

Executive Summary:

In recent decades, public entities have struggled to effect their mandates. Given their crucial role in market regulation, the National Treasury developed concerns about public institutions' financial health and continuity.

This project follows the Treasury's process to institute efficient and effective public entities. The project is a response to the NDHS's request for a study to analyse how the primary mandate of its implementing agencies can be improved for cost-effective and result-driven operations.

CHALLENGES

Public entities face fundamental challenges, such as:

- A lack of information and knowledge transmitted to the public.
- A lack of internal cooperation.
- Products and services funded through capital grants remain underutilised by the intended beneficiaries.
- BNG housing programmes are constantly battling informal settlement expansion.

Thus, human settlements backlogs persist despite extensive capital state funding.

METHODOLOGY

In efforts to find high-impact resolutions for the Department, an intensive business model research approach was followed.

The project explored many operational efficiency concepts, including:

1. Lean organisation systems
2. Theory of constraints
3. Competitive intelligence
4. Information and knowledge management.

These concepts are recognised across the globe as the most powerful and effective tools that can diagnose bottlenecks in any business and government organisation. They build and sustain continuous improvement in institutions to facilitate the achievement of goals.

This model focuses on sensitising human resources and processes to deliver continuous value to the customer (citizens) through eradicating waste, inadequacies, and mistakes.

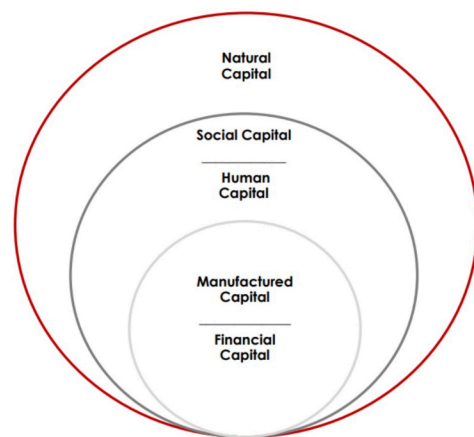


Figure 1 above represents the required capital and resources for a functional institution. As can be observed from the figure, the natural capital constitutes all capital.

RESULTS

It was found that the performance outputs of the NDHS entities meet medium-term targets in many cases. However, matters urgent to public services are still not attended to on time. For example, the human settlements sector backlogs amount to about 2.4 million houses (as of the 2019/2020 financial year).

The study demonstrated that these backlogs are due to the following:

1. The lack of understanding of human settlements in real terms for the South African context.
2. Constraints in information and knowledge flows.

Therefore, the human settlements sector must find new ways of increasing collaboration and knowledge transfer to satisfy their transformation agenda meaningfully.

The following recommendations are relevant to information, communication, and collaboration between all four institutions and the NDHS (with the potential to expand this collaboration with the Housing Development Agency (HAD) and HSDB):

- a. Establish decentralised community information dissemination centres in regional municipal offices (one-stop shops). This intervention will inform ordinary citizens of steps they ought to take when they have enquiries in relation to what each of these regulators do. Consolidated information that is disseminated in one simple voice will capacitate communities to interact more easily with the human settlements sector.
- b. Design a human settlements organisational knowledge portal that will facilitate access to information for the institutions and the NDHS. The portal will need to be easy to use and navigate and not utilised as a data dumping site. This knowledge portal will drive critical information to the correct decision-makers at the right time (promoting the lean organisational model).
- c. A consolidated human settlements sector information booklet (electronic and physical) should be produced. The booklet shall create a shared vocabulary and disseminate information about the goals of the sector in a clear and concise manner. The aims and objectives of the four regulatory institutions will be illustrated in layman's terms and provide clarity for the public sector, the private sector, and communities. This information will also indicate clear



Institution	Nature of intervention	Central functions	Budget allocated
SHRA	Administer affordable rental housing to low-to-middle income market.	<ul style="list-style-type: none"> Administer rental housing sector Facilitate socio-economically and socio-spatially integrated housing developments 	R 825.75 million
CSOS	Regulate schemes of communities in common living arrangements.	<ul style="list-style-type: none"> Regulate schemes documentation Dispute resolution services Educate communities about their rights and obligations 	R 31.1 million
EAAB	Regulate transactional affairs of the estate agency sector.	<ul style="list-style-type: none"> Offer transactional support for affordable housing in the market. Consumer protection Monitor financial flows in the estate agency sector 	Does not receive funds from NDHS
NHBRC	Custodian of quality housing delivery standards by home builders.	<ul style="list-style-type: none"> Administer training and compliance of home builders Consumer protection and home enrolment 	Does not receive funds from NDHS

Source: Cadre analysis of NDHS annual report (2018-2019)

Table 1: Depicts the institution, nature of interventions, core functions and funding from the department.

Entity	Target Achievement (2018-2019)	Actual Achievement (2018-2019)
Social Housing Regulatory Authority	<ul style="list-style-type: none"> 34 688 units under regulation. 4 500 social housing units completed. 	<ul style="list-style-type: none"> 30 832 units under regulation. 2 284 social housing units completed.
Community Schemes Ombud Service	<ul style="list-style-type: none"> 30 000 schemes registered. 1 500 governance documentation quality assured. 	<ul style="list-style-type: none"> 2 423 schemes registered. 2 088 governance documentation quality assured.
Estate Agency Affairs Board	<ul style="list-style-type: none"> 95% of Fidelity Fund Certificates issued. 2 000 placements of previously disadvantaged individuals. 	<ul style="list-style-type: none"> 68% of Fidelity Fund Certificates issued. 370 placements of previously disadvantaged individuals.
National Home Builders Regulatory Council	<ul style="list-style-type: none"> 3 518 home builders to be registered. 112 179 homes to be inspected. 	<ul style="list-style-type: none"> 3 600 home builders registered. 68 009 enrolled homes were inspected.

Source: Cadre analysis of entity annual reports (2018-2019)

Table 2: An analysis was undertaken to determine targets and actual achievements



CLIENT FEEDBACK

“Throughout the study, these researchers demonstrated their high levels of skill and expertise in human settlements and evaluation. The final report that the research team submitted was approved by the steering committee for publication and circulation in the broader human settlements sector. Given the quality of work carried out for the DHS, which demonstrated expertise and excellence on human settlements and evaluations, Cadre Plan (Pty) Ltd, is highly recommended to conduct further research in the field of human settlements development.”

-Muthige Mulalo, Chief Director:
Monitoring and evaluation (DHS)

Rapid appraisal of the consolidation of the regulation part of the NHBC, CSOS, SHRA, and EAAB

March 2021

Key Information:

The National Department of Human Settlements (NDHS) appointed Cadre Plan to review its regulatory entities to enable more efficient delivery of its constitutional mandate.

The NDHS has six authorities reporting to it, namely:

1. Community Schemes Ombud Service (CSOS)
2. Estate Agency Affairs Board (EAAB)
3. National Home Builders Registration Council (NHBRC)
4. Social Housing Regulatory Authority (SHRA)
5. Human Settlements Development Bank (HSDB)
 - Rural Housing Loan Fund (RHLF)
 - The National Housing Finance Corporation (NHFC)
 - Urban Reconstruction and Development Agency (NURCHA)
6. The Housing Development Agency (HDA)

The rapid appraisal has demonstrated that the regulatory functions of these entities do not exist in isolation. Therefore, there remains a need for greater collaboration to accelerate the transformation agenda of the NDHS. This can be achieved through a redefined organisational culture that instils trust and confidence as well as improved information and knowledge management.



Project Details:

Location: National
Time-frame: 4 months
Project lead: Reinier Minny
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Core Consulting: The Cadre Group
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Project Sponsor: National Department of Human Settlements



Institutions involved:

