

**MATJHABENG MUNICIPALITY**

**ADDENDUM ANNEXURES**

of the

**ORDINARY MAYORAL COMMITTEE  
MEETING**

convened for

**WEDNESDAY, 20 MARCH 2019**

at

**10:00**

**EXECUTIVE MAYOR'S BOARDROOM, 4<sup>TH</sup>  
FLOOR, CIVIC CENTRE,  
WELKOM**

**DATE: 11 JUNE 2018**

## **REPORT SUBJECT:**

### **MATJHABENG LOCAL MUNICIPALITY ORGANISATIONAL STRUCTURE REVIEW**

#### **1. STRATEGIC GOAL**

The ultimate goal of this initiative is to locate, articulate and align the municipality's organisational structure within the context of the municipality's Integrated Development Plan (IDP), thus ensuring the municipality is able to meet its service delivery objectives.

#### **2. PURPOSE OF THE REPORT**

To record the proceedings of the working session held on 5 June 2018, convened for the purpose of providing assistance to the municipality in reviewing and finalising the organisational structure.

#### **3. BACKGROUND**

Matjhabeng Local Municipality submitted to the initial phase of the SALGA HRM&D functional maturity profiling strategy development approach, which aimed at the assessment of a municipality's HRM&D practices. This was undertaken on the 3 - 4 June 2014. The outcome of this process is a status quo of the municipality's HRM&D functions, which aids the municipality to develop improvement measures to address basic human resource (HR) issues whilst pursuing medium to long term measure towards the realisation of a strategic HRM&D move by the municipality.

Post the profiling exercise, the municipality was engaged in order to present the outcomes whilst also paving way for the institutionalisation of a transformational agenda.

### 3.1 RATING SCALE: (LEVEL 4 BEING THE IDEAL FOR MUNICIPALITIES)

Levels of maturity	Generic characteristics
<b>Level 0: Entry level / Ad Hoc Performance</b>	No documented HRM&D artifacts*
	No evidence of consistent HRM&D practices
<b>Level 1: Transactional / Defined / Consistency</b>	HRM&D artifacts defined and documented
	There is evidence of consistency / defined patterns of doing things
	Some evidence is found of good HRM&D practice
<b>Level 2: Fundamental / Reportable &amp; aligned</b>	A certain level of awareness around HRM&D artifacts exists
	HRM&D artifacts reflect compliance to regulations
	The content of HRM&D artifacts are aligned to good functional HR Practice
	Basic data and operational transactional reporting available
<b>Level 3: Institutional / Managed</b>	HRM&D artifacts are reviewed in consultation with appropriately constituted forums
	HRM&D Artifacts are socialized amongst relevant stakeholders
	HRM&D data is interpreted and analyzed to provide intelligence
	HRM&D intelligence is used to initiate corrective and preventative action
	HRM&D Functional integration (From planning to Exit Management)
	HRM&D intelligence is used to compare with internal and external benchmarks / targets
<b>Level 4: Developmental / Integrated / Excellence</b>	Organizational functions are integrated and strategies are formulated through HR and capacity management
	Strategies are integrated and formulated through wisdom obtained from being a learning organization
	The organisation is in equilibrium with its community, its partners, the environment
	Full professionalisation is evident, Batho Pele is the way it is, employees are in service of their community
	Continuous improvement culture using HRM&D intelligence and feedback from stakeholders

### 3.2 OUTLINE OF RATINGS ACHIEVED BY MATJHABENG LOCAL MUNICIPALITY PER HUMAN CAPITAL MANAGEMENT VALUE CHAIN ELEMENTS

Summary of value chain elements achieving the various levels of maturity				
Level0	Level1	Level2	Level3	Level4
Strategic HRM&D Planning	Performance Management	Sourcing & Placing		
Capacity Building	Remuneration & Reward	Exit Management		
Employee Relations Management	HRM&D Administration & Reporting	Technology		
Organisational Culture	Employee Wellness			
Talent Management				

The outcomes of the exercise offered the municipality a number of recommendations towards the improvement of the HCM practices. These were packaged in phases taking to consideration resources and capacity constraints. These recommendations include, but not limited to the following:

- ☐ The Human Capital Strategy i.e. the strategy containing objectives regarding the establishment and improvement of HR practices in the municipality must be drawn up to address the development and implementation of the basic elements as described below.
- ☐ **The Organisational Structure must be relevant, up to date and approved to by all stakeholders reflecting the IDP requirements.**
- ☐ **Up to date Role Profiles and or Job Descriptions must be drawn up reflecting the outputs and competency requirements of all positions in the Organisational Structure. These documents should be automated in an HR Management system if possible but must be agreed to by all stakeholders and graded and payroll system changes effected.**
- ☐ An implementation & resource plan that defines the actions required to appoint the required number of people possessing the required capabilities at the appropriate time to fill the vacancies in the Organisational Structure to enable the achievement of the municipality's strategic objectives contained in the IDP and SDBIP.
- ☐ Basic costing reports must be available reflecting headcount, grade, and generic- job profile/descriptor links.
- ☐ Relevant policies and processes for the above must be developed and must be legally compliant.
- ☐ A clear effort should be made to engage the work force and related structures on the process and its outcomes.
- ☐ Current efforts pertaining to other practices should be maintained.

The assessment outcomes indicated at the time that the municipality's organisational structure is not reviewed regularly in the context of the IDP & SDBIP, and that the municipality was operating on a 2009 organisational structure, which was not aligned to the IDP & SDBIP.

## 4. DISCUSSION

- 4.1 The above referenced session follows a request from the Municipal Manager of Matjhabeng Local Municipality to SALGA on 19 March 2018 to be assisted with the review and finalisation of the municipal organisational structure.

The SALGA delegation compromised two officials from both the provincial and national offices, whilst the municipality was led by the Director: Corporate Services, supported an official from the work study unit and one from the human resources.

### 4.2 Organisational Structure Review

On 16 January 2018, the Executive Mayor of Matjhabeng after engagements with administration and MAYCO took an item to council for approval of the proposed Organisational Design. This was effectively revising the current organogram and seeking permission of council to approach structural changes and their implications. Council could not process the item and deferred it back for more work because they felt that it was rushed and lacked proper due diligence. The item was then deferred to the next meeting of 29 January 2018 and a few areas were identified for rectification and further work.

Executive Management agreed with Council that more work needed to be undertaken before the matter could serve at Council and that the amount of work needed could not be completed in time for the next meeting of 29 January 2018. The municipality then approached SALGA for assistance, the SALGA support would focus on the following core areas:

- a. Provide advisory role on the process.
- b. Conduct assessment of the proposed Structure and give inputs to Matjhabeng Executive Management.
- c. Assist with TASK job evaluation on all new positions through the JE unit once the structure has been approved by council.
- d. Director Corporate: Services was to collate all documents about the proposed organisational structure and furnish SALGA in order to facilitate the required assessment.

It must be noted that only the organisational structure was submitted at the time of the meeting. The documents to be collated and submitted as requested above included amongst others:

- IDP and SDBIP
- HR Strategy/Plan
- Council resolution/s (on current structure)
- Management letter & AG report (2015/16 findings on HR matters)
- Organisational structure

Following deliberations on the organisational structure review progress to date and some of the challenges experienced, it was noted by both SALGA and the municipality that the background process leading to the review process was not in line with the **Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)**, **Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, chapter 2 on Staff Establishment**.

SALGA presented to the municipality a recommended approach/proposed organisational structure & workforce planning model. Following the presentation of the above model, the municipality indicated that although it welcomed the proposed approach and guidance in our discussions, they were however under immense pressure from council to complete the organisational structure and therefore will not afford to undergo the proposed model but rather request SALGA input on the current proposed structure which has been submitted to council on numerous occasions but no approval, with the last attempt on 16 January 2018.

The table below is the representation of SALGA's recommended approach. Several working sessions will need to be scheduled to flash-out the modalities of giving effect the proposed approach, thus ensuring the birth of a comprehensive organogram.

<b>IMPERATIVE PHASES</b>	
	<b>Phase 1: Diagnosis (Step 1-5)</b> <ul style="list-style-type: none"> <li>• Define the problem</li> <li>• Review the current state</li> <li>• Determine the gaps</li> <li>• Take a decision whether it is a structural or non-structural organisational problem</li> <li>• If organisational structuring is necessary, develop a business case for change</li> </ul>
	<b>Phase 2: Determine Requirements (Step 6-7)</b> <ul style="list-style-type: none"> <li>• Define the process to be followed</li> <li>• Develop or review the service delivery model – picture of how the organisation will operate</li> </ul>
	<b>Phase 3: Design (Step 8-9)</b> <ul style="list-style-type: none"> <li>• Design functional structure</li> <li>• Incorporate staff establishment information</li> </ul>
	<b>Phase 4: Planning (Step 10)</b> <ul style="list-style-type: none"> <li>• Finalise the business case</li> <li>• Develop an implementation plan (implementation strategy and risks, resource requirements and evaluation plan)</li> </ul>
	<b>Phase 5: Implementation</b> <ul style="list-style-type: none"> <li>• Convene the implementation team (champion, implementation owners, change delivery/content owners and HR)</li> <li>• Review implementation plan activities: <ul style="list-style-type: none"> <li>➤ Managed as a project – refer to the detailed process in the guide</li> <li>➤ Communications</li> <li>➤ Progress reporting and change management</li> <li>➤ Deal with HR issues and risks (post follow functions and resources)</li> <li>➤ Implement the structure /make adjustments</li> <li>➤ Training and awareness</li> </ul> </li> </ul>
	<b>Phase 6: Monitoring</b>

	<ul style="list-style-type: none"> <li>• Monitor implementation – report progress and deal with emerging challenges.</li> <li>• Operationalise: sign off and end the cycle</li> </ul>
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### 4.3 Findings on Discussions – 5 June 2018

Following the presentation of the above the SALGA propose model, the municipality indicated that although it welcomed the proposed approach and guidance in our discussions, they were however under immense pressure from council to complete the organisational structure and therefore will not afford to undergo the proposed model but rather request SALGA input on the current proposed structure which has been submitted to council on numerous occasions but no approval, with the last attempt on 16 January 2018.

The requested inputs in the structure will then serve to inform other internal engagements to be undertaken by the municipality. One of this discussions will be with the Local Labour Forum (LLF) scheduled for the following week and subsequent compilation of a report and revised organisational structure to council to be tabled before end of June 2018.

The following are some of the observations on the proposed organisational structure, however it must be noted as presented in our submission, several working sessions will need to be scheduled to flash-out the modalities of giving effect the proposed approach towards a comprehensive organisational structure.

Area	Observations	Notes
<b>1. Literature Review</b>	Only the organisational structure submitted	Municipality only requests inputs/critique on the proposed structure and not revision of process
		Difficult to provide valuable inputs based only on “boxes” (structure) without background understanding on the rationale or what informs these “boxes”/posts created/abolished etc.
	The current structure has a conceptual framework from the COGTA 2009 assisted structure review process. This is the current structure in place which COGTA assisted in the design, noting there has been additional positions to the structure since 2009.	This framework was never approved by council. The municipality operates on a 2009 structure, with additional positions to the structure over the years.
<b>2. Proposed Organisational Structure</b>	The structure not aligned to the current IDP and SDBIP	
	The review process was not informed by and did not follow prescribed processes as articulated for by i.e. the Municipal	



	Systems Act, applicable legislative prescripts and best practices	
	Bloated structure	
	Structure not aligned to 2018/19 budget	
	The proposed structure total cost is R871 466 263, whilst budgeted wage bill for 2018/19 is R732 000 00, this budget factored possible 8% wage increment	
	No clear indication of vacant funded positions	30% escalation for funded vacancies but this is not allocated to any specific position
	The biggest cost contributing factor is the position salary levels and not necessarily the number of positions on proposed structure	The TASK JE process
<b>3. Job Evaluation</b>	Partial job evaluation	Job evaluation should establish appropriate job levels & salaries
	Disparity in remuneration on jobs of same value	Post to incumbent - (when person leaves position, post reverts to actual JE outcomes of the position)
		SALGA to provide assistance with TASK JE

#### 4.4 PRIORITISATION

In view of the extent and complexity of the activities, as laid out above in the observations, SALGA is recommending 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.

#### 5. KEY SUCCESS FACTORS

- Political will and council support
- Management support
- Change management
- Identification of critical and strategic positions
- LLF buy-in to the org review process so that there is common understanding of the process
- Dedicated resources to drive the process



**6. STAKEHOLDERS CONSULTED**

SALGA governance structures, Municipality, Organised Labour

**7. HUMAN RESOURCE IMPLICATIONS**

Dedicated human resources, process facilitation, expert services

**8. LEGAL IMPLICATIONS**

Applicable legislative prescripts and other human resources prescripts must be taken cognizance of and adhered to

**9. FINANCIAL IMPLICATIONS**

Dedicated financial resource mobilization, travel & accommodation costs where applicable

**10. OTHER IMPLICATIONS**

Non at this stage.

**11. RECOMMENDATIONS**

That the municipality notes the report and recorded observations/inputs on the proposed organisational structure and avail the necessary resources and commitment towards the successful implementation of this undertaking.

Furthermore, the municipality is requested to appraise SALGA of progress and the decisions taken in light of the above process.



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**EXECUTIVE DIRECTOR:**  
**MUNICIPAL INSTITUTIONAL DEVELOPMENT**