

# CONTEXT

## BUFFALO CITY: A city in transformation

As a result of the Municipal Elections held on December 5, 2000 the transformation process to Buffalo city was born where the two cities of East London and King William's Town with their respective hinterlands amalgamated to form one unitary city servicing a population of approximately 880 000 people.

## THE AMALGAMATION PROCESS

The months following the amalgamation, huge challenges lay ahead for the new Council, staff and citizens of Buffalo City. However, the main aim of the new Council was to ensure a smooth transition with a minimum hampering of service delivery to its citizens.

### STEP 1: Establishing the municipality (December 2000 – June 2001)

The months leading up from December 2000 to June 2001, the Municipality was involved in the processes of staff integration, transferring of assets, liabilities and records, establishing the new governance structure and developing the capacity to participate in a successful amalgamation and transformation process.

### STEP 2: Amalgamation and transformation (July 2001 – June 2002)

Like all other municipalities, the next step in the amalgamation and transformation process involved the transformed municipal administration forging ahead to render effect developmental local government, based on the requirements of the Municipal Structures and Systems Acts. Besides the challenges of a new Municipal structure, the new Council had to go through the processes of the Integrated Developmental Plan (IDP). Despite the complexity of issues to be dealt with, the Municipality finalized its IDP priorities and adopted its first IDP Review in April 2002. It also set about appointing its management team, placing staff into the new organizational structure and aligning its service delivery initiatives with priority areas, as well as putting its administrative and financial systems in order. This process however was not easy, and the Municipality had to come to terms with some problem areas due to the rushed nature of the IDP process, one of the key concerns being limited public participation.

### STEP 3: The municipality in a process of consolidation (July 2002 – June 2003)

The main thrust of Municipality was to ensure that the newly amalgamated structures and systems function according to plan. It was also essential that Buffalo City Municipality achieve full legislative compliance in relation to Municipal Legislation, as well as sectoral legislation which directly impact on all service delivery functions. More importantly it was a phase where the Municipality was given opportunity to address its performance management systems and new service strategies and plans. Buffalo City prior to its amalgamation enjoyed good external partnerships with the public and private sector, the emphasis was to now improve and strengthen these partnerships.

### STEP 4: The municipality integrating for higher performance (July 2003 – June 2004)

Still a relatively new amalgamated developmental local government institution Buffalo Municipality has now finalized structures, and is fine tuning systems, processes and procedures. The municipality has now a more strategic focus, and the signs of integration in all areas of the municipality, is very prominent. More adaptable work programmes and initiatives, service technologies and the creation of a municipality that is constantly learning, is also encouraging continuous improvement. This improvement is therefore prominent in the municipality's performance.

### STEP 5: The municipality on the road to sustainability

Implementation and ongoing performance improvement will further enhance service levels and quality service delivery thereby contributing to a sustainable framework. Buffalo City Municipality initiated many of these processes since the transformation and the challenge now will be to maintain the sustainability.

## THE 1ST GENERATION IDP CHALLENGES

In complying with legislation, Council in November 2003 (Resolution: BCC 230/03) adopted a Performance Management Plan and the South African Excellence Model (SAEM) against which the Institutional performance management scorecard was positioned.

This has been successfully completed and for the 2003/2004-year, section 57's and General Manager's as part of their performance bonus had their performance evaluated against this Institutional Scorecard. The SAEM provides a framework and basis for assessing organizational performance in terms of international standards that are unbiased and objective.

The following outcomes were identified for Buffalo City Municipality in terms of the SAEM framework:

### LEADERSHIP

- **Strengths**
  - A Management Development Programme to assist Management & Supervisors in developing capacity in effective management & leadership skills to better perform their functions.
- **Areas for Improvement**
  - Leaders themselves need to be more involved e.g. acting as role models, providing training or mentoring or communicating personally.
  - Performance Appraisal System needs to be made fully functional.

### POLICY & STRATEGY

- **Strengths**
  - The IDP is integrated with the relevant budgeting cycles & plan of the Municipality.
- **Areas for Improvement**
  - A detailed programme with time frames & what is expected throughout the IDP Review Process needs to clarify its linkage with Managers' Performance Agreements and how it is monitored.

### COMMUNITY & CUSTOMER FOCUS

- **Strengths**
  - The use of Consultants in surveying its customer base has resulted in a change in attitude on how services are provided & marketed by the Municipality.
  - A pricing structure & policy are used to price consumption of services.
  - A Customer Care Programme was introduced focusing on 3 objectives, namely the agreement on a fair rate & Tariff Policy and conducting of satisfaction surveys.
- **Areas for Improvement**
  - The 3rd objective of the Customer Care Programme needs to be finalized.
  - It needs to be clearer how the Municipality analyses, measures & reviews community & customer satisfaction.
  - It needs to be clarified what is done with information collected from surveys, analysis, the feedback loop & how it is integrated into revised plans.

### PEOPLE MANAGEMENT

- **Strengths**
  - The acquisition & implementation of the new HR Management System.
  - The development of a consolidated Organogram that incorporates the previous smaller Municipalities.
- **Areas for Improvement**
  - It needs to be clarified when the staff retention policy will be operationalised & deployed throughout the Municipality.
  - There needs to be more clarity on what other facilities & services, besides the basic staff benefits & HIV/AIDS initiative, are available to the staff.
  - It needs to be become more evident how people are cared for apart from meetings & discussions being held.

### RESOURCES & INFORMATION MANAGEMENT

- **Strengths**
  - An improved approach to financial reporting & the introduction of the "dashboard" indicators for Directors & Councillors demonstrates some alignment with the basic municipal needs identified in managing financial resources.



- A decline in increases of tariffs over a 4-year period indicates that financial resources are managed well.
- Capital infrastructure projects are prioritised.
- The implementation of a municipality-wide GIS that links with the IPMS, Census Data, IDP Projects & Budgets etc.
- The appropriate processes to manage the movement of movable assets have been implemented by the Municipality
- The Municipality appoints most of its Service Providers after going through a screening, interviewing & selection process.
- **Areas for Improvement**
- Substantial evidence needs to be provided when referring to projected figures for planned decreases in annual tariff escalation.
- The larger information management systems need to be fully operational, e.g. performance management, health care & Census GIS.

## PROCESSES

- **Strengths**
- Performance measures were developed in consultation with management for the processes.
- The Municipality has identified Activity-based Costing (ABC) as a key process in determining rates increases.
- **Areas for Improvement**
- Clarity needs to be given on how feedback is used to stimulate innovation and process involvement.

## SOCIAL RESPONSIBILITY

- **Strengths**
- Many accolades & rewards were received as proof of BCM's impact on society.
- Promotion of community involvement takes place by means of several events & campaigns undertaken by BCM.
- There is a media database.
- **Areas for Improvement**
- It needs to be clearer on how BCM determines its impact on society other than the means mentioned above in the strengths
- The Municipality needs to indicate the campaigns in the community are relevant to the Municipality's operations and how they have improved.

## COMMUNITY & CUSTOMER SATISFACTION

- **Strengths**
- Improvements and performance levels are reported for many areas of importance to the key municipal requirements in BCM.
- **Areas for Improvement**
- Baseline evidence & sound statistics need to be developed to obtain comparative information.

## PEOPLE SATISFACTION

- **Strengths**
- HIV tests were conducted amongst staff & 39 workshops were presented where 36% of the staff became involved.

## ORGANISATION RESULTS

- **Strengths**
- The Municipality's financial position has improved over the past two years & capital expenditure has also increased.
- Structural improvements comprise a decrease in total debt of 2%, a debt total income ratio low of 41%, an increase in cash & cash investments, a decrease in net gearing & cash holdings covered short-term debt.
- There was a decrease in the number of houses without electricity from 53% to 37%.
- Cash regeneration improved significantly from R44m to R88m, total debt decreased by R10m and cash and cash investments increased by R19m.
- **Areas for improvement**
- Baselines and comparative trends need to be obtained and developed.