

**A46 of 2019**

**PROPOSED ORGANISATIONAL STRUCTURE (EXECUTIVE MAYOR) (2/1)**  
**(REPLACEMENT)**

**PURPOSE**

To table the Proposed Organisational Structure of the Matjhabeng Local Municipality to Council for discussion.

**INTRODUCTION AND BACKGROUND**

At its meeting held on 16 January 2018 COUNCIL RESOLVED:

1. “That the item BE NOTED AND REFERED BACK for re-submission at the next Ordinary Council meeting.
2. That Municipal Manager MUST IDENTIFY all critical positions that Council should approve to be filled.
3. That the Whips of different political parties MUST MEET with the Municipal Manager to deliberate on the Organogram, clarify matters, agree and present their consensus and their disagreements to Council, to deal with disagreements.”

Subsequent to the above resolution, Management requested SALGA’s inputs regarding the proposed organisational structure (See attached report from SALGA). The report proposes the approach that must be followed to ensure the birth of a comprehensive organogram. During interaction with SALGA the municipality indicated that although it welcomed the proposed approach and guidance in developing the structure, there is however pressure from Council to complete the organisational structure and therefore will not afford to undergo the proposed model by SALGA. SALGA however recommended a phased approach in dealing with the proposed structure review process, rationalising which positions to prioritise etc. guided by the Municipality’s current IDP priorities.

Subsequent to advice from Salga and during the Special Section 80 for Corporate Services held on 11 October 2018, and after the presentation conducted by Mr Goliath from COGTA, it was resolved as follows:

1. That the Proposed Organisational Structure be parked/suspended and not be escalated to Council for approval due to its unaffordability.
2. That the Current Approved Structure (2009 Structure) form the bases for developing the new proposed organogram and align the 2009 Structure within the financial means of the Municipality.
3. That in developing the proposed organogram the following be considered :
  - a. All vacant posts on the approved structure be disestablished.
  - b. All “acting positions” on the structure be disestablished.
  - c. That the cost of jobs of positions in Political Office be aligned with job costs of similar positions in Administration.
  - d. That the number of Directorates be reduced to six, including the Office of the Municipal Manager, as per the Regulations (Circular No.26223).

In its advice, SALGA identified key success factors that would ensure completion of the organisational structure:

- a. Political will and Council support.
- b. Management support.
- c. Change management.
- d. Identification of critical and strategic positions.
- e. LLF buy-in the organisation review so that there is common understanding of the process.
- f. Dedicated resources to drive the process.

## DISCUSSION

The various directorates reviewed the proposed organisational structure to align it with current Municipal's financial needs and functions. The costs related to the new proposed organisational structure could not be sufficiently brought down to acceptable level. The Executive Management Committee then resolved that sessions should be conducted with Directorates to with the view to reduce the cost of the Proposed Organisational Structure.

## PROBLEM STATEMENT

1. The cost of the proposed organisational structure exceeds the 2018/19 staff establishment budget by R153 million per annum.
2. The number of directorates in the proposed organogram has increased from current 7 directorates to 8 directorates including the Office of the Municipal Manager.
3. The proposed organisational structure does not align to some of the provision of Powers and Functions in terms of Section 84 of the Municipal Structures Act. An example is the establishment of a component responsible for external training in the Directorate Community Services.
4. The structure stifles cross departmental communication and cooperation and as an example the IDP and Development are all in different Directorates with different line reporting structures.
5. Functions are wrongly placed within department, not allowing optimum and effective organisational functioning e.g. Placement of core artisan service delivery function of maintenance, in Corporate Services.
6. It should be noted that this proposed organisational structure is tabled for the second time before Council.

Local Government: Municipal Systems Act (32/2000): Regulations on appointment and conditions of employment of senior managers, chapter 2 on Staff Establishment states as follows:

### *“Organisation of administration*

5. (1) *The number of departments necessary for a municipal council to perform its functions must be determined by the municipal council in accordance with*
  - a) *the powers and functions allocated to a municipal council in terms of section 84 and 85 of the Municipal Structures Act ;*
  - b) *the municipal council's integrated development plan ; and*
  - c) *having regard to the medium term expenditure budget.*

- (2) *A municipality must at least have the following departments –*
- a) Office of the Municipal Manager;*
  - b) Development and Town Planning Services;*
  - c) Engineering Services;*
  - d) Community Services;*
  - e) Office of the Chief Financial Officer; and*
  - f) Corporate Support Services*
- (3) *Depending on the size, medium term expenditure budget and powers and functions, a municipality may deviate from the provisions of subregulation (2) after taking into considerations factors listed in regulation 43 of these regulations.”*

\*\*\* **Attached under Separate cover (8)** are the financial implications tables of the Proposed Macro and Micro Organizational Structure **Separate cover (9)** of the Matjhabeng Local Municipality.

\*\*\* Also attached are the comparative tables that indicate cost movements from the earlier submissions made to Council and recently to Executive Management under **Separate Cover (10)**.

The total cost of the Organisational Structure tabled in Mayoral Committee was R 905,124,161. After the exercise conducted by directorates to reduce non-crucial posts in the proposed structure, the total cost of the organogram has come down to R 900, 032,906.

## LEGAL REQUIREMENTS

- Constitution of the RSA, Act 108 of 1996 (156 & 229)
- Local Government Municipal Structures Act, Act 117 of 1998
- Local Government Municipal Systems Act, Act 32 of 2000, as amended by Act No. 7 of 2011
- Municipal Finance Management Act, Act 56 of 2003 IDP of the Municipality.
- Local Government: Municipal Systems Act (32/2000): Regulations on appointment and conditions of employment of senior managers.

## RECOMMENDATIONS

1. That the following methodical manner be followed in developing the new organisational structure :

Step Nr	Key Steps
Step 1	Analysis and understanding of the current structure
Step 2	Analysis of Strategic Plan, IDP and SDBIP
Step 3	Determine legislative requirements
Step 4	Determine and assess required functions and services
Step 5	Determine functions and activities performed by all departments
Step 6	Determine gaps between actual and required functions and competencies.
Step 7	Determine resource requirements
Step 8	Assessment of key management and institutional system and processes
Step 9	Formulate skeleton organisational structure

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Step 10	Ensure consultation with: Councillors Staff Unions
Step 11	Final Report

2. The number of proposed macro components of the proposed organisational structure be limited to six as stipulated in Chapter 2 of Local Government: Municipal Systems Act (32/2000) : Regulations on appointment and conditions of employment of senior managers .