## SUPPLEMENTARY AGENDA

### SPECIAL COUNCIL MEETING

**FRIDAY, 23 MARCH 2018**

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>SUBJECT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.10</td>
<td>2018 – 2019 DRAFT IDP REVIEW</td>
<td>2</td>
</tr>
<tr>
<td>6.11</td>
<td>ORGANISATIONAL REVIEW &amp; DESIGN PROJECT: CONSIDERATION OF KEY FINDINGS REPORT, APPROVAL OF MACRO STRUCTURE AND RECRUITMENT OF STRATEGIC VACANT POSITIONS IN THE OFFICE OF THE MUNICIPAL MANAGER</td>
<td>4</td>
</tr>
</tbody>
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REPORT FROM MUNICIPAL MANAGER

PURPOSE OF THE REPORT

The purpose of this report is to table the 2018/2019 draft IDP Review of Knysna Municipality to Council.

CURRENT REQUIREMENTS FOR CONSIDERATION

In terms of section 34 of the Municipal Systems Act, 2000 (Act 32 of 2000) it is required that Council conducts an annual review of its IDP.

“A municipal council –

(a) must review its integrated development plan –
   (i) annually in accordance with an assessment of its performance measures in terms of section 41; and
   (ii) to the extent that changing circumstances so demand; and

(b) May amend its integrated development plan in accordance with a prescribed process.”

A draft review of the IDP must be tabled to the Council on or before 31 March 2016 in terms of the IDP & Budget Time Schedule approved by the Council on 30 August 2017 for the IDP review process. Subsequent to the tabling of the draft IDP Review, it will be advertised for public comment and further input will be invited from all relevant stakeholders.

This is the first review of the 5 year IDP (2017-2022) of Knysna Municipality and was compiled through an extensive process of public participation and active involvement from all relevant stakeholders. This IDP review aims to evaluate the performance in terms of the strategic objectives which Council have adopted for its term of office and also reflect the updated priorities of the various communities in the Greater Knysna Municipal Area. The review of the IDP will facilitate proper alignment with the annual budget of the municipality.

There is a concerted effort from Knysna Municipality to integrate the IDP with the Spatial Development Framework (SDF) as stipulated in Section 26 of the Local Government: Municipal Systems Act (32 of 2000) and subsequently the draft 2017 SDF has been incorporated as Chapter 6 of the IDP review document. The IDP will be advertised for a period of 60 days to adhere to the advice of the Provincial Minister for Local Government, Environmental Affairs and Development Planning in a comment dated, 11/07/2017 that includes a requirement for public comment for 60 days.
RECOMMENDATION OF THE MUNICIPAL MANAGER


[c] That the draft IDP Review for 2018/2019 be made available for public perusal and comment, for 60 days, after it has been tabled to Council

APPENDIX / ADDENDUM

Draft IDP Review 2018/2019 (to be circulated electronically)

File Number: 15/2/6/3
Execution: Municipal Manager
REPORT FROM THE MUNICIPAL MANAGER

1. PURPOSE:

The purpose of this item is to:

- Report on the Key Findings Report (attached hereto as Annexure A) in terms of findings and proposals by the Service Provider, Agitominds (Pty) Ltd;

- Decide on a Macro Organisational Structure for the Municipality based on the proposals and findings by the aforementioned Service Provider.

- Recommend the immediate recruitment of a Senior Manager: Strategic Services in the Office of the Municipal Manager.

2. BACKGROUND:

The Organisational Review and Design Project commenced on 1 November 2017.

In reviewing the current status of the Organisation, interviews were conducted with the Municipal Manager, Directors, Managers and Functional Heads to invite and collate inputs with the following purpose in mind:

- To engage with stakeholders regarding organisational anomalies;
- To review and revise the Municipality’s Organisational Structure;
- To determine the current staff establishment; and
- To develop and solicit inputs regarding the functional and organisational structures.

The current structure, the IDP, SDBIP, the current and previous budgets, Annual Reports, the Auditor-General’s Report and Management Letter, statutory prescripts, key Policy documents and reports were studied to ensure that the organisational structuring process is properly informed by institutional, functional and policy guidelines. Best practices and benchmarks regarding functional structuring were identified and compared to find practical solutions to the identified problem areas in order to improve the functionality of organisation.

A Key Findings Report, dated 1 February 2018, was submitted after conclusion of the Analyses Phase, and was presented to the Project Advisory Committee on 6 February 2018.

In preparation for and as a first phase of the Organisational Design Phase, two options for a Macro Structure were designed and presented to the Project Advisory Committee on 13 March 2018. These options were also workshopped during a Council Workshop on 14 March 2018.
3. **DISCUSSION:**

3.1 **Strategic Objective:**

This item aims to contribute to the strategic key performance areas of good governance. Institutional transformation is key to addressing financial viability, basic service delivery and responsiveness to the needs of residents. To review and align the organisational structure with the statutory and strategic objectives of the Municipality.

3.2 **The Key Findings Report:**

The purpose of the Key Findings Report (KFR) is to report on the results of the diagnostic review of the current organisational structures. The Report consists of the following sections:

a) Section 1 – An introduction to the OR&D project, its purpose, scope & context, purpose of this report, organisational review approach and current structure analysis methodology;

b) Section 2 – Organisational design principles and organisational structuring relating to organisational development;

c) Section 3 – Overview of the Municipality and current Organisational Structure;

d) Section 4 – Institutional Context: Legislative imperatives, developmental role of Local Government and strategic (IDP) imperatives;

e) Section 5 – The case for change: key findings and anomalies: analysing data and applying the design drivers and current state assessment;

f) Section 6 – Recommendations;

g) Section 7 – Acknowledgements;

h) Sections 8, 9, 10 & 11 – Adoption, References & Annexures.

This report (KFR) concludes Phase 2 of the OR&D project with the following recommendations:

[i] That the Key Findings Report be adopted as conclusion of “Phase 2: Review Current Status” of the Organisational Review & Design project;

[ii] That the approach and principles to functional and organisational structuring and the design criteria, as discussed in this report, be adopted and applied during the next phase (“Phase 3: Organisational Design”) of the Organisational Review & Design project;

[iii] That the key findings as described in this report, be adopted as foundation for the next phase (“Phase 3: Organisational Design”) of the Organisational Review & Design project.

3.3 **The Proposed Macro Structure:**

3.3.1 **Option A:**
At the Council workshop on 14 March 2018, two options were presented. Option A is structured according to the following functional components (please see Annexure B attached hereto):

a) Office of the Municipal Manager:
   i. Branch Internal Audit
   ii. Branch Strategic Services
   iii. Section Executive Support;

b) Directorate Corporate Services;

c) Directorate Financial Services;

d) Directorate Economic & Development Planning;

e) Directorate Infrastructure Services;

f) Directorate Community Services.

3.3.2 Option B:

Option B is structured according to the following functional components (please see Annexure C attached hereto):

a) Office of the Municipal Manager:
   i. Branch Internal Audit
   ii. Branch Strategic Services
   iii. Section Executive Support;

b) Directorate Corporate Services;

c) Directorate Financial Services;

d) Directorate Economic & Development Planning;

e) Directorate Infrastructure Services;

f) Directorate Community Services.

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<th>Option A</th>
<th>Option B</th>
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<td>Advantages</td>
<td>Focus on planning &amp; development; Segregation of services; Less change management.</td>
<td>Focus on strategic integration of services; Less silos; Less expensive.</td>
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<td>Disadvantages</td>
<td>Promotes the silo syndrome; More expensive.</td>
<td>More change management</td>
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The table supra depicts the advantages and disadvantages of both options. At the workshop held on 14 March 2018 both options were thoroughly introduced to and discussed with all Councillors.

3.4 The immediate recruitment of a Senior Manager: Strategic Services in the Office of the Municipal Manager:
The Senior Manager Strategic Services will be responsible to manage, develop and control the following key performance and result indicators associated with:

[i] Enterprise Risk Management and Compliance;
[ii] Integrated Development Planning;
[iii] Performance Management processes; and
[iv] Intergovernmental Relations and Communication services

in accordance with appropriate Legislation and laid down Policies, systems and procedures in order to ensure overall compliance within the Municipality’s Administration and accomplishment of strategic and developmental objectives.

This is a critical post within the Office of the Municipal Manager which addresses strategic activities necessary for the overall compliance and service delivery improvement of the Municipality as a whole.

3.5 Implications:

3.5.1 Financial Implications:

Option B will increase efficiency and reduce the cost of remunerating at Director level.

3.5.2 Constitution and Legal implications:

The re-alignment on the Organisational Structure is in compliance with relevant local Government Legislation Framework, the Constitution and relevant Policies of Council.

3.5.3 Communication Implications:

Implementation and communication of the changes will directly be focused and targeted to those affected by proposed re-alignments.

4. RELEVANT LEGISLATION
Municipal Systems Act, Act 32 of 2000
Government Gazette, No. 37245 of 17 January 2014

RECOMMENDATION OF THE MUNICIPAL MANAGER:

[a] That the Key Findings Report be adopted as conclusion of “Phase 2: Review Current Status” of the Organisational Review & Design project;

[b] That the approach and principles to functional and organisational structuring and the design criteria, as discussed in this report, be adopted and applied during the next phase (“Phase 3: Organisational Design”) of the Organisational Review & Design project;

[c] That the key findings as described in this report, be adopted as foundation for the next phase (“Phase 3: Organisational Design”) of the Organisational Review & Design project.
[d] That Option B with the following functional components be approved and adopted as the Macro Structure for Knysna Municipality and be utilised as basis for the development and drafting of the proposed Micro Structure:

[i] Office of the Municipal Manager:
1. Branch Internal Audit
2. Branch Strategic Services
3. Section Executive Support;
[ii] Directorate Corporate Services;
[iii] Directorate Financial Services;
[iv] Directorate Infrastructure Services;
[v] Directorate Community Services.

[e] That in finalising the Macro Organisational Structure, this structure be referred to the Local Labour Forum for consultation with the Employee Representatives;

[f] That a recruitment and selection process for the filling of the post of Senior Manager: Strategic Services in the Office of the Municipal Manager be embarked upon as a matter of urgency;

[g] That a job description be compiled for the post of Senior Manager: Strategic Services;

[h] That the post of Senior Manager: Strategic Services be benchmarked.

APPENDIX / ADDENDUM

Annexures to be circulated electronically

File Number: 15/2/6/3
Execution: Municipal Manager