

ITEM NUMBER: C 53/03/15

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 19 MARCH 2015

MC 20/03/15 ORGANISATIONAL RELOCATION: HOUSING FINANCE AND LEASES DEPARTMENT

It is **RECOMMENDED** that:

- (a) the Housing Finance and Leases Department be located under the Finance directorate
- (b) the reporting line of the Director: Housing Finance and Leases be amended to report to the Chief Finance Officer.



REPORT TO COUNCIL

DATE 2015-03-17

1. ITEM NUMBER : MC 20/03/15

2. SUBJECT

ORGANISATIONAL RELOCATION: HOUSING FINANCE AND LEASES
DEPARTMENT

ORGANISATORIESE HERVESTIGING: DEPARTEMENT
BEHUISINGSFINANSIES EN VERHURINGS

UKUFUDUSWA KWEZIKO: ISEBE LEZIMALI EZINGEZEZINDLU
NEZENGQESHISO

LSU0692

3. STRATEGIC INTENT

- Well-run City

Objective 5.3: Ensure financial prudence, with clean audits by the Auditor-General.

4. PURPOSE

The purpose of this report is to propose that, given the targeted and corporate roles of the Housing Finance and Leases department, the department be located within Corporate Finance reporting to the Chief Financial Officer.

5. FOR DECISION BY

This report is for decision by:

- Council

6. EXECUTIVE SUMMARY

At its meeting of March 2014, Council resolved that the Housing Finance and Leases department be transferred from the Chief Financial Officer and report to the Executive Director: Human Settlements with a clear linkage (dotted line) to the Chief Financial Officer.

This was regarded as a pilot. However, the continued growth and complexity of the significant financial capital development grants associated with Human Settlements and its aligned infrastructure delivery coupled with the growing corporate nature of

these complex targeted grants - indicated the imperative for a review of the organizational placement of the department.

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As a consequence and following a thorough review, noting the expanded interlinking roles of the department across the City with respect to the financing and funding of integrated human settlements development, this report proposes that the department is best suited to be relocated back to the Finance Directorate environment in order to maximize the funding opportunities associated with Human Settlement delivery whilst noting that the department will remain dedicated to the Human Settlements Directorate.

7. RECOMMENDATIONS

Not delegated: for decision by Council

It is recommended that:

- a) The Housing Finance and Leases department be located under the Finance directorate.
- b) The reporting line of the Director: Housing Finance and Leases be amended to report to the Chief Finance Officer.

AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat:

- a) Die departement behuisingsfinansies en verhurings onder die direktoraat finansies val.
- b) Die verslagdoeningslyn van die direkteur: behuisingsfinansies en verhurings gewysig word vir verslagdoening aan die hoof- finansiële beampte.

IZINDULULO

Azigunyaziswanga: Isigqibo seseBhunga:

Kundululwe ukuba:

- a) ISebe leziMali ezingezeZindlu nezeNgqeshiso malifuduselwe ukuba libephantsi kweCandelo loLawulo elingeziMali.
- b) Makulungiswe icandelo lokunikezela ingxelo koMlawuli wezeziMali ezingezeZindlu nezeNgqeshiso ukuba anikezele ingxelo kwiGosa eliyiNtloko kwezeMali.

8. DISCUSSION

Acknowledging the diverse set of specialist housing finance roles coupled with the complexity of the human settlement development funding environment, Council resolved that the Housing Finance and Leases Department be transferred from the Chief Finance Officer and report to the Executive Director: Human Settlements with a clear linkage (dotted line) to the Chief Finance Officer.

This was regarded as a pilot to test this organizational placement. The continued growth and complexity however of the significant financial capital development grants associated with human settlements and its aligned infrastructure delivery coupled with the nature of these complex targeted grants indicated the imperative for a review of the pilot project and the aforementioned reporting lines amendment.

It is specifically the long term financial sustainability implications on the City of the housing delivery grant funding programmes and the overarching Grants Project Review Committee imperatives coupled with the growing transversal/inter directorate/inter-governmental nature of the overall financial delivery grant funding programmes targeting integrated human settlements that indicated this review.

The aforementioned grant funds, particularly the Urban Settlements Development Grant (ave MTREF R1,4 billion per annum), which drive a City-wide series of integrated human settlements programmes and related infrastructure have a direct and noted imperative from national government for the City to supplement these national grant funds. It is this imperative that the City provide its own significant financial resources that, through ensuring a cohesive and coherent financial packaging structure accessing the City's financial resources, further supports the proposal that the Housing Finance and Leases Department be brought within the overall financial umbrella of the Chief Finance Officer.

In further support of ensuring this proposed coherent financial control and packaging focus for our poorer communities, note should also be had that whilst the human settlement grant funds are housing capital development targeted, the financial implications of these funds on the long term tariff structures of the various service delivery departments of the City which are recipients of these funds and, consequently, the sustainability of the City of Cape Town indicate for a centralised financial approach under the office of the Chief Finance Officer.

The Department is further responsible for various debtor and systems related financial roles within the Property Management Department (Corporate Finance) thereby also reflecting its corporate functionalities coupled with its functions given its broader private sector engagements and its function of addressing the key issue of bespoke end-user finance packaging with the commercial banking sector.

Acknowledging the above, the Housing Finance and Leases Department fulfills a series of other dedicated funding, financial and debtor systems and management roles within the Human Settlements Directorate. These roles will remain entirely unchanged.

Following a review of the pilot reporting line adjustment, coupled with the significant recent amendments to the City's overarching approach to integrated human settlements grant funds direction by way of the Grants Project Review Committee and the role of this committee in recommending inter departmental/inter governmental (province) allocations, it is proposed that the reporting structures be revised as follows: a direct reporting line of the Director: Housing Finance and Leases to the Chief Finance Officer with a dotted reporting line to the Executive Director: Human Settlements. The internal structures of Housing Finance and Leases will remain as this is not a structural amendment but only a reporting line amendment.



8.1. Constitutional and Policy Implications

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None

8.2. Legal Implications

None

8.3. Staff Implications

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No

Yes

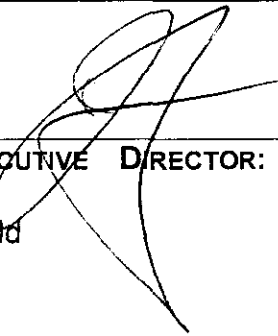
Only the reporting line of the director will change. The Director has agreed to the change of reporting line.

8.4. Other Service Consulted:

Acting Executive Director: Human Settlements
Human Resources

FOR FURTHER DETAILS CONTACT:

NAME	Mr. K. Jacoby and Dr. I. Bromfield
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E-MAIL ADDRESS	Kevin.Jacoby@capetown.gov.za/Ivan.Bromfield@capetown.gov.za
DIRECTORATE	Finance/Human Settlements
FILE REF NO	Housing Finance and Leases



ACTING EXECUTIVE DIRECTOR: HUMAN SETTLEMENTS
Dr. I. Bromfield

Comment:

NAME

DATE

16/2/2015

Comment:



CHIEF FINANCIAL OFFICER
Mr. K. Jacoby

KJ

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NAME

DATE

16-02-2015

REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

LEGAL COMPLIANCE

NON-COMPLIANT

NAME

A.S. Johnson

Comment:

TEL

(621) 400 4586

Certified as legally compliant:

DATE

20-02-15

Based on the contents of the report. *[Signature]*

A.G. R...

EXECUTIVE DIRECTOR: COMPLIANCE AND AUXILIARY SERVICES

SUPPORTED FOR ONWARD SUBMISSION TO MAYOR / MAYCO / COUNCIL

DATE

24/2/15

NOT SUPPORTED

REFERRED BACK

COMMENT:

COMMENT:

[Signature]
MAYORAL COMMITTEE MEMBER
Ald. I Nielson

Supported 197

NAME

DATE

25/2/15

COMMENT:

MAYORAL COMMITTEE MEMBER
Cllr B van Minnen

*BENEDICTA
VAN MINNEN*

NAME

DATE

26-02-2015

P. de Lisle.

EXECUTIVE MAYOR

SUPPORTED FOR ONWARD SUBMISSION
TO MAYCO COUNCIL

PC RECOMMENDATION

RECOMMENDATION AS CONTAINED IN
ORIGINAL REPORT

ALTERNATIVE RECOMMENDATION TO
BE REFLECTED BELOW

APPROVED INTO DELEGATED
AUTHORITY

NOTED

REFUSED

REFERRED BACK

DATE

2.3.2015

COMMENT: