidly and efficiently be established.

5.7.5 That oversight committees be established to oversee and evaluate Council performance and management and that it comprise some external specialists as well as councillors and be chaired by external independent person.

5.7.6 That such oversight committee/ s assess Council performance in a holistic manner and that the audit/ evaluation process address not only financial issues but organisational performance and its compliance with constitutional and legal obligations.

5.7.7 That measures be implemented to ensure that the statutory decision-making processes regarding land use control and other regulatory/ statutory functions be aligned with international best practice to ensure efficient, transparent and high quality decision-making.

5.7.8 That the Council initiate an on-going programme at both councillor and official level to develop strong shared values as a basis for ensuring high ethical standards.

## **6 RESTRUCTURING THE UNICITY ADMINISTRATION TO DELIVER – FOCUSED CORPORATE CENTRE**

### **6.1 Role of the corporate centre**

- 6.1.1 That a focused corporate centre be established to support the Council and its executive in establishing policy and strategy for the organisation, to ensure the alignment of activities and services with the IDP, to facilitate the holistic management of local government and the metropolitan area and to ensure equitable service coverage across the Council's jurisdictional area.
- 6.1.2 That the corporate centre be responsible for managing overall strategic planning, corporate policy, the IDP, establishing and monitoring service levels and standards, performance and contract management as well as human resource, IT and finance strategy and planning.
- 6.1.3 That the design of the corporate centre ensure that it has strong capabilities in the following areas:
  - 1 Integrated management and planning.
  - 2 Performance and contract management.
  - 3 Knowledge management.
  - 4 Continuous business improvement.
  - 5 Improved citizen/ local government interface through technology.
  - 6 Partnership working.
  - 7 Managing international, national and provincial linkages and relationships.

### **6.2 Role and structuring of support services**

- 6.2.1 That current support service functions related to corporate policy and the functioning of the Council and its committees be located within the corporate centre.
- 6.2.2 That those support functions related to the provision of services to the organisation or its component parts be addressed in the following manner:
  - 1 That they be accommodated in a shared service centre or hosted by a service entity where the function is relatively routine in nature and where there are economies of scale.
  - 2 That they be devolved to the functional service entities where they there are no obvious economies of scale or other advantages in locating them in a shared service or hosting arrangement.
  - 3 That internal service level agreements be established between any support functions located in a shared service centre or hosted by a service and the service recipient as a means of ensuring accountability and cost-effective performance.

## **7 RESTRUCTURING THE UNICITY ADMINISTRATION TO DELIVER – DECENTRALISED SERVICE ENTITIES**

### **7.1 Service definition criteria**

- 7.1.1 That the services structure should be designed to support the IDP.
- 7.1.2 That the overall service structure should lead to improved integration and co-ordination of service delivery across the administration.
- 7.1.3 That the service structure should take relevant national legislation into account.
- 7.1.4 That individual services should include those functional elements required to render services in an integrated and coherent manner.

### **7.2 Service structure**

- 7.2.1 That the following schedule of service definitions be used for the business planning process:
  - 1 Water and sanitation services
  - 2 Electricity services
  - 3 Solid waste services
  - 4 Transport services
  - 5 Road services
  - 6 Emergency and disaster management services
  - 7 Law enforcement and security services
  - 8 Planning and environmental services
  - 9 Community development services
  - 10 Housing services
  - 11 Economic development services
  - 12 Health services.
- 7.2.2 That those services with strong planning and community focus should be integrated as far as possible to facilitate integrated and outcomes-orientated responses to community needs.

### **7.3 Individual service structure options**

- 7.3.1 That the information generated through the business planning process be utilised to inform structure options for each individual service, for consideration in the course of the organisation design process.

#### **7.4 Service integration and co-ordination**

- 7.4.1 That the organisational design process, the IDP process and the related performance management systems must all contribute towards achieving integration and co-ordination.
- 7.4.2 That services should each have the necessary "vertical" authority and control over resources to manage the planning, regulatory, operational and enforcement elements associated with the service.
- 7.4.3 That a system of internal contracting should be developed to facilitate inter-service exchanges, based on clear service responsibility definitions.

#### **7.5 Service relationship with the corporate centre**

- 7.5.1 That the degree of managerial accountability and authority will vary between services, depending on the nature of the service.
- 7.5.2 That corporate strategy will remain the centre's responsibility.
- 7.5.3 That individual service strategies should be largely the responsibility of individual service managers, operating within the corporate strategic framework.

#### **7.6 Service Ringfencing**

- 7.6.1 That all stakeholders acknowledge the reality that a significant proportion of local government service delivery responsibilities are already outsourced, and that this proportion is likely to increase in future, particularly in the case of new services.
- 7.6.2 That service ringfencing initiatives should always seek to increase managerial authority and accountability.
- 7.6.3 That major organisational restructuring should only proceed on the basis of proven efficiency gains.
- 7.6.4 That service ringfencing initiatives should seek to foster competitive incentives in service delivery where these are sensible and appropriate.
- 7.6.5 That service ringfencing should always assist in revealing true service delivery costs, and that all services should therefore be ring-fenced from a financial accounting point of view.
- 7.6.6 That service ringfencing should be based on Service Level Agreements and improved performance management systems.
- 7.6.7 That the service ringfencing should undertaken on an incremental basis, with increasing levels of decentralisation being balanced by increasing levels of corporate capacity to manage ring-fenced services.
- 7.6.8 That particular attention be given to addressing those aspects of industrial relations which inhibit ringfencing initiatives and lead to inflexible and inefficient human resource utilisation.

#### **7.7 Service structure options**

- 7.7.1 That given the national process to establish REDs, the Council proceed to expedite the amalgamation and ring-fencing of municipal electricity services in Cape Town.
- 7.7.2 That the initiative to establish an integrated metropolitan transport authority, in accordance with national legislation, be supported on the understanding that such an authority be located within local government and that mechanisms to ensure that transport planning is integrated with spatial and other sectoral strategies are in place.
- 7.7.3 That the establishment of the district health system and the incorporation of provincial primary health functions be supported with the proviso that adequate national and provincial financial guarantees are provided.

### **8 RESTRUCTURING THE ADMINISTRATION TO DELIVER: INTEGRATED AREA CO-ORDINATION/ MANAGEMENT AND NETWORKING**

#### **8.1 Forms of sub-metropolitan organisation and intervention**

- 8.1.1 That a system of integrated area co-ordination be introduced to ensure that the activities of the different services are co-ordinated and aligned at a local level. These co-ordination areas may be aligned with political (area committee/sub-council) areas.
- 8.1.2 That individual service area boundaries do not need to be aligned with those of the area co-ordination system, but will be dictated by individual service logics. However, each service must be able to report according to area co-ordination boundaries.
- 8.1.3 That the IDP process be used to identify special intervention areas and to develop appropriate programmes to address the key needs of the area.
- 8.1.4 That current City Improvement District type partnership initiatives be evaluated with a view to extending the concept to other areas over time.

#### **8.2 Nature of area co-ordination/management**

- 8.2.1 That area level functions initially be restricted to co-ordination and monitoring.
- 8.2.2 That area co-ordinators be appointed for each co-ordination area with responsibility for service monitoring, development facilitation and community interface functions but with no line management responsibilities. Roles will include logging all service complaints, liaising closely with ward councillors, facilitating monthly meetings with service providers in the area, linking with community groups and identifying potential projects and partners.

8.2.3 That service and development/quality of life indicators be developed for each co-ordination area and that performance and overall progress be regularly evaluated against these indicators as part of the performance management system.

8.2.4 That the need for smaller co-ordination sub-areas, based on wards or a combination of two or three wards, be investigated, particularly in areas of greatest need.

### **8.3 Boundaries of co-ordination areas**

8.3.1 That the following criteria be adopted as the basis for determining area co-ordination boundaries:

- 1 Delineation should facilitate ease of information collection, analysis and dissemination. Specifically, groupings of census enumerator districts and wards should be followed.
- 2 Delineation should acknowledge overarching city objectives. For example, a community development focus will require special consideration of health and other community service boundaries.
- 3 The scale/ physical size of areas should be large enough to accommodate a range of urban functions. If this does not occur, community need cannot be addressed holistically.
- 4 To facilitate integrated service delivery, delineation must pursue areas which are large enough to potentially encompass a range of disparate service logics. Thus, the smallest service areas must ideally be able to be agglomerated into co-ordination areas without overlaps.
- 5 Integrative urban elements (for example, business centres) should not be on the edges of areas: boundaries should encompass large parts of the areas served by these elements.
- 6 Delineation should facilitate service continuity.
- 7 Delineation should recognise that people have perceptions of what constitute particular areas. Thus, delineation should acknowledge peoples' "mental maps" of places.

## **9 HUMAN RESOURCE ISSUES**

### **9.1 General issues**

9.1.1 A human resource strategy for the City must recognise that sound employment relations and effective collective bargaining are a necessity for the success of the restructuring initiative and the implementation of the IDP. The management of the collective bargaining relationship must therefore be given high priority in the management of the City.

### **9.2 Design of HR strategy and alignment with transformation agenda**

- 9.2.1 It will be necessary to consider the human resources and labour relations implications within every aspect of the transformation agenda. In particular, it will be necessary to consider how the IDP and the new organisational design for the City of Cape Town impacts on employees as a whole.
- 9.2.2 Ongoing identification of issues that will affect employees and that will need to be placed on the collective bargaining agenda is imperative.
- 9.2.3 It is recommended that a person knowledgeable in the field of human resources and labour relations be placed in the organisational design process in order to ensure that the employee and employment implications are understood. This individual will need to ensure that implications for the transfer process, migration process, skills development, employment equity, performance management and new managerial appointments are fully understood.
- 9.2.4 It is recommended that the design of a Human Resources Strategy parallels the organisational design process. (For example, the full scope of skills development priorities will only be understood once the organisational design has been completed and an understanding of the gap between existing skills and required skills is understood.)
- 9.2.5 A Human Resources Strategy should be a response to the challenges arising out of the organisational redesign process. The Human Resources Strategy should ensure that the city's human capital is equipped to deliver on the organisational strategy which will be given structure through the organisational design process.
- 9.2.6 The Human Resources Strategy should include elements that will assist in making the City of Cape Town a best practice employer and an employer of choice. In this regard, issues such as remuneration and reward, employment equity and performance management need to be addressed. Significant work on remuneration and reward (conducted by Cebano) and performance management (facilitated by the Transformation Project Office) have already been completed.

### **9.3 HR governance**

- 9.3.1 The Council should establish an HR Committee composed of Councillors. This Committee will be responsible for monitoring and assessing the human resource and labour relations landscape, receiving regular (quarterly) reports on HR and labour matters, designing mandates for collective bargaining and reporting to Council on such matters. The CEO should serve on this Committee.
- 9.3.2 An HR status report should be prepared by JMT and the Unicity Commission and presented to the first meeting of the HR Committee. Regular executive reports on HR matters should be presented to the HR Committee and where appropriate the full Council to promote effective high-level decision-making on HR policy matters.

- 9.3.3 An executive HR manager should be appointed as a matter of extreme urgency. It is recommended that the HR Manager be placed on a fixed term contract and is skilled in transformation exercises and has a good understanding of the collective bargaining environment.
- 9.3.4 It is recommended that the newly appointed executive HR manager works in close conjunction with senior human resources officials on a centralised basis. This will ensure that an integrated approach to the transformation process is achieved and should the successful incumbent be an external appointment, the valuable knowledge and experience that the existing senior human resources officials bring to the table will not be lost.
- 9.3.5 A new employer delegation and chief negotiator must be appointed as a matter of urgency.
- 9.3.6 A hand-over process for collective bargaining must be completed by the very latest at end of January.
- 9.3.7 A Placement and Review committee – as envisaged in the transfer and migration policy -must be set up as a matter of urgency.
- 9.3.8 A Remuneration Committee and review process must be set up as a matter of urgency.
- 9.3.9 Training on the implementation of new HR policies and procedures must be held as a matter of urgency.
- 9.3.10 Payroll integration and administration must be dealt with urgently.

#### **9.4 Collective bargaining in the metro division of the SALGBC**

- 9.4.1 The Council must constitute a new employer delegation to represent the City of Cape Town in the metro division of the Bargaining Council. A proposal should be tabled and a decision made at the first Council meeting.
- 9.4.2 The HR Committee of Council should be responsible for designing mandates for collective bargaining and getting a decision from Council.
- 9.4.3 There are two options for constitution of the employer delegation:
  - Option 1** - The employer delegation should be constituted solely of professionals – partly on a knowledge basis (HR, legal, actuarial analysis, diversity management) and partly on a skills basis (negotiations skills, dispute resolution skills).
  - Option 2** - The employer delegation should be constituted of a combination of Councillors and professionals. The maximum number of Councillors on the delegation should be 5. The other 15 members of the delegation should be constituted of professionals – partly on a knowledge basis (HR, legal, actuarial analysis, diversity management) and partly on a skills basis (negotiations skills, dispute resolution skills).
- 9.4.4 While the employer party should furnish the Bargaining Council with the names of its full delegation (20 in all) and its alternates, the employer party only requires 10 delegates for a quorum. It should therefore decide which 10 members of its delegation should be present at all times. 13 members are required for a decision or resolution.
- 9.4.5 The employer delegation must, at the earliest opportunity, hold a number of briefing and strategy sessions and design an initial strategy for engagement with the trade unions.
- 9.4.6 Each member of the delegation should undergo any top-up training and orientation required. A special orientation session and regular follow-up sessions should be held for the delegation as a whole.
- 9.4.7 The employer delegation must ensure that regular reports are sent to all the relevant structures of the organisation. Such reports should include the bargaining strategy outline, risk analysis and interlinkages with central bargaining.
- 9.4.8 A project for the change management of the collective bargaining process should be designed. This project should ensure that a proper vision and mission statement, objectives and activities are designed to achieve the functions set out in the constitution of the SALGBC. Such a project should include, at least, the following:
  - 1 Appropriate amendments to the constitution of the SALGBC to ensure that it does not undermine the purpose for which it was intended. WECLOGO and the Council's designated managers should develop a detailed set of recommendations to amend the SALGBC constitution.
  - 2 Review the structure and operation of the Bargaining Council secretariat and ensure that it is staffed with professionals and well-resourced. A dedicated change project needs to be undertaken to improve the quality of the secretariat service.
- 9.4.9 The management role of the Executive Committee (Exco) of the Bargaining Council needs to be strengthened. In particular, it must give more guidance to the bargaining process. It must also monitor and evaluate the performance of the secretariat on a quarterly basis.
- 9.4.10 The parties to the Bargaining Council should embark upon a relationship-building exercise, facilitated by a mutually agreed independent third party. Note that the CCMA provides a free dispute prevention service. Luci Abrahams, Annalene de Beer and Kobus Pietersen have already briefed the CCMA. The CCMA have also requested briefings from SAMWU and IMATU.
- 9.4.11 The bargaining agenda for 2001 needs to be carefully considered and a proposal put to the trade unions before 1 March.
- 9.4.12 A clear distinction should be made between issues for bargaining (negotiation and consultation) which belong in the Bargaining Council and those issues for consultation that do not belong in the Bargaining Council. Separate channels should be retained or established for consultation on issues such as skills development, employment equity, organisational transformation and change. Where matters arising from these consultations require a duty to bargain, they should be referred to the Bargaining Council.
- 9.4.13 A database of information on labour matters is required. This information centre should provide labour relations specialists, HR practitioners and decision-makers with the necessary information to make appropriate operational and strategic decisions.

## **9.5 Participation in WECLOGO, SALGA and the national bargaining process**

- 9.5.1 The Council should nominate at least one official to participate in the SALGA Labour Relations Committee, in continuation of the agreement between WECLOGO and the Unicity Commission.
- 9.5.2 The research, proposals and recommendations produced by Cebano (especially the work on conditions of service and total cost of employment) and Workplace Solutions needs to be consistently debated at the SALGA level.
- 9.5.3 The employer party must participate more effectively in the SALGA LR structures, in particular by making necessary inputs at the technical level.
- 9.5.4 In this regard it should not be concerned with the interests of the City of Cape Town alone, as it would be to Cape Town's advantage if the national process was strong with strong players.
- 9.5.5 Arrangements for professionalising the bargaining process at national level should be motivated to SALGA. Officials and professionals should constitute the negotiating team while politicians should decide the mandate for bargaining.
- 9.5.6 Proposals to amend the SALGBC constitution of the bargaining council should be drafted and submitted to SALGA.
- 9.5.7 The new council must ensure that it clarifies with SALGA which bargaining subjects are to be dealt with at central level and which are to be addressed at divisional level.

## **9.6 Municipal wage bill**

- 9.6.1 Implement a Total Cost of Employment approach to remuneration. This involves measuring and comparing the sum of base salary and the cost of benefits in order to ensure that:
  - 1 Current inequities in total cost of employment can be managed in future in order to ensure people are paid equitably in terms of the value they add to the organization.
  - 2 Current inequities and disparities are reduced over a reasonable period of time.
- 9.6.3 Where people are not willing to give up current excessive benefits, collectively through bargaining or individually, the total cost of their packages will be managed to acceptable levels through lower than standard salary increases.
- 9.6.4 Where people's total cost of employment is less than acceptable, these will be managed to within the range through higher than standard salary increases. Where people earn more than the acceptable amount and they choose to reduce excessive benefits, it may result in them falling within an acceptable pay range without having to reduce their take home pay. For example, annual leave entitlement can be reduced. This will allow for them to receive standard salary increases in future years.
- 9.6.5 Implement new conditions of service for new employees. These conditions have been designed to ultimately offer more flexibility for the employer and employees and aligned to sound reward principles. Long term liabilities have been contained (e.g. post retirement medical benefits, leave accrual and retrenchment benefits.)
- 9.6.6 Note that the current retirement fund rules may need to be amended to be consistent with new entrant conditions of service.
- 9.6.7 For existing employees ensure that the following aspects are dealt with as a matter of urgency (note that this does not refer to their accrued rights which should be maintained):
  - 1 The ongoing right to excessive retrenchment benefits. Obtain legal opinion of the rights of trustees of the current Retirement Funds to approve rules that have had a financial impact on the employer.
  - 2 The right to continue to accrue leave. A policy should be introduced which ensures that the liability to the City is reduced over time.
  - 3 Rationalisation of working hours.
  - 4 Reduction of sick leave entitlements.
- 9.6.8 Implement a pay model that is more flexible and appropriate to the capability and performance requirements of the City. Recommended suitable pay ranges have been established for each grade with sufficient flexibility to allow for a person to add more value to the organization within the grade as they grow in applied competencies and skills. There should also be sufficient scope to allow for people with sustained good performance to earn more than those performing at a lower level.
- 9.6.9 Detailed work is required with regard to the Transfer and Migration process in terms of what benefits the employer can attempt to rationalise, what sweetener may be required to reduce current and future liabilities and costs, and how the employer can make it attractive for many people to gladly accept the new conditions of service.

## **9.7 Employment equity**

- 9.7.1 The new Unicity Council must immediately appoint an Employment Equity Manager. There is currently no official designated to manage the employment equity programme for the City.
- 9.7.2 The functions of the EE Manager will be inter alia:
  - 1 to ensure that the Metro Employment Equity Forum is stabilised,
  - 2 draft an Anti-Discrimination Package and engage in consultation with stakeholders through the Employment Equity Forum,
  - 3 ensure that the Anti-Discrimination Package and employment equity programme is fully integrated into the business plan and transformation agenda of the City of Cape Town,
  - 4 ensure compliance with all legislative requirements,
  - 5 draft a business plan and budget for employment equity,
  - 6 draft a progress report on Employment Equity and compliance for submission to the Department of Labour by 1 July 2001.

## **9.8 Skills development**

- 9.8.1 The 7 MLCs have thus far complied with the requirements of the Skills Development Act. A report summarising in detail the Act and the issues to be addressed will be tabled for discussion shortly after the new Council has been constituted.
- 9.8.2 *Employee Compliance* - The new Council must register with the Receiver of Revenue and the local government SETA as a new employer, and inform them of the appointment of a single Skills Facilitator. The new Council should continue to make levy payments for the balance of the current financial year. In addition the new Council should seek to implement the conditions specified in the Skills Development Act necessary to receive a grant.
- 9.8.3 *Workplace Skills Plan* - The first workplace skills plan (for the period April 2000 to March 2001) has been submitted to the Unicity Commission, but the next workplace skills plan (for the period April 2001 to March 2002) needs to be formulated. The formulation of this plan is dependent on the results of the completion of a skills audit which must be done in terms of the legislative requirements, but should not be used as the basis to formulate a transfer and migration policy. A more integrated approach to Employment Equity implementation should be adopted in the formulation of the new workplace skills plan.
- 9.8.4 *Structure of Training and Delivery* - At present there are 7 structures and delivery mechanisms for the delivery of training and development. Interim arrangements have been made for a unified approach that includes the question of procurement, policy and provision and budget (for which clear recommendations for a centralised training budget have already been submitted to JMT.)

## **9.9 HR – the first sixty days**

- 9.9.1 Design of a framework for ensuring that human resources is appropriately handled in the first sixty to ninety days of the new city of Cape Town. This could possibly include plans for the development of role descriptions for the senior managerial team, procedure for the selection of appropriate service providers for managerial appointments, the development of plans for the drafting of role descriptions for the newly designed structures and the establishment of a placement and migration committee.
- 9.9.2 Procedure to be developed regarding the appointment of new employees into the City of Cape Town. Clarity should be given on the conditions of service that they will be placed on, the mechanisms for the authorisation of new positions, and the overall induction of the employees into the City of Cape Town.
- 9.9.3 Change management plan to be developed in order to ensure that employees are now part of a new organisation. Further to this, ongoing communication regarding the transformation processes and its implications for employees should be developed.
- 9.9.4 A process for centralising employee data (electronic and text) should be developed. This is a necessary prerequisite to the migration process. The integrity of data is important in the migration process, but should be supported through a dedicated resource team to ensure back up is given to project clusters.

## **10 MODERNISING PROCESSES AND SYSTEMS - PERFORMANCE MANAGEMENT**

### **10.1 Performance improvement**

- 10.1.1 That performance management agreements should be determined not only for "executive" management but for all managers, with appropriate monitoring and reward/corrective mechanisms.
- 10.1.2 That performance monitoring to be located at the corporate centre.
- 10.1.3 That a Continuous Business Improvement Support unit be created as part of the corporate centre and that CBI reviews be included as a requirement of the performance management system.

## **11 MODERNISING PROCESSES AND SYSTEMS - INFORMATION TECHNOLOGY**

### **11.1 Smart City leadership and policy formulation**

- 11.1.1 That a Smart City strategy be key ingredient of the CDP and IDP.
- 11.1.2 That leadership in technology policy and strategy should ideally be found at the level of the chief executive officer, mayor and from elected politicians.
- 11.1.3 That a Chief Information Officer (CIO) or a Technology and Policy Advisor to the CEO be appointed to create a 'centre of gravity' for technology policy and strategy.
- 11.1.4 That a special governance body, such as an IT steering committee, task force, or advisory board representing local government, business and community stakeholders, be created to actively engage the multiple public and private stakeholders in planning and execution of strategies, public policies, initiatives and pilot projects.
- 11.1.5 That a programme be instituted to review all the city's current legislation for digital age appropriateness.
- 11.1.6 That all new legislation be designed to ensure digital age appropriateness.
- 11.1.7 That the city ensures representation and participation in related legislative and policy processes at a provincial and national level.
- 11.1.8 That the city actively markets itself as a 'smart city'.

## **11.2 Administrative systems / E-government**

- 11.2.1 That principles to guide the new city's IT investments need to be developed.
- 11.2.2 That systems that give the organisation its basic capabilities (including budget formulation, financial management and HR management) be in place by July 2002.
- 11.2.3 That new systems implemented must also give the organisation the ability to ring fence service units.
- 11.2.4 That standardisation and rationalisation of the existing IT environment must be explored immediately to effect cost savings and/ or increased IT service levels.
- 11.2.5 That e-procurement should be explored as a possible fast-track project to realise administrative and developmental objectives.

## **11.3 Development**

That the following areas be specifically focussed on:

- 11.3.1 IT as a growth industry
  - 1 Growth and retention of the IT industry in the city;
  - 2 Attracting investments from outside the city (including human capital investments); and
  - 3 Providing high quality services in all spheres.
- 11.3.2 IT as a skill
  - 1 Creation of employment potential; and
  - 2 Promoting knowledge as the key resource for economic progress of individuals and institutions.
- 11.3.3 IT for social development
  - 1 IT projects aimed at improving internal efficiencies benefit the poor indirectly through better planning, better indicators and better performance management;
  - 2 Increasing community connectivity. Specifically via schools, libraries and other public facilities;
  - 3 Promoting IT education and IT enabled training;
  - 4 Promoting local language interfaces; and
  - 5 Taking up socially relevant extension and outreach programmes.

## **11.4 Governance**

- 11.4.1 That all councillors be trained and equipped with PCs and internet connectivity in their homes.
- 11.4.2 That mechanisms to allow easy IT enabled communication between public and councillors/administration be developed.
- 11.4.3 That council agenda's and reports be available online.
- 11.4.4 That information be categorised on a ward basis as a minimum. Information should preferably be captured at the lowest level of detail possible eg. Household or erf, enumerator district, ward and so on to allow for analysis from various perspectives
- 11.4.5 That performance information (including reporting on a ward / area basis using GIS) be made available and be easily accessible.

## **12 TRANSITION MANAGEMENT**

### **12.1 Pace of transition**

- 12.1.1 That the broad transition map agreed by the Commission be adopted as a framework for the managing the change process.
- 12.1.2 That the necessary financial resources to support the major investments in organisational change, new IT infrastructure and staff development required be obtained through creating a discretionary pool through the budget process and through securing grant money from national government and donor agencies.

### **12.2 Change management approach**

- 12.2.1 That a dedicated change management team under the Municipal Manager be established to integrate the transformation plan with HR processes and organisational development.
- 12.2.2 That the culture of the organisation be changed to ensure that it is citizen-focused and driven by values of service, high performance and continuous improvement.

# NOTES

**T**he Unicity Commission was established in November 1999 as a multi-party political body to supervise the transition to the Unicity for Cape Town which came into being at the local government elections on 5 December 2000.

A key aspect of the Unicity Commission's work was to make recommendations to the Unicity Council regarding its service delivery and institutional strategies for its term of office. This document is a summary of its major recommendations.