

**“ The City of Heritage ”**



# **ULUNDI LOCAL MUNICIPALITY**

## **SCARCE SKILLS POLICY**

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## **1 Policy Purpose**

The municipality is committed to provide quality, affordable and reliable municipal services on a strategic level in the municipality. In delivering on this mandate, the municipality regards its human resources and staff component to be the most critical asset to be utilised in providing services on a sustainable basis. Although all employees are valuable, some employees have skills that are so vitally important to the municipality that without those skills, service delivery will be seriously jeopardised. In this regard, the municipality is therefore committed to acquiring, developing, maintaining, nurturing and retaining a qualified, competent, motivated and dedicated workforce to meet the challenges faced in delivering the quality, affordable and reliable municipal services referred to above.

This policy provides the guidelines regarding the proposed scarce skills policy for municipal officials. This Policy shall be known as the Scarce Skills Policy.

The purpose of the policy is to enable municipalities to respond to the current situation in terms of scarce skills that manifests itself within the municipality as follows:

- Certain positions have been vacant for long periods of time and cannot be filled despite several initiatives and attempts at recruitment.
- Vacant positions are advertised and very little interest is solicited from potential applicants through extensive advertising.
- In some cases, the advertisement of vacant positions attracts little or no qualified candidates who meet the minimum criteria.
- In some cases, potential candidates withdraw their applications or are not interested when informed about the total remuneration package.
- The factors that necessitate proactive and innovative human resources practices to ensure that the municipality can attract, develop and retain competent and committed staff.

## 2 Policy Scope

This policy applies to all municipal employees that are filling posts that required special skills. The policy further applies to vacant posts that require scarce skills.

## 3 Policy Definition

For the purpose of interpretation and application of this Policy, the following definitions are applicable:

**“employee”** means any person, **excluding** an independent contractor and appointees, who works for the municipality and who receives, or is entitled to receive any remuneration, and any other person who in any manner assists with carrying on or conducting of the business of an employer.

**“employee retention”** can be defined as those policies, practices and work methods that are applied to ensure that a competent, motivated and dedicated workforce is maintained and retained by the municipality to deliver quality services to the community.

**“employer”** refers to the municipality that is established in terms of Provincial Notice 489 dated 22 September 2000 and the Local Government: Municipal Structures Act, Act No 117 of 1998.

**“remuneration”** means as set out and provided for in terms of the Basic Conditions of the Employment Act, the Labour Relations Act and the relevant Collective Agreements within Local Government.

**“scarce skills”** means those skilled people with the required academic and/or technical qualifications, knowledge in their field of expertise, including those specialised supporting functions to essential services, with the appropriate work experience and/or supervisory/management skills that are not easily obtained and which, if not in supply or available, can seriously disrupt effective and efficient service delivery to the community.

**“scarce skills allowance”** means a temporary non-pensionable allowance calculated as a percentage of the employee’s basic monthly salary, and payable on a monthly basis, for positions that have been designated as such in terms of this Policy.

**“scarce skills occupants”** means occupations within a municipality with which the employer experiences various degrees of difficulty to recruit and retain their services and which have been designated as such by Human Resources Development Committee in terms of this Policy.

#### **4 Legislative Framework**

The legal and policy framework for the remuneration of municipal employees is:

- Basic Conditions of Employment Act, No. 75 of 1997.
- Employment Equity Act, No. 55 of 1998
- Labour Relations Act, No. 66 of 1995, as amended
- Local Government Bargaining Council Agreements
- Local Government: Municipal Systems Act, Act 32 of 2000 and the Regulations emanating therefrom.
- SALGA Circulars
- The SALGA Conferences on Human Resources Development

#### **5 General Policy Provisions**

Cognizance must be taken of the following key principles when considering the application of the Scarce Skills Policy:

- The spirit and intent of this Policy is not only applicable to those skills designated as “scarce”, but is an underlying commitment and management philosophy applicable to staff in the municipality.
- The municipality supports the culture of accountability and individual performance excellence through displaying the required competencies and technical skills.
- The nurturing and retention of staff is not a once-off project, but a constant management tool interlinked with performance management, mentoring, training and development, succession and career planning.

- The purpose of this Policy is not aimed at creating a “superior” level of officials, but merely to strategically ensure a sufficient supply of adequate scarce skills for the municipality to deliver on its mandate.
- The retention of staff is not the sole responsibility of the Corporate Services Directorate, but the collective responsibility of line and senior management.
- Staff retention strategies and methodologies must not be used to address mediocre and unethical management practices in the municipality.
- The principles of necessity, consistency and transparency must characterise all transactions relating to the interpretation and application of this Policy.

The payment of a Scarce Skills Allowance in terms of this Policy must be seen as a short or medium-term tactic to acquire and retain quality staff; the long-term objective is to institute

- human resources practices across the board that typify the municipality as the “*employer of choice*” that attracts quality personnel on a continuous basis.
- The principle of market-related remuneration is recognized and respected. Market value differentiation is supported and remuneration practices must therefore ensure adequate levels of competitiveness depending on the current and future scarcity of talent, both internally and externally.
- Financial affordability and sustainability serve as a key consideration when making scarce skills rewards decisions and when considering the application of this Policy.

## **5.1 Identifying Scarce Skills in the Municipality**

In addition to the aspects set out in par 5 above, the following indicators can assist the Municipal Manager and Directors to identify scarce skills occupational groupings:

- The turnover rate of employees in a particular occupation is significantly higher than the municipality’s average turnover, which results in high vacancy rates.
- Indications are that the demand for a particular skill/s consistently outweighs the supply.
- The skills require an advanced knowledge in a field/science or learning by a prolonged course of study and/or specialised instructions and/or years of experience.

- Vacancies should prove difficult to fill after at least two attempts.
- High vacancy rate exists.
- There is a demand for the identical skill in the local and national market indicating strong factors attracting such employees into the private sector or other government spheres.
- Individual skills, knowledge or experience that is critical to a specific project or service are required.

The above-mentioned indicators are examples that may illustrate scarcity in a particular occupational grouping of positions. Once a Director is of the opinion that a particular position falls within the definition of “scarce skills” as set out previously, the formal process for the designation of a position in terms of this Policy will commence in terms of the formal procedure and mechanisms set out below.

## **5.2 Staff retention Criteria**

In an effort to retain highly qualified and skilled employees any or all of the following criteria and responsibilities should be applied when considering targeted allowances:

- the employee must receive a bona fide offer of employment from another employer which offer must be in writing and includes details of the salary / remuneration offered to the employee, subject thereto that – the director recommending the retention must verify the offer and provide a concise written justification along with a copy of the offer letter;
- the employee must, over and above the required qualifications, be in possession of additional superior qualifications making such an incumbent suitable for succession planning;
- the corresponding provisions of the above paragraph must be applied to the extent that that paragraph can be applied for purposes of obtaining the Municipal Manager’s approval to institute retention measures;
- the recommendation must contain measures as provided for in paragraphs 5.5 and / or 5.6 and must be in line with budgetary constraints and any other implications the action could have on the department and the municipality in general; and

- any counter offers made to the employee in terms of paragraph 5.4 and which amend his / her current employment contract must be confirmed in writing and be duly accepted by the employee.

### **5.3 Establishment of an HR Development Committee**

The Human Resources Committee will:

- Report to the Municipal manager;
- Derive its mandate powers from the Municipal Manager; and
- Conduct all its proceedings subject to the authority of the Municipal Manager.
- The Human Resources Development Committee shall comprise of:
  - The Municipal Manager,
  - The Director: Corporate Services,
  - The Chief Financial Officer,
  - The Manager: Human Resources,
  - One representative each of SAMWU and IMATU as observers,
  - The Portfolio Chairperson for Corporate Services, and
  - Any other person co-opted by the Human Resources Development Committee to assist with the execution of its mandate.

The Human Resources Development Committee's primary function is to consider issues relating to scarce skills rewards in terms of this Policy, including, *inter alia*:

- Investigating scarce skills issues and making recommendations to the Municipal Manager;
- Reporting annually on the application and impact of the retention of scarce skills and making recommendations in this regard.

The Human Resources Development Committee will meet at least on a quarterly basis, or as frequently as required to exercise its mandate effectively.

The Municipal Manager will act as the Chairperson of the Committee. The Chairperson will be responsible for convening meetings of the Committee, maintaining minutes and copies of all

reports and data that have been utilised by the Committee to reach its decisions, as well as the communication of decisions to Council, where applicable.

#### **5.4 Allocation of a Scarce Skills Allowance**

Procedures for the allocation of a scarce skills allowance are the following:

- The relevant Director will identify and nominate the positions/s in which scarcity is experienced and determine in terms of the degree [extent] to which the position is considered a scarce skills occupation and provide a detailed motivation to the Director: Corporate Services.
- The Director: Corporate Services will forward the matter to the Manager: Human Resources who will be responsible for ensuring that the matter is placed on the agenda of the Human Resources Development Committee for consideration.
- The nomination, along with the comprehensive motivation will be motivated at the Human Resources Development Committee by the Director who had made the nomination.
- The Human Resources Development Committee will consider the merits of the application, apply the Policy and come to a decision on the degree of scarcity of the position, as recommended by the Director, after consultation with the Chief Financial Officer regarding the availability of funds in the specific Directorate's operating budget.
- The recommendation of the Human Resources Development Committee must be submitted to the Municipal Manager for consideration.
- The decision of the Municipal Manager will be communicated for action by the Manager: Human Resources.
- The Manager: Human Resources will formally notify the employee of the decision and the conditions under which the scarce skills allowance is allocated.
- The Manager: Human Resources will ensure that proper record is kept of the proceedings of the Human Resources Development Committee in this regard and will update the Scarce Skills Register accordingly.
- The scarce skills allowance will be reviewed annually before 31 March for implementation with effect from 1 July or any part of the financial year.

- The Manager: Human Resources will submit a notification of the decision of the Human Resources Development Committee relating the to the relevant salary within seven days of the decision.

## 5.5 Varying Degrees of Scarcity

A short-term Scarce Skills Allowance should be considered when there is a relative scarcity of the skills, i.e. suitably skilled people may be available, but do not meet the following employment criteria:

***Geographical location:*** employees are unwilling to work in rural areas.

***Equity considerations:*** there are few or no candidates with the requisite skills from specific groups available to meet the skills requirements of the municipality.

***Replacement demand*** would reflect a relative scarcity if there are people in education and training [formal and workplace] who are in the process of acquiring the necessary skills [qualification and experience], but where the lead time will mean that they are not available in the short term to meet replacement demand.

The municipality is experiencing difficulty in attracting and retaining the services of the individuals from designated and non-designated groups with scarce skills due to the obligation on the employer to adhere to the collective agreements regulating the salary scales and evaluation of jobs of occupations/designations within the municipality.

Occupational groups, designations and individual cases identified in terms of this Policy may be rewarded at different rates/salaries to attract and retain their skills and reward can be in one of the following ways:

- A temporary Scarce Skills Allowance to be paid to the individual as set out in par 5.6; or
- Any other method recommended and agreed upon within the scope of all relevant legislation and collective agreements.
- Based on the outcome of the identification of the occupations in terms of the indicators set out in par 5.1, the Director making nomination must determine the degree [extent] to which the position is considered a scarce skills occupation.

## **5.6 Longer-term Solution for attracting and retaining skills**

When the Municipality is experiencing difficulty in attracting and retaining the services of individuals from designated groups due to the high demand in the local and international market for these individuals and/or prolonged study/years of service required for a specific designation/occupation:

- A bursary fund should be put in place to which the municipality allocates a designated amount and to which members of the public and organisations can contribute and for which funds can be raised. The bursary should be designated for the training of learners or individuals who intend studying in the fields identified as scarce.
- Employees who leave the employment of the municipality before they have worked back the years for which they received a bursary should be obliged to pay an amount proportional to the bursary they had received and the year's work into the bursary fund designated for the training of persons in the fields identified as scarce.
- The municipality must ensure that in consultation with the LGSETA internships in fields that have been identified as scarce are identified and funded/supplemented through the skills levy paid by the municipality in terms of its obligations under the Skills Development Levies Act.
- The municipality must ensure that these internships are taken up and implemented to enable the municipality to attract individuals at an early stage in fields of scarce skills and where experience is a necessity for the performance of a function/job.
- Individuals who formed part of internships should be accommodated to obtain the necessary qualifications in the field identified.
- Internal employees who have demonstrated a desire to qualify themselves in fields where a scarce skill exists should be identified.
- Such identified employees should be offered bursaries to enable them to study part time in the various identified fields with an obligation to work for the municipality after obtaining their required qualifications for the number of years they received a bursary.
- Employees who are studying part time have to be accommodated to enable them to attend classes and examinations where necessary during working hours in accordance with the relevant collective agreements and policies.

- The Human Resources Development Committee must monitor and evaluate the status of individuals receiving bursaries through this Policy.
- The municipality must put measures in place to ensure that a transfer of skills by employees with scarce skills takes place during their employment with the municipality by putting a mentoring program in place.
- At the same time the municipality must also ensure that a sustainable pool of individuals is established and maintained for future use.
- Proposals and submissions in this regard must be obtained from the managers who have identified the scarce skills within their directorates.

## **5.7 Payment Measures**

The allowance rate must not be taken into account when:

Determining any benefits/payments derived from basic salary; and

- Classifying employees according to their salaries for purposes of granting any service benefit, payment of home owner allowance, overtime remuneration, or any other allowance or benefit.
- These allowances are payable in monthly instalments together with the basic salary, and where a reduced basic salary is payable on a pro-rata basis, for whatever reason, the allowance must be reduced in the same proportion.
- Before the allowance is payable the employee must sign an undertaking that the payment of the allowance shall be terminated or reduced in the following circumstances:
- If an identified scarce skills occupation or the degree to which the occupation is considered as a scarce skills occupation is no longer classified as a scarce skills occupation by the Human Resources Development Committee.
- If the employee is appointed, transferred or promoted to a post in the same or another occupation with a lower classification in terms of the degree to which the occupation is considered as a scarce skills occupation, the scarce skills allowance is reduced or terminated with effect from date of appointment, transfer or promotion.

- The Municipal Manager retains the right to terminate a scarce skills allowance of a specific post after consultation with the effective incumbent based on operational requirements, provided that the payment of the allowance will only be terminated or reduced after the employee has been given at least three [3] months' notice in writing of the reclassification.

## **5.8 Review of Scarce Skills Allowance**

The scarce skills allowance must be re-evaluated at least on an annual basis or such shorter intervals as may be determined by the Municipal Manager to allow for the relevant adjustments, based on changing trends, and to confirm whether the posts and/or occupational groups originally affected by a scarce skills challenge remain scarce. The allowance will no longer be applicable for any new appointments should a skill no longer be identified as scarce by the Municipal Manager.

The performance of an employee who receives a scarce skills allowance must continuously be evaluated by the relevant Director. The scale of the allowance must be adjusted accordingly and in some instances be taken away completely should his/her performance not be satisfactory. However, measures in regard to poor performance must be instituted against the said individual by the relevant Director prior to any change in the allowance as a result of poor performance being recommended for implementation to the Municipal Manager via the Director: Corporate Services.

## **5.9 Funding the Scarce Skills Allowance**

Directorates have to defray any expenditure emanating from the introduction of the allowance in terms of the Scarce Skills Policy, from existing operating budgets or through the adjustment of the municipal budget within the directorate's vote.

## **5.10 Reviewing the Scarce Skills Policy**

The Human Resources Development Committee will review the existing categories that qualify for the scarce skills allowance and the designation of any other occupational groups on an annual

basis and at least before 30 June each year, before finalising the review of existing groups and the designation of any groups for that allowance.

### **5.11 Reporting on the impact of the scarce skills policy**

The Human Resources Development Committee will submit an annual report to Council based on the review conducted of this Policy and make recommendations regarding the applications and/or amendment of the Scarce Skills Policy.