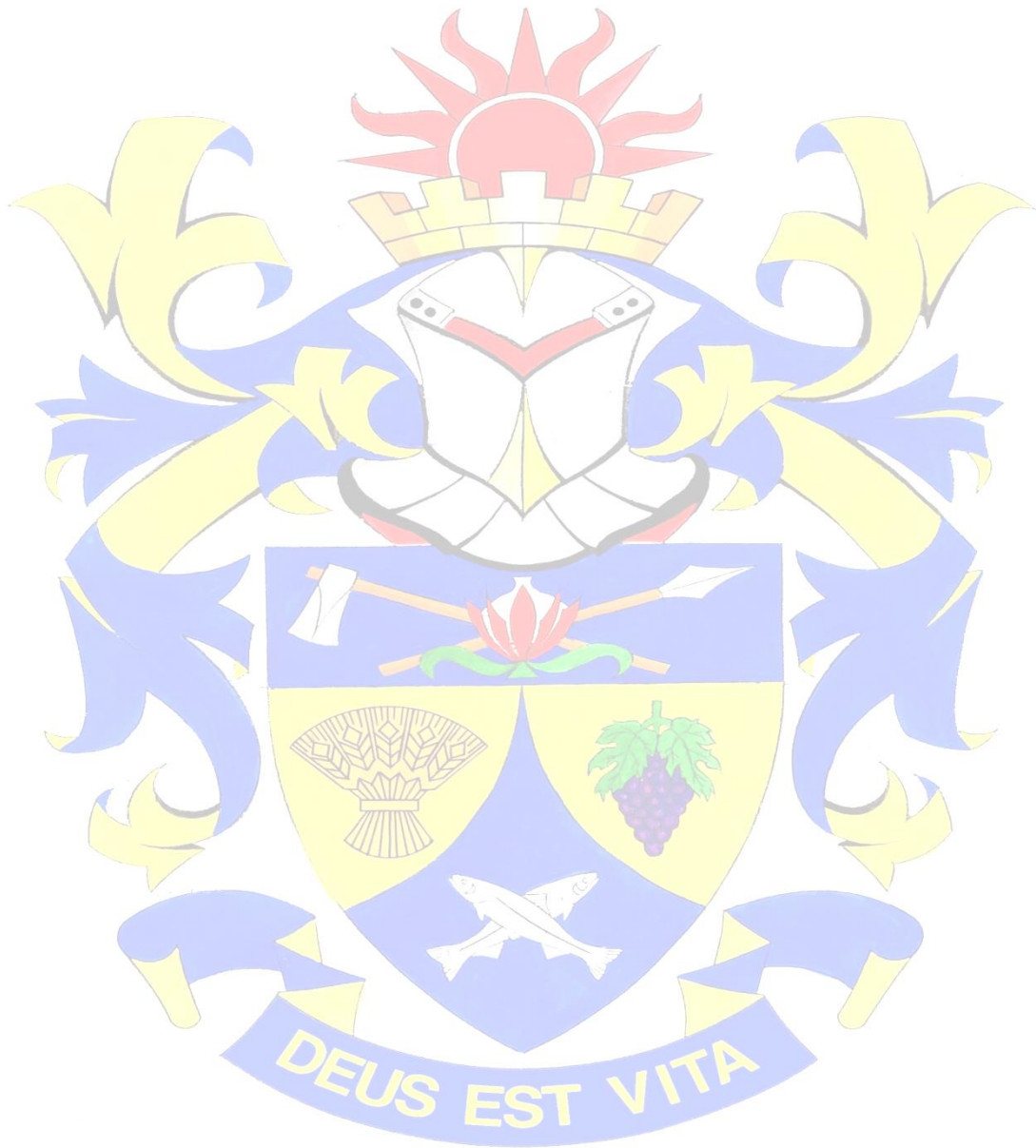


# **BERGRIVIER MUNICIPALITY**



## **CONSULTANT REDUCTION STRATEGY 2025/2026**

# BERGRIVIER MUNICIPALITY

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## 1. REGULATORY FRAMEWORK

MFMA	Requirements
<b>Section 62(a)</b>	The accounting officer of a municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.
<b>Section 78(b)</b>	Each Senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure – that the financial and other resources of the municipality are utilized effectively, efficiently, economically and economically.
<b>Municipal Cost Containment Regulation (Reg 5 Read together with MFMA Circular 97)</b>	A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full-time employ to perform the function. (5) When consultants are appointed, an accounting officer must:- (d) ensure the transfer of skills by consultants to the relevant officials of the municipality or municipal entity (f) develop consultancy reduction plans to reduce the reliance on consultants
<b>MCCR – Reg 7</b>	A municipality or municipal entity must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and appropriately recorded and monitored.

## 2. OBJECTIVES

Compliance with the regulatory framework in terms of the relevant legislation is required.

## 3. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA (Section 65) are:

Accounting Officer (Municipal Manager)-

(1) The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.

(2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure—

(a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;

(b) that the municipality has and maintains a management, accounting and information system which—

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- (i) recognises expenditure when it is incurred;
- (ii) accounts for creditors of the municipality; and
- (iii) accounts for payments made by the municipality;

(c) that the municipality has and maintains a system of internal control in respect of creditors and payments;

(d) that payments by the municipality are made—

(i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and

(ii) either electronically eft or provided that cash payments and payments by way of cash may be made for exceptional reasons only, and only up to a prescribed limit;

The Municipal Manager delegates authority to the Chief Financial Officer to ensure compliance and adherence to the principles established by this policy.

### 4. OVERVIEW

Lack of appropriate skills and expertise has become the shorthand for almost everything that is wrong with local government in South Africa (Peters and van Nieuwenhuyzen, 2013). As a result, the “solution” is thus either individual skills enhancement or the deployment of skills to the Municipality, or a combination of both.	Factors impacting on the capacity of the municipality to be self-sufficient and to limit the use of external consultants	
	Human Resources	Organisational structures does not provide for specialists in various fields of local government competencies, High vacancy rate, overtime expenditure and unfunded posts
	Structural responsibilities	Senior Managers overloaded with a lot of responsibilities unable to focus which is exacerbated by administration work. Appointment of incompetent senior managers and staff.
	Budget	High employee costs – exceeding the norm
	Upper limits and task job limits	The upper limits of municipalities remuneration is not market related which results in challenges to attract and retain staff in professional fields.

Justification for the consideration to Use Consultants

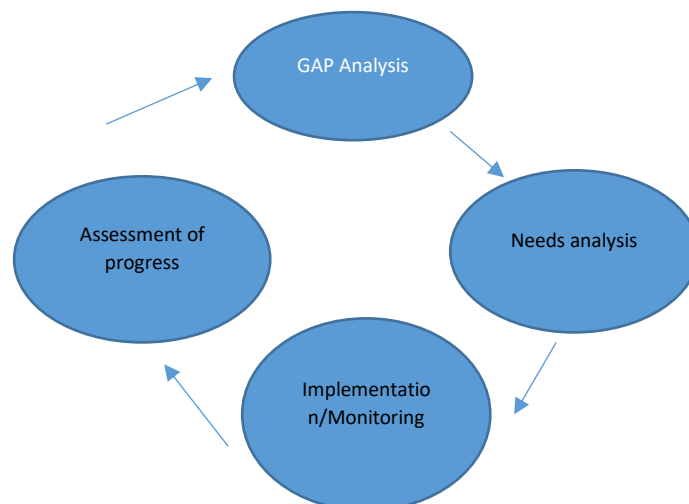
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- i) Outside the “business-as-usual” environment when in-house skills are not available and it will be time-limited,
- ii) Services required to provide additional skills or expertise which are not available within the Bergrivier Municipality, (for example – 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).
- iii) Lack of internal capacity is unavailable to undertake certain professional work that will require a Chartered Accountant to assist the Municipality, if the Municipality does not have a chartered accountant.
- iv) Independence/objectivity is required and cannot be provided within the municipality.

### 5. GAP ANALYSIS

The Municipality is expected to perform a GAP analysis within its structures prior to procuring the services of a consultant.

This analysis assesses the need thereof against the available internal capacity for the specific service required.



The purpose of the GAP Analysis:-

- i) To strengthen the ability of institutions to identify skills shortages and underutilized skills.
- ii) To develop short-medium term plan to address deficiencies.

GAP analysis considerations:-

- i) Cost effectiveness

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The Municipality must analyse the cost-effectiveness of permanent capacity versus making use of consultants, while ensuring continuity and service delivery.

**ii) Frequency**

How often does the Institution use the skills required for the tasks performed by external Consultants. The Consultants panel must be rotated constantly.

**iii) Institution objectives**

Are the objectives of the Municipality better achieved through the appointment of Consultants or permanent staff.

**iv) Vacancies**

The Municipality should consider filling positions or hire a person on a permanent appointment to perform the required task versus the appointment of a Consultant.

**v) Internal Skills**

Skills should be transferred if a Consultant is appointed and the municipality has identified a person to whom the skill can be transferred.

**vi) Appointment process**

Is there sufficient budget to appoint staff and is the internal process to appoint permanent staff inefficient and ineffective?

Is there a lack of permanently appointed staff with necessary skills and experience in the institution, which necessitated the appointment of Consultants as a compensating measure.

**vii) Nature and extent of services**

The Municipality must analyse the nature and extent of services to be outsourced and whether they are specialized, once-off, temporary services, or services that are of a non-specialized nature?

**viii) Monitoring and Performance**

Are Consultants appointed to monitor work of Employees?

Are Consultants appointed to complete specifications for tenders for which they did not tender?

Is the Consultant monitored monthly on performance?

## 6. REDUCTION OPTIONS

- 6.1 Where there is a lack of competency to manage, guide or control the utilization of external consultancy collaborate with Provincial and National Government departments for specialized support.
- 6.2 Implement a shared service model within the District for professional services
- 6.3 Annually evaluation of the organizational structure to establish opportunities to extend and fill vacancies and provide for new posts. The Budget Steering Committee should annually during the budgetary process consider the annual management report on the appointment of consultants in order to decide on replacing consultants with full time staff.

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## **7. KEY ELEMENTS OF A CONSULTANT REDUCTION PLAN**

- 7.1 The Municipality must have:-
  - 7.1.1 A training plan.
  - 7.1.2 How performance will be monitored and evaluated
  - 7.1.3 Skills transfer resource allocation
  - 7.1.4 Employee retention strategies and succession plans
  - 7.1.5 Budget component
  - 7.1.6 Expected Outputs
- 7.2 Monitoring and Evaluation – Planning –
  - 7.2.1 Set specific milestones (Regulation 5b)  
Proper contract administration must be provided for setting proper milestones, performance targets, monitoring systems and roles and responsibilities by the Municipality.
  - 7.2.2 Budget (Regulation 5c)  
The cost of the travel and subsistence and disbursements must be included in the budget provision before appointment of the Consultant.
  - 7.2.3 Transfer of skills (regulation 5d)  
Skill transfer must be included in the requirement with appointment.
  - 7.2.4 Time and Cost  
The appointment must be done on a time and cost per hour basis or for the total project. The project must always state the start and end date of the project.
  - 7.2.5 Penalty Clauses (Regulation 6)  
Penalty clauses must be included in the Service Level Agreement.
  - 7.2.6 Rates Charged (regulation 3)  
The remuneration will not exceed the gazetted rates.
  - 7.2.7 The Municipality must ensure that deliverables are clear, specific and measurable to easily measure the project outcomes and to ensure that the Municipality receives value for money.

## **8. IMPLEMENTATION OF THE PLAN**

- 8.1 The Cost containment Policy of Council must be implemented and the forms attached to the policy must be used for each Consultant.
- 8.2 The GAP analysis must be performed before an appointment can be made
- 8.3 A service level agreement must be developed after the appointment of the Consultant.
- 8.4 Non-adherence to the plan can lead to disciplinary action.
- 8.5 Monthly the evaluation form that was developed must be completed by the Project Manager.
- 8.6 All evidence must be filled electronically for audit purposes.