CITY OF TSHWANE
IGNITING EXCELLENCE

CITY OF TSHWANE

BUILT ENVIRONMENT PERFORMANCE PLAN

Sub-Section
F – Urban Management

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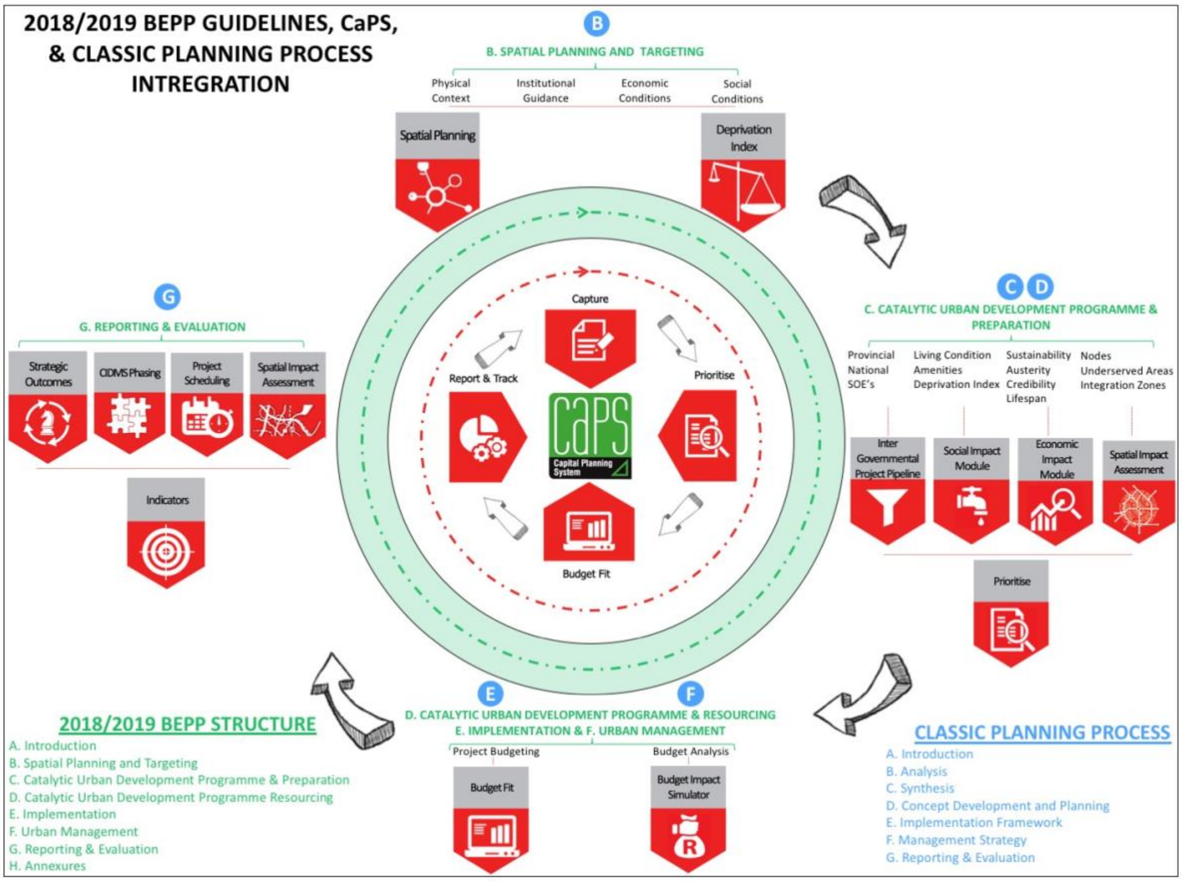

Figure F-1:CaPS Process

Urban management deals with the “on the ground” workings within the precincts situated within the Integration Zones. The Urban Management section of the BEPP deal with precinct management planning, precinct management initiatives as well as the institutional arrangements in place. The Urban Management section can be distilled into three elements namely:

- Precinct Management Planning;
- Precinct Management Initiatives; and
- Institutional Arrangements

Urban Management relates to the specific management steps taken by the City, above and beyond its regular functions, to ensure the (re)development of specific spatially targeted areas. The City’ prioritisation model not only identifies projects which should be implemented, but it also considers areas in which investment should take place. The priority areas - otherwise referred to by the City as Intervention Zones – are therefore the primary focus when one discusses Urban Management.

Urban Management also relates to a lower level of planning, referred to as precinct planning. Precinct planning specifically focus on the implementation and spatial organisation within a specific precinct and often turns towards Urban Design Frameworks as a mini spatial development and management framework to assist the development and maintenance of such areas. Urban Design Frameworks in itself are however not sufficient and is only the first step towards Urban Management.

This section will discuss the three elements of Urban Management within the City of Tshwane.

F.1 Precinct Management Planning

F.1.1 Existing precinct management plans

There are several developed precincts plans that serves as special development and management plans in the relevant areas. The following precinct plans has been developed:

- Inner City Macro Framework
- Government Boulevard
- Ceremonial Boulevard
- Northern Gateway
- Salvokop
- Civic Precinct
- West Capital
- Mamelodi Hostels
- Saulsville Hostels
- Roslyn Industrial Park
- Mabopane Station Precinct
- Mamelodi DIPS

F.1.2 Establishing precinct management

F.1.2.1 Setting up Urban Management Units across The City of Tshwane

Urban Management covers a range of issues from the maintenance of infrastructure, public buildings and spaces through to policing and marketing. The base objectives of urban management are to maintain public capital investments and to enforce basic rules of public life, with the ultimate objectives relating to the contribution to an improved quality of life that effective urban management might bring to residents and other users of the space under management (Pernegger & Godehart, 2007). Figure F-2 illustrates a structure of urban management explored in various municipalities.

The bottom level of urban management consists of simple maintenance issues such as cleaning of storm water channels, fixing potholes and removing litter. The second level deals with the enforcement of by-laws such as illegal dumping and informal trading. The third level is about policing and crime prevention. The highest levels are concerned with place, marketing the managed area to outsiders.

As one moves from ‘getting the basics right’ to offering ‘a premium service’, it is likely that operational budgets will require augmentation of capital items and would require the establishment of partnerships with the private sector, as explored above.

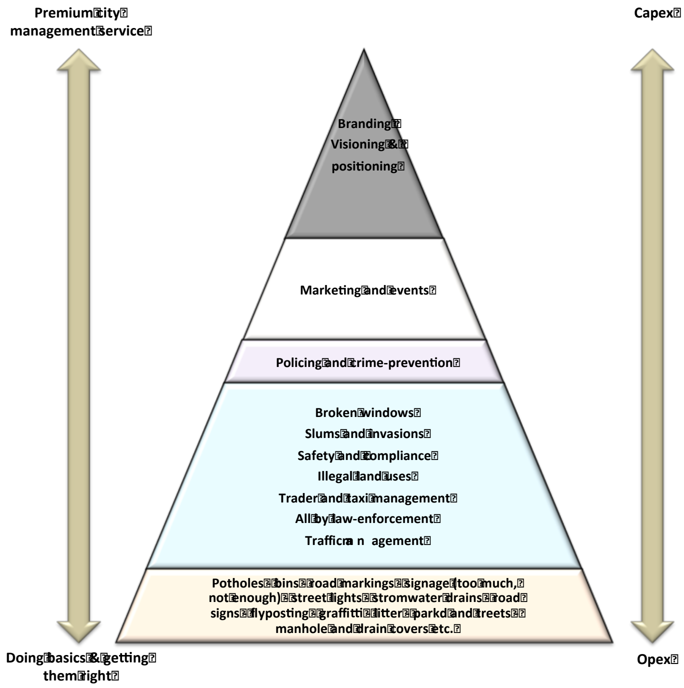

Figure F-2: Structure for Urban Management

F.1.2.2 Funding Urban Management

Four strategies may be considered to secure the resources needed for improved management:

- Strategy 1: Obtain value for money and efficiency gains
- Strategy 2: Increase the allocation of public resources
- Strategy 3: Capture complementary revenue streams
- Strategy 4: Mobilise urban management partnerships

F.1.2.2.1 Strategy 1: Obtain value for money and efficiency gains

A starting point for this type of strategy is to identify areas where public urban management resources are being wasted or where losses are being incurred.

F.1.2.2.2 Strategy 2: Increase the allocation of public resources

This strategy is complementary to strategy 1. It aims to seek secure increased resource allocation to urban management functions. In this case, it may be considered to ring fence funds for the node areas.

F.1.2.2.3 Strategy 3: Capture complementary revenue streams

A third mechanism for securing additional resources is to use public assets to generate revenue streams, which in turn are used to fund supplementary urban management activities. In strategies of this type, sustainable revenue streams are generated by the development of local public assets, such as the leasing of public land or facilities. All or part of this revenue can subsequently be allocated to improve urban management activities (Urban Land Mark, 2009) – it should, however, be ensured that these funds are appropriately ring fenced.

F.1.2.2.4 Strategy 4: Mobilise urban management partnerships

In this approach, the resources of actors in the private sector, nongovernmental organisations and community groups are mobilized into effective area-based public management partnerships.

Urban management partners that are typically mobilised include:

- Property owners;
- Informal traders (contracting with traders associations or cooperatives to provide security cleaning, security and management services for informal markets);
- Small businesses (formal/informal agreements to provide security and cleaning services for a precinct);
- Taxi operators (contract with taxi associations to provide management and security services for taxi ranks);
- Sports clubs (sport clubs provide maintenance service in turn for user rights);
- Community groupings; and
- Church or religious groups.

In this case, it can additionally be considered to outsource urban management functions to the private sector, cooperatives and community-based organisations. Improvement districts are typically considered in this instance, however, given the strong residential character of most of Tshwane this mechanism may not be appropriate and may need to be hybridised into a social/community organisation that is supported by the private sector through corporate social investment. With consideration of these complexities, it is recommended that a policy/framework to address urban management within the nodes be established. The framework should also be area specific, due to the diversity in Tshwane.

F.2 Institutional Arrangements

F.2.1 Aligning resources towards urban management and coordination

The City of Tshwane (CoT) has embarked on an augmented process of integrated budgeting which allows for conducting various "what-if" scenario analysis in order to enhance overall budget credibility, relevance and sustainability.

The results from the Budgeting Simulator© system (for each scenario conducted) will be utilised to inform and compile a multi-year CoT budget in which:

1. Cognisance has been taken of historic trends and drivers of individual budget line items, based on audited historic financial information;
2. Growth in individual budget line items as well as the interrelationship between budget line items have been analysed and considered;
3. The Operating and Capital budget have been integrated and is therefore inclusive of the contemporaneous effects of both budgets;

4. Ratio analysis has been conducted in terms of:
    a. Operating and net cash flows;
    b. Liquidity; and
    c. Borrowing;
5. The funding of both the Operating budget and the Capital budget have been analysed;
6. Budget line items correspond to official Return Forms and is therefore reconcilable to mSCOA line items.

F.2.1.1 The Process

F.2.1.1.1 Step 1: Preparation of a Status Quo forecast over a five year planning horizon

The Status Quo forecast (SQ) provides a bird's-eye view of the forecast CoT financial position inclusive of:

1. The current CoT policies and strategies as expressed in financial terms;
2. The current CoT loan book (all long term loans and bonds);
3. The current CoT MTREF operating budget;
4. The current CoT capital budget projects which are already committed and prioritised according to the output of the Capital Planning System, including the resultant effects on the:
    a. Cash flows during the implementation period;
    b. Operating budget upon and after implementation. The effect on depreciation is automatically included. Effects on other operating budget line items can be included on a project-by project basis, based on available pre-feasibility or feasibility studies;
5. Historic audited amounts for each forecast operating budget line item, as well as working capital, reserves and borrowing.

Based on these inputs, the consolidated and integrated SQ forecast provides quantified and selected graphic results on, amongst others:

1. Each individual return form line item;
2. The accounting and cash operating surplus/deficit;
3. Operational and capital project cash flows;
4. Movements in the total cash position;
5. Various growth percentage analyses;
6. Operational cash flow ratios and measurement;
7. Liquidity ratios and measurement;
8. Borrowing position ratios and measurement;
9. Analyses of the operational budget funding position;
10. Analyses of the capital budget funding position.

F.2.1.1.2 Step 2: Critically assess the SQ results and adjust accordingly

An assessment of the results will enable any identified issues to be addressed through the following adjustable levers:

1. Adjusting forecast growth percentages in individual line items;
2. Adjusting various working capital/reserves/borrowing policies and strategies;
3. Critically analysing and adjusting individual committed projects and prioritisation in terms of capital expenditure, future operating income and expenditure, possible debt funding and grant funding.

The resulting adjusted SQ forecast will then be analysed further in the next step, with a particular view on addressing any remaining funding gaps.

F.2.1.1.3 Step 3: Test the effects of new debt and planned projects

To test the effects of any new long term debt instruments, a further three forecast scenarios can be prepared. Utilising the adjusted SQ forecast (or normal SQ forecast if no adjustments were required), the following three scenarios can be tested:

1. Addition of new vanilla debt instruments with no changes to the project list;
2. Addition of planned projects (on top of already committed projects) with no changes to the debt profile;
3. Addition of both items in 1 and 2 above.

Quantified and selected graphic results are again presented for each of these forecasts, enabling comparison and identification of possible areas requiring further attention.

Further adjustments can be made to test the impact on the total integrated budget of:

1. Possible changes to CoT policies and strategies;
2. Adjustments to the CoT operating budget;
3. Changes to the CoT project list, including reprioritisation, funding, operational impact upon implementation, etc;
4. New debt;
5. Approval of any planned projects.

F.2.1.1.4 Step 4: Coordination, consultation and budget compilation

After assessing the integrated budget, the process of coordination and consultation may be conducted, taking into consideration the results of the different planning scenarios.

The aim is to support inter-sectoral municipal coordination as well as consultation with other stakeholders at all levels of government.

The proposed investment and funding strategies for the intergovernmental project pipeline as included in the Capital Planning System and assessed on an integrated level in the Budgeting Simulator©, can be discussed and coordinated with all relevant stakeholders. Further and differing funding possibilities can be investigated and assessed according to steps 2 and 3 above.

Upon completion of the coordination and consultation process, the integrated operating and capital budgets can be compiled and submitted to the approval process.

F.2.2 Alignment with reporting requirements

The table below sets out a summary of the process's alignment with and support to applicable reporting requirements.

Table F-1: Reporting Requirements

	Applicable reporting requirement	Alignment
1	mSCOA	Line items are according to official return forms and therefore reconcilable to mSCOA
2	Funding of both operating and capital budgets	Analysis of the funding position of both the integrated operating and capital budgets
3	Credibility of budget, revenue framework, budget assumptions across multi-year planning horizon	Five-year planning horizon which allows for viewing and testing of various assumptions, including interrelationships between budget items. Growth percentages are calculated across the planning horizon
4	Audited annual financial statements used to determine trends	Historic information included and available for trend analysis, compiled from audited annual financial statements
5	Alignment with strategic initiatives	Inclusion of the Capital Planning System prioritised projects and integrating with the operating budget. Further coordination and consultation supported by results