

# **INGQUZA HILL LOCAL MUNICIPALITY**

## **ORGANISATIONAL DEVELOPMENT AND DESIGN POLICY**

Reviewed: 2019

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## 1. PREAMBLE

The Municipal Systems Act 32 specifies in terms of Section 66 as amended that:

“A Municipal Manager, within a policy framework determined by the Municipal Council and subject to any applicable legislation, must”:

- a) Develop a staff establishment for the municipality and submit the staff establishment to the Municipal Council for approval;
- b) Provide a job description for each post on the staff establishment;
- c) Attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation;
- d) Establish a process or mechanism to regularly evaluate the staff establishment and, if necessary, review the staff establishment and the remuneration and conditions of service.
- e) No person may be employed in the municipality unless the post to which he/she is appointed is provided for in the staff establishment of the municipality;
- f) A decision to employ a person in the municipality and any contract concluded between the municipality and that person as a consequence of a decision is null and void if the appointment was made in contravention of subsection “e”;
- g) Any person who takes a decision contemplated in subsection “f” knowing that the decision is a contravention of subsection “e”, may be held personally liable for any irregular or fruitless and wasteful expenditure that the municipality may incur as a result of an invalid decision.

Today's local government administration requires a stronger sense of strategy, long term vision, mission and principles that unites the entire organization towards a common vision for effective and efficient service delivery with the available limited resources. The performance of each department within the municipality is assessed in terms of the services rendered to the community, employees, relevant stakeholders and its overall impact to them. It is therefore, imperative that these services are rendered in a most efficient and cost effective manner.

The manner in which Organizational Development (OD) is currently being conducted within the municipality requires to be formalized and professionalized in order for the municipality to reap the full benefits of OD interventions. In order for the municipality to avoid the pitfall of a plethora

of anomalies in departments/ sections/ units, such as disjointed business systems, processes, unjustified organizational structures, lack of proper segregation of duties, non-implementation of change management strategies, poor job grading outcome, and poor decision making in general. The municipality needs to have a policy to provide a framework in which Organizational Development Practitioners (ODP) will maintain in executing their operations to support the municipality in realizing and achieving its strategic and operational objectives.

This policy seeks to inculcate guiding principles to implementing OD interventions within the Ingquza Hill Local Municipality (IHLM). It also provides guiding principles and systematic approaches in diagnosing organisational defects and determining implementable solutions that will improve service delivery. OD must be viewed as way of providing services better and efficiently within the municipality.

## 2. DEFINITION OF CONCEPTS AND ABBREVIATIONS

- 2.1. **“Action research”** - means a systematic process used to solve problems and improve conditions and is used for OD interventions. It follows the following steps which are; entry/ contracting, diagnosis, data analysis, feedback, joint action planning, implementation, monitoring and evaluation, and termination.
- 2.2. **“Business case”** - is a structured way of developing and presenting the case for the organisational structure intervention. Developing a business case for organisational structuring is a best practice irrespective of the scale of the organisational design/ structuring. A good business case presents all the necessary information clearly so that decision makers may evaluate and approve, or decline, the proposal.
- 2.3. **“Established post”** – means a formally created post intended to be filled permanently or on a long term basis and in compliance with the MSA.
- 2.4. **“IHLM”** - shall mean Ingquza Hill Local Municipality.
- 2.5. **“IDP”** – Integrated Development Plan.
- 2.6. **“Organisational structuring”** – A pattern of interactions and coordination that links the technology, tasks, processes, systems and human resource of the organization to ensure accomplishment of the purposes of the organization. It involves the a) understanding for the imperative to change and the internal/external environment, b) understanding the business processes, workflows, roles and responsibilities of human resources, volumes of work, activity analysis and resources, c) designing and testing

- new models or structures, d) planning and managing the transition from the old structure to the new, e) implementing and monitoring the effectiveness of the changed structure.
- 2.7. **“MSA”** – shall mean the Municipal Systems Act 32 of 2000 (as amended).
- 2.8. **“Process”** – shall mean an organized group of interrelated activities that together create a service or product of value to both internal and external clients.
- 2.9. **“Section 56”** – shall mean Managers directly accountable to the Municipal Manager in terms of the MSA.
- 2.10. **“Span of control”** – shall mean the number of employees that each manager/supervisor is responsible for. The span of control is said to be wide if a superior is in charge/control of many employees and narrow if the superior is in charge of a few employees.

### **3. SCOPE OF APPLICATION**

- 3.1. This policy is applicable to all the Departments and staff that are affected and working with the staff establishment of IHLM, and
- 3.2. This policy shall also apply to posts created in terms of Section 56 and 66 of the MSA.

### **4. APPLICABLE LEGISLATIVE/ STATUTORY REQUIREMENT**

The following legislations are applicable in this policy:

- a) The Constitution of the Republic of South Africa Act 108 of 1996;
- b) Municipal Systems Act 32 of 2000 as amended;
- c) Basic Conditions of Employment Act 75 of 1997;
- d) Skills Development Act 97 of 1998;
- e) Labour Relations Act 66 of 1995; and
- f) Municipal Finance Management Act 56 of 2003.

### **5. MAIN PURPOSE/ OBJECTIVES**

- 5.1. To give effect to the objectives of the Municipal Systems Act 32 of 2000 (as amended) specifically section 66.

- 5.2. To develop, shape and structure the staff establishment of the IHLM to be aligned with the Integrated Development Plan (IDP) and the Operational objectives (SDBIP) in an effort to enhance service delivery.
- 5.3. To provide a process and procedure in developing the organisational structure and or review.
- 5.4. To regulate and put in place the requirements for the formulation of the organisational structure, creation and abolition of posts within the IHLM.
- 5.5. To design an effective and efficient organisational structure that will increase productivity and reduce staff costs.
- 5.6. To provide/ ensure simpler, faster and efficient delivery of services within the municipality, the unit shall facilitate the process of business/ process re-engineering as an OD interventions which require maximum participation of all relevant stakeholders, action research will always be used to ensure a success of this intervention.
- 5.7. To form a job evaluation and workplace services restructuring committee as a consultation forum that will see to it that consultation has occurred at the departmental level before the staff establishment is submitted to the Local Labour Forum.

## 6. PRINCIPLES OF STAFF ESTABLISHMENT

The following are the key principles that the IHLM shall adhere to in an effort to design an effective, efficient and cost effective staff establishment:

- 6.1. The creation and abolishing of posts shall be the prerogative of the municipality.
- 6.2. Posts may only be created after an empirical need has been identified in order to take advantage of an opportunity or compliance/ address challenges.
- 6.3. The creation of posts in the staff establishment must be supported by a concise business case and a draft job profile.
- 6.4. When posts are either created or abolished, relevant staff and unions representatives must be consulted with regards to the envisaged changes on the staff establishment/ design.
- 6.5. The development and review of the staff establishment shall be divided into two (2) categories, namely:
  - a) **Major review of the staff establishment:** this entails the alignment of the staff establishment to the five (5) year term of the IDP; and

- b) **Amendment/ review of the staff establishment:** this is the process of the annual review and alignment of the organisational structure to the one (1) year term of the IDP or any adhoc organisational design/ restructuring.
- 6.6. With the above two (2) categories mentioned, a business case must be prepared by the relevant department and submitted to the Director: Corporate services (The elements to be considered in the business case must have been consulted with the relevant staff, union representative, minutes taken and a signed attendance register).
- 6.7. The Involvement of the ODP to facilitate this process is crucial in order to advise with the design principles and issues that might affect the effective functioning of the proposed organisational restructuring/ design and the impact on job grading/evaluation.
- 6.8. The municipality must strive to avoid the overlapping and or duplication of functions and to promote the alignment and merging of related functions.
- 6.9. The proposed organisational restructuring should strive to:
- a) Reduce or maintain existing organizational levels in order to improve effective communication and promote staff development;
  - b) Define clear and non-ambiguous reporting relationships;
  - c) Promote effective staff supervision and teamwork;
  - d) Ensure clear accountability for performance results at a team and at the individual level;
  - e) The use of standardised post titles that appear on the approved staff establishment, and refrain from the use of abbreviated post designations/ titles.
- 6.10. Widen the span of control i.e.:
- i. Management Level (Municipal Manager to Departmental Manager level): Should not be less than 1:5 and to avoid a too wide span of control at this level, for example, 1: 10, as this may prove to be dysfunctional.
  - ii. Supervisory level: The span of control for posts below Departmental Managers should be more than 1:5. Caution must be exercised to prevent a span of control that is too wide at these levels, for example, 1: 30, as this may prove to be dysfunctional.

## **7. PROCEDURE FOR STAFF ESTABLISHMENT**

The municipality shall follow the following procedure during the process of developing or review of the organisational design/ structure that must be aligned to achieve the strategic and operational objectives:

- 7.1. The relevant Department will be responsible for initiating the proposed organisational restructuring.
- 7.2. A memorandum accompanied by a concise business case to the Director: Corporate Services for consideration and verification with the ODP.
- 7.3. The proposed organisational restructuring must be consulted with relevant/ affected employees and trade union representative in order to ensure participation in the departmental decisions.
- 7.4. The Department of Corporate Services may also initiate a proposed structural amendment in order to rectify any dysfunctions identified with the approved structure. The relevant department, staff and trade unions will also be consulted in the process of rectifying the identified anomaly.
- 7.5. The proposed business plan or organisational restructuring shall be discussed with the relevant department, organisational development section, job evaluation and workplace services restructuring committee and management in order to ensure that there is an effective alignment of functions and avoid duplications in the staff establishment.
- 7.6. The proposed organisational restructuring must be consulted with the Local Labour Forum where a major restructuring is planned, for example, where the organisation restructuring affects two or more sections within the department or the overall restructuring of the municipality.
- 7.7. The organisational development section shall compile a report that will reflect the proposed organisational restructuring and update the organogram in preparation for submission to the Municipal Manager using an Orgchart/ Orgplus design software.
- 7.8. After the adoption of the staff establishment by Council, the Organisational Development section shall ensure that effective implementation of the structure and the evaluation and monitoring of the change occurs effectively.

## **8. ELEMENTS TO BE CONSIDERED IN THE BUSINESS CASE**

The following information should be reflected in the business case:

NO.	HEADINGS	ELEMENT OF CONSIDERATIONS



1.	Executive summary	Precise and brief description of the opportunity or challenge to be addressed; what the proposed structure aims to achieve; impact on service delivery, operations and staff; and financial implications, tools and availability of office space.
2.	The proposed structure	Describe the proposed organizational architecture and the number and types of positions required.  How the proposed structure would align with the strategic plan and operations.  List viable alternatives considered and explain why they were eliminated.
3.	Impact of the new structure	Increasing or reduction of staff.  Impact on infrastructure, information and communication technology.  Impact on external stakeholders: eg suppliers, service delivery partners in government and civil society where applicable.
4.	Implementation Plan	Ensure effective change management of the organisational restructuring.  Who was consulted? Minutes and attendance register to be made available.  What was the outcome of consultations and input from employees or trade union representatives?

## 9. REVIEW OF POLICY


All the municipality policies are required by legislation to be reviewed annually. This policy may also be reviewed annually where an opportunity or challenge has been identified and subject to consultation with relevant stakeholders in the municipality thereafter adoption by the Municipal Council.

## ADOPTION OF THE POLICY

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B.B. GOYA  
THE MAYOR

DATE 02/09/2019