



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

Scarce Skills Policy

POLICY CONTROL SHEET

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1. DEFINITIONS

For purposes of interpretation and application of this policy, the following definitions are applicable:

“Collective Agreement” meaning the written agreement concluded between SALGA and the one or more representative trade unions relating to conditions of services or any other matter of mutual interest.

“Employee” means any person, excluding an independent contractor, who works for the municipality who receives, or is entitled to receive any remuneration; and any other person who in any manner assist in carrying on or conducting 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 Cape Agulhas Municipality which is established in terms of Provincial Notice 489 dated 22 September 2000 and the Local Government: Municipal Structures Act 117 of 1998.

“Remuneration” as set out and provided for in terms of the Basic Conditions of Employment Act, the Labour Relations Act and the relevant Collective Agreements.

“Scarce skills allowance” means a 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 the policies, mechanisms and guidelines of this policy as informed by the Department of Labour (DOL), Accelerated Shared Growth Initiatives of South Africa (ASGISA).

“Scarce skills incentive” means an incentive, either monetary or in kind with the sole purpose of attracting and retaining employees in scarce skills occupations within the municipality.

“Scarce skills occupations” means occupations or sub-categories within an organisation with which the employer experiences various degrees of difficulty to recruit and retain their services and which have been designated as such by Human Resource Development Committee in terms of this policy.

2. TITLE

This policy will be known as the Scarce Skills policy.

3. INTRODUCTION

3.1 Background

Cape Agulhas Municipality is committed to providing quality, affordable and reliable municipal services on a strategic level in the municipality. In delivery on this mandate, the municipality regards its human resources and staff component to be the most critical asset to be utilised in providing these services on a sustainable basis. Although all employees are valuable, some employees have skills that are so vital important to the municipality that without those, service delivery will seriously be jeopardized.

In this regard, Cape Agulhas Municipality is therefore committed to acquiring, developing, maintaining, nurturing and retaining a qualified, competent, motivated and dedicated workforce to meet the challenges face in delivering the quality, affordable and reliable municipal services referred above.

3.2 Manifestation of Scarce Skills Challenges

The current situation in terms of scarce skills manifests itself within Cape Agulhas Municipality in the following ways:

- 3.2.1. Certain positions have been vacant for long periods of time and cannot be filled despite several initiatives and attempts at recruitment;
- 3.2.2. Vacant positions are advertised and very little interest is solicited from potential applicants through extensive advertising;
- 3.2.3. In some cases the advertisement of vacant positions attracts little or no qualified candidates that meet the minimum criteria
- 3.2.4. In some cases potential candidates withdraw their application or are not interested when informed about the total remuneration package; and
- 3.2.5. A high turnover is experienced in certain occupational groupings due to:
 - Excessive work pressure;
 - Poaching by other employers luring competent staff with higher salaries, benefits and better prospects for advancement;
 - Inability of 'substandard' appointments to handle job requirements; and
 - Negative work environment caused by related staff shortages in sections or departments.

The factors set out in 3.2 necessitates proactive and innovative human resources practices to ensure that Cape Agulhas Municipality can attract, develop and retain competent and committed staff.

4. STATEMENT OF INTENT

Taking the context of the shortage of scarce skills in the local government sector into account, Cape Agulhas Municipality:

- 4.1. Is committed to providing quality, affordable and reliable services to the region as described by the Municipal Structures Act as well as the Municipal Systems Act;
- 4.2. Acknowledges the role played by staff in realising this service delivery mandate;
- 4.3. Values the members of its staff, the work that they do and the principles of continuity of employees in our organisation;
- 4.4. Is therefore committed to acquiring, maintaining, developing and retaining a committed workforce; and
- 4.5. Intends to develop a formal policy, work procedures and remuneration strategies to mitigate the identified scarce skills shortages.

5. OBJECTIVES

The objectives of the Scarce Skills Policy are:

- 5.1. To provide a formal basis to declare our commitment to our staff and to attract and retain a competent and motivated workforce to serve our community;
- 5.2. To provide the basis for the establishment of a Human Resource Development Committee;
- 5.3. To identify a broad range of strategies, methodologies and practices that will assist with the retention of all staff of the municipality;

- 5.4. To provide policy guidelines for the designation of identified occupational groupings, positions and individual cases as “scarce skills” for the application of the policy;
- 5.5. To provide a formal basis for the organisation of a non-pensionable scarce skills allowance for designated positions, amongst other initiatives; and
- 5.6. To provide the formal basis for the institution and / or extension of other related human resource practices, including, inter alia, enhanced recruitment and selection processes, remuneration practices, individual performance assessments, reward and incentive systems, career planning and succession planning, mentorship and training and development.

This policy is therefore intended to assist the municipality in the recruitment, retention and motivation of a consistently high-performing workforce, thereby contributing to the achievement of the short- and long-term objectives of the municipality.

6. SCOPE AND APPLICATION

This policy applies to all employees of the municipality which fall under the SALGBC jurisdiction, including contract employees, but excluding senior management appointed in terms of s57 of the Local Government: Municipal Systems Act, Act 32 of 2000.

7. DEFINING “SCARCE SKILLS”

Scarce skills in Cape Agulhas Municipality can be defined as:

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

8. GUIDING PRINCIPLES

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

- 8.1. 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 organisation;
- 8.2. The municipality supports a culture of accountability and individual performance excellence through displaying the required competencies and technical skills;
- 8.3. 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;
- 8.4. The purpose of this policy is not aimed to create a “superior” level of officials, but merely to strategically ensure a sufficient supply of adequate scarce skills for Cape Agulhas Municipality to deliver on its mandate;
- 8.5. The retention of staff is not the sole responsibility of the Corporate Services Directorate, but the collective responsibility of line and senior management, with the assistance and support of the Human Resources section;

- 8.6. Staff retention strategies and methodologies must not be used to address mediocre and unethical management practises in Cape Agulhas Municipality;
- 8.7. The principles of necessity, consistency and transparency must characterize all transactions relating to the interpretation and application of this policy;
- 8.8. 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 resource practices across the board that typify Cape Agulhas Municipality as the “employer of choice” that attracts quality personnel on a continuous basis;
- 8.9. The principle of market-related remuneration is recognised 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;
- 8.10. Financial affordability and sustainability serves as a key consideration when making remuneration decisions and when considering the application of this policy.

9. IDENTIFYING SCARCE SKILLS IN CAPE AGULHAS MUNICIPALITY

In addition to the aspects set out in 3.2 above, the following indicators can assist the Municipal Manager and Directors to identify scarce skills occupational groupings:

- 9.1. The turnover rate of employees in a particular occupation is significantly above the municipality’s average turnover – this relates to the resulting of high vacancy rates;
- 9.2. Indications are that the demand for a particular skill/s consistently outweighs the supply;
- 9.3. The skills should require an advanced knowledge in a field / science or learning by a prolonged course of study and / or specialized instruction and / or years of service;
- 9.4. Vacancies should prove difficult to fill, after at least two attempts;
- 9.5. High vacancy rate as described in section 9.1;
- 9.6. There should be 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;
- 9.7. Individual skills, knowledge or experience are required that are critical to a specific project or service.

The abovementioned indications are examples that may illustrate scarcity in a particular occupational grouping or position. Once a Director is of the opinion that a particular position falls within the definition of “scarce skills” set out in section 7 above, then 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 in section 11 below.

10. ESTABLISHING OF A HUMAN RESOURCE DEVELOPMENT COMMITTEE

- 10.1. The Human Resource Development Committee will:
 - 10.1.1 be utilised to report to the Municipal Manager;
 - 10.1.2 derive its mandated powers from the Municipal Manager and
 - 10.1.3 conduct all its proceedings subject to the authority of the Municipal Manager.
- 10.2. The Human Resource Development Committee shall comprise of:
 - 10.2.1. The Municipal Manager
 - 10.2.2. The Director: Corporate Services
 - 10.2.3. The Chief Financial Officer

- 10.2.4. The Manager: Human Resources
 - 10.2.5. Members of SAMWU and IMATU on an proportional basis
 - 10.2.6. The Portfolio Chairperson for Corporate Services
 - 10.2.7. Any other person co-opted by the Human Resource Development Committee to assist with the execution of its mandate:
- 10.3. The Human Resource Development Committee's primary function is to consider issues relating to the remuneration and service benefits of staff members of the municipality, including, inter alia:
- 10.3.1. Investigate remuneration issues and make recommendations to the Municipal Manager / Council;
 - 10.3.2. Review nominations in terms of the Scarce Skills policy and adjudicate on the scarce skills designation in the regard;
 - 10.3.3. Report annually on the application and impact of the Retention of scarce skills and make recommendations in this regard;
 - 10.3.4. Provide guidance, technical support and make recommendations to the Executive Mayor and the Mayoral Committee on remuneration issues;
- 10.4. The Human Resource Development Committee will meet on at least a quarterly basis, or as frequently as required to exercise its mandate effectively.
- 10.5. The Municipal Manager will act as the Chairperson of the Committee. The Chairperson will be responsible for the convening of the committee, maintaining of 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 the Council, where applicable.

11. ALLOCATION OF A SCARCE SKILLS ALLOWANCE

11.1 Background and Rationale

Although there are various methods to ensure retention of skills, the payment of a Scarce Skill Allowance (SSA) would be the most practical and efficient method to retain scarce skills for Cape Agulhas Municipality.

While the endeavours to attract and retain scarce skills covers a number of approaches and methodologies alluded to in section 5.6 above, the payment of a SSA is in all likelihood the most effective and rapid manner of retaining skills in the short-term. In the initial stages of the application of this policy, the SSA will therefore be the primary tool in this regard.

11.2 Defining the Scarce Skills Allowance

At Cape Agulhas Municipality, the SSA means a non-pensionable allowance, calculated as a percentage as set out in section 13 of the employee's basic monthly salary and payable on a monthly basis, for positions that have been designated as such in terms of the policies, mechanisms and guidelines of this policy.

The allowance will be taxable and must be declared by the official concerned to SARS. Once approved by the Human Resource Development Committee, the SSA will be paid for a period of one year (July to June, or on a pro-rata basis for any part thereof) and will be reviewed on an annual basis as described in the procedures as set out in section 17 below.

11.3 Procedures for the allocation of a Scarce Skills Allowance

- 11.3.1. The relevant Director concerned will identify and nominate the position/s in which scarcity is experienced, determine the degree (extent) in terms of section 12.1.3 to which the position is considered a scarce skills occupation and provide a detailed motivation to the Director Corporate Services.
- 11.3.2. 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 Resource Development Committee for consideration.
- 11.3.3. The nomination, along with the comprehensive motivation will be motivated at the Human Resource Development Committee by the Director that made the nomination.
- 11.3.4. The Human Resource 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 CFO regarding the availability of funds in that specific directorate's Operating Budget.
- 11.3.5. The decision of the committee will be distributed for action by the Manager: Human Resources.
- 11.3.6. The Manager: Human Resources will formally notify the employee of the decision and the conditions under which the SSA is allocated.
- 11.3.7. The Manager: Human Resources will ensure that proper record is kept of the proceedings of the committee in this regard and will update the Scarce Skills Register accordingly.
- 11.3.8. The SSA will be reviewed annually before 30 June for implementation with effect from 01 July or any part of the financial year.
- 11.3.9. The Manager: Human Resources will submit a notification of the decision of the Human Resource Development Committee to the Salaries section within in 7 days of the decision.

12. VARYING DEGREES OF SCARCITY

12.1 Short-Term Solutions

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 which the employer has to adhere to the collective agreements regulating the salary scales and evaluation of jobs of occupations / designations within the municipality.

- 12.1.1 Occupational groups, designations and individual cases identified in terms of section 6 of this policy may be rewarded at different rates / salaries to attract and retain their skills and the reward can be in one of the following ways:
 - 12.1.1.1. A scarce skills allowance to be paid to the individual as set out in section 8 below; or
 - 12.1.1.2. Increase in guaranteed pay subject to the maximum of the pay range; or
 - 12.1.1.3. Any other method recommended and agreed upon within the scope of all relevant legislation and collective agreements.
- 12.1.2. Depending on the critical status of the skills needed appointing a consultant on a short-term basis to ensure the successful completion of a project / task could be considered.
- 12.1.3 Based on the outcome the identification of the occupations in terms of the indicators set out in section 11 above, the Director making the nomination must determine the degree (extent) to which the position is considered a scarce skills occupation.

The following categorization will be used to determine the degree of scarce skills:

Scarce Skills Allowance Category Description	Category
Moderate (and often critical) problems are being experienced to recruit and retain	1
Serious problems are being experienced to recruit and retain	2
Extreme problems are being experienced to recruit and retain	3

12.2. Longer Term Solution for Attracting and Retaining Individuals with Scarce Skills

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.

- 12.2.1 A Bursary fund should be put in place to which Cape Agulhas Municipality allocates a designated amount and to which members of the public and organizations can contribute and for which funds can be raised. The bursary should be designated for the training of learners or individuals who intends studying in the fields identified as scarce.
- 12.2.2 Learners who leave the employment of Cape Agulhas Municipality before they have worked back the years they received a bursary should be obliged to pay an amount proportional to the bursary they received and the years work into the bursary fund referred to in 12.2.1 above designated for the training of learners in the fields identified as scarce.
- 12.2.3 Cape Agulhas 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 Cape Agulhas Municipality in terms of it's obligations under the Skills Development Levies Act.
- 12.2.4 Cape Agulhas Municipality must ensure that these internships are taken up and implemented to enable Cape Agulhas 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.
- 12.2.5 Individuals who formed part of an internship should be accommodated by providing time off to obtain the necessary qualifications in the fields identified.
- 12.2.6 Individuals who formed part of an internship program at Cape Agulhas Municipality should be given preferential treatment when they apply for jobs after finishing their internship.
- 12.2.7 Internal employees who have demonstrated a desire to qualify themselves in fields were a scare skill exists, should be identified.
 - 12.2.7.1 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 Cape Agulhas Municipality after obtaining their required qualifications for the number of years they received a bursary.
 - 12.2.7.2 Employees who are studying part time have to be accommodated to enable them to attend classes and examinations where necessary during work hours.
 - 12.2.7.3 Employees who leave the employment of Cape Agulhas Municipality before they have worked back the obligatory years for which they have received a bursary will be obliged to pay the outstanding amount including any special leave granted for study purposes.

12.2.8 Cape Agulhas Municipality must put measures in place to ensure a transfer of skills by employees with scarce skills, takes place during their employment with Cape Agulhas 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 directors who have identified the scarce skills within their directorates.

13. PERCENTAGES TO BE PAID IN THE FORM OF A SCARCE SKILLS ALLOWANCE

The Human Resource Development Committee may apply the following percentages, based on the basic salary component of the remuneration package, to be paid in the form of a monthly non-pensionable scarce skills allowance:

Scarce Skills Category	Allowance
Serious Shortage (2)	10%
Extreme and Severe Shortage (3)	30%

The monthly allowance is calculated as the percentage of the annual basic pensionable salary, divided by 12.

14. PAYMENT MEASURES

14.1. The Scarce Skills Allowance is payable to all employees as defined in section 1.

14.2. The allowance rate must not be taken into account when -
(a) Determining any benefits / payments derived from basic salary; and
(b) 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.

14.3. These allowances are payable in monthly installments, together with 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 ration.

14.4. 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:
(a) 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 skill occupation by the Human Resources Development Committee: 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.
(b) If the employee is appointed, transferred or promotes 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.

14.5. The Municipal Manager retains the right to terminate a SSA of a specific post after consultation with the effective incumbent based on operational and supply of skills (supply and demand) reasons.

15. FINANCING THE SCARCE SKILLS ALLOWANCE

Directorates have to defray any expenditure emanating from the introduction of the allowance in terms of the Scarce Skills Policy;

- (a) from existing operating budgets; or
- (b) through the adjustment of the municipal budget within the directorate's vote

16. REVIEWING THE SCARCE SKILLS POLICY

The Human Resource 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 finalizing the review of existing groups and the designation of any other groups for that allowance.

17. REPORTING ON THE IMPACT OF THE SCARCE SKILLS POLICY

The Human Resource Development Committee will submit an annual report to the Council based on the review conducted in terms of section 16 of this policy and make recommendations regarding the applications and / or amendment of the Scarce Skills Policy.

18. IMPLEMENTATION DATE

The policy will come into effect after its approval by Council on a date determined by the Municipal Manager.

19. GENERAL

In the case of any dispute or misinterpretation due to the translation of this policy, the English version approved by council will prevail.

BESLUIT 158/2010 (29 Sept 2010)

- (i) Dat die Skaars- en Kritiese Vaardigheidsbeleid as beleid van die Raad aanvaar word.
- (ii) Dat in die geval van enige onduidelikhede of dispute rakende die beleid, die Engelse betekenis sal voorkeur geniet.