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CONSULTANTS REDUCTION POLICY

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1. DEFINITIONS AND ACRONYMS

1.1 Statutory and Regulatory

This Procedure applies to the following meanings and interpretations:

#	TERM	DESCRIPTION
1.1	Accounting Officer	Means a person appointment in terms of section 82(l)(a) or (b) of the Municipal Structures Act.
1.2	Budget	The appropriate funds in terms of section 15 of the MFMA
1.3	Chief Financial Officer	A person designated in terms of section 80 (2) (a) of the MFMA
1.4	Consultant	An external person or organization that provides a service to the municipality in those areas, where the municipality either lacks the required specialized skills or capacity
1.5	Municipality	Thulamela Local Municipality

1.2 ACRONYMS

#	TERM	DESCRIPTION
2.1	MFMA	Municipal Finance Management Act

2. POLICY STATEMENT

- 2.1 Thulamela Local Municipality has over the years used consultants to implement projects that will have a positive impact on the community it serves. The dependency on external consultants is due to a lack of expertise or skills within the municipality. In that regard, the usage of consultants cannot be avoided, however the municipality is committed to appointing consultants only after conducting a needs assessment which confirms that the municipality does not have the requisite skills or resources in its full-time employ to perform the function.
- 2.2 Thulamela local municipality however recognises that any decision to employ consultants or any other external professional service must be fully justified.
- 2.3 The above commitment is in line with Municipal Cost Containment Regulations, that were promulgated in 2019 that require municipalities to implement consultancy reduction plans.

3. PREAMBLE

- 3.1 The Municipality's budget is already under tremendous constraint and cannot withstand a continuous usage of external providers and/or consultants, it is imperative for the municipality to ensure that its administration establishment have adequate skills and competencies to ensure effective operations of the municipality so that the municipality is not fully dependent on external providers and/or consultants to run the operations of the municipality in order to deliver effective service delivery to its citizens.

4. PURPOSE

- 4.1 This policy aims to reduce the dependency on the usage of the external providers and/or consultants to deliver the operations of the Municipality except for the areas where the municipality lacks the competencies and the skills and in areas of critical and scarce skills.

5. OBJECTIVES

- 5.1 The objective of this policy is to outline the plan on how the municipality will administer the services of the external providers and/or consultants with relation to the areas where the municipality lacks the competencies and the skills and in areas of critical and scarce skills.

6. SCOPE

- 6.1 This policy will be applicable in the areas where the municipality lacks the competencies and the skills and in areas of critical and scarce skills. Therefore, it is on this basis that the appointment of the external providers and/or consultants will be considered.

7. POLICY CONTENT

The following resources impact on the capability of the municipality to be self-sufficient and to limit the use of external consultants:

6.1 HUMAN RESOURCES:

6.1.1 The current staff establishment does not provide for the appointment of specialists in the various fields of local government competencies. This specially refers to the appointment of professional engineers and environmental specialist who can assist with unbundling of assets, landfill specialist, drawing of designs. The current staff organogram does not have enough employees who can cover all the responsibilities throughout the whole municipality.

6.1.2 The municipality is dependent on the learners from TVET to fill gaps on lower levels of the staff establishment.

6.2 LIMITED BUDGET:

6.2.1 The municipality's budget is already under tremendous constraint and cannot accommodate the funding of additional posts. The high cost of employment is detrimental to the maintenance and operating budget and places a huge burden on service delivery.

6.3 UPPER LIMITS AND TASK JOB LIMITS:

6.3.1 The upper limit of municipal remuneration is not market related compared to the remuneration of professional people eg: engineering in the private sector. The municipality experience a serious challenge to attract and retain staff in professional fields of management and it will be much more difficult to appoint professional people for the achievement of specific objectives such as assessing and unbundling of completed project, performing of landfill calculation rehabilitation, actuarial services, managing such projects and be accountable and taking the risk associated therewith.

6.3.2 In many instances, more than one specialist is needed to perform single project, such as civil structural and electrical engineering, planners, environment specialist and planning designers/ architects to plan, designs etc. There will have to be a huge hike in upper limits to appoint professionals in the various fields.

6.4 OFFICE AND EQUIPMENT:

6.4.1 Additional office space will be needed, and the municipality's capital budget is insufficient to accommodate this. There is also no grant funding for the construction of office space.

6.4.2 Furthermore, offices for certain professionals must be equipped with specialised equipment such as designer tables, designer's software, plan printers, laboratories, testing equipment and various other.

6.5 SYSTEMS AND PROGRAMMES:

6.5.1 There are several systems and programmes that the municipality need to maintain to render a cost effective, efficient, and reliable service and to be compliant with legislation.

6.5.2 The current systems includes:

6.5.2.1 GIS.

6.5.2.2 Service delivery and budget implementation.

6.5.2.3 Performance management.

6.5.2.4 Risk management.

6.5.2.5 Compliance management.

6.5.2.6 Document management and workflow.

6.5.2.7 ICT and software licenses.

6.5.2.8 Management of complaints.

8. **JUSTIFICATION**

8.1 The use of consultants is currently non-negotiable for the municipality as it is of utmost importance to ensure service delivery and execute construction work of essential services.

- 8.2 We, however, recognise that any decision to employ consultants or any other external professional service must be fully justified, the procurement properly conducted, the assignment managed effectively, and the costs recorded.
- 8.3 Consultants are only used as and when the strategy, structure, management, or operations of the specific department is under pressure to fulfil its mandate and render basic services.
- 8.4 We endeavour to use consultants outside the 'business-as-usual' environment when in-house skills are not available, and it will be time-limited. Such consultancy services are expected to either provide additional skills or expertise which are not available within the municipality and are engaged to carry out activities such as investigating problems, providing analysis or advice, or assisting with the development of new systems, new structures, or new capabilities within the organization and to prepare specifications and manage construction of essential services and works.
- 8.5 In some areas of normal daily administration, consultancy engagement is seen to be appropriate when:
- 7.5.1 Internal capacity is unavailable to undertake a new area of work.
 - 7.5.2 Internal capacity is lacking due to resignation and for the recruitment and training period as such, for instance where a specific system or programme is utilized.
 - 7.5.3 Independence/objectivity is required and cannot be provided within the municipality.
 - 7.5.4 Specialist knowledge or expertise is unavailable internally.
 - 7.5.5 Legislative requirement where a directive is required to be complied with arising from legislation or due to compliance.

9. SKILLS TRANSFER

- 9.1 Skills transfer can only be applicable as and when there is internal capacity to be trained and utilised in future. We endeavour to always consider the potential for transferring skills, but it will be limited to areas where capacity exist.
- 9.2 Where skills transfer is not considered practical or appropriate, it will be recorded as such.

10. REDUCTION OPTIONS

- 10.1 When the municipality do not have any form of oversight competency that can manage, guide or control the utilization of external consultancy for the execution of their mandate in a specific field of expertise the municipality will endeavour to get assistance from Provincial and National Government departments to take sole responsibility for the execution of such specialty engineering fields and/or construction projects where it will not impact on existing infrastructure, operational and maintenance functionality.
- 10.2 Implement a shared services model within the district for professional services.
- 10.3 Constantly inform other spheres of government on the cost of compliance and the unnecessary details needed to comply with legislative requirements.
- 10.4 Appoint competent staff.
- 10.5 Annually evaluates the staff structure to establish opportunities to extend and fill vacant posts and provide new posts.
- 10.6 The Budget Steercom will annually during the budgetary process consider the annual management report on the appointment of consultants to decide on replacing consultants with full time staff.

11. PERFORMANCE OF MANAGEMENT

- 11.1 The performance of the consultant under the agreement must be monitored by the end user department within the municipality monthly.
- 11.2 The end user department within the municipality must complete the performance evaluation of the consultant. Any instances of non-performance must be duly reported, and a record of non-performing provider/consultants should be kept by SCM to avoid reappointment of the provider and/or consultants.
- 11.3 Payments paid to consultants during the financial year shall be disclosed as per note in the Annual Financial Statements and the Annual report.

12. LEGISLATIVE AND REGULATORY FRAMEWORK

- 12.1 Local Government: Municipal Structures Act, 1998 (Act of 117 of 1998)
- 12.2 Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- 12.3 Local Government: Municipal Finance Management Act, 2003 (Act 53 of 2003)

12.4 Supply Chain Management Regulations – GG 27636 – 30 May 2005

12.5 Preferential Procurement Policy Framework Act and Regulations

12.6 Treasury Regulations

12.7 National Treasury MFMA Circulars

12.8 MFMA Circular 96: Implementation of SCM Regulation 32 (2019)

12.9 National Treasury guidelines and prescripts

13. STAKEHOLDER ENGAGEMENT

13.1 All the relevant stakeholders internal and external will be consulted through the development and implementation of this policy.

14. IMPLEMENTATION: ROLES AND RESPONSIBILITIES

14.1 All the respective departments within the municipality must ensure adequate implementation of this policy. The CFO is responsible for enforcing this policy and continuously ensuring monitoring and compliance and ensure that the corrective steps are taken where necessary.

15. MONITORING AND EVALUATION

15.1 On a continuous basis this policy will be accessed to determine its relevance and effectiveness and to access whether it has achieved the intended objectives.

16. CONCLUSION

16.1 It is important to note that any failure to comply with the rules and the standards set out in this policy will be regarded as a misconduct.

16.2 All misconduct or breach will be dealt with within the municipal appropriate disciplinary procedures.

17. REVISION DATE

17.1 This policy shall be reviewed on an annual basis or as and when the needs arise

18. ANNEXURE

18.1 Business Process Map

18.2 Standard Operating Procedure