

**UTHUKELA DISTRICT
MUNICIPALITY – CONSULTANTS
REDUCTION POLICY PLAN
2025/2026**



DEFINITIONS

Accounting Officer: The Municipal Manager or his delegate.

Budget: The appropriated funds in terms of section 15 of the MFMA.

Chief Financial Officer: A person designated in terms of section 80 (2) (a) of the MFMA.

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.

Lack of capacity:

- Insufficient physical resources within the Municipality
- Relevant knowledge, expertise, and - an experience that may not exist within the Municipality.

MFMA: Municipal Finance Management Act no 56 of 2000

Municipality: uThukela District Municipality

LEGISLATIVE FRAMEWORK

The municipality's operations are governed by an array of different acts and this policy should be understood within that context.

The following Acts and prescripts are central in defining the municipality's boundaries and areas of influence:

- Local Government: Municipal Structures Act, 1998 (Act of 117 of 1998)
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Local Government: Municipal Finance Management Act, 2003 (Act 53 of 2003)
- Supply Chain Management Regulations – GG 27636 – 30 May 2005
- Preferential Procurement Policy Framework Act and Regulations
- Treasury Regulations
- National Treasury MFMA Circulars
- MFMA Circular 96: Implementation of SCM Regulation 32 (2019)
- National Treasury guidelines and prescripts

AIM

The aim of this plan is to reduce the dependence on consultants.

DEPENDENCY

The uThukela District Municipality is dependent on external consultants due to a lack of resources and competencies with the Technical Department.

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

CONSULTANCY REDUCTION PLAN

The directorate shall consider the appointment of consultants only when the necessary skills and/or resources to perform a project/duty/study are not available and the department cannot be reasonably expected either to train or recruit people in the time available.

If the assignment includes an important component for training or transfer of knowledge and skills, that must form part of the Terms of Reference and should indicate the objectives, nature, scope, and goals of the training programme, including details of trainers and trainees, skills to be transferred, time frames and monitoring and evaluation arrangements. The cost for the training programme shall be included in the consultant's contract and the budget for the assignment.

1. Human Resources:

The current staff establishment does provide for the appointment of specialists in the various fields of local government competencies but due to financial constraints and high mortality rate, such incumbents could not be employed until financial position changes. Furthermore, the vacancy rate, for unfunded posts, is extremely high due to the number of essential posts in various departments that need to be filled.

The municipality is dependent on the Expanded Public Works Programme (EPWP) which is the public works programme to fill gaps on lower levels of the staff establishment on certain intervals.

The high overtime and standby expenditure are also a further indicator of a lack of staff capacity.

Various small contractors are being appointed through supply chain management processes to fill gaps in the administration and to execute essential tasks such as refurbishments etc.

The creation of any senior post will have to be funded through the freezing of a number of labour costs and the lower labour vacancy rate are already under pressure.

2. Structural responsibilities

The managers appointed in terms of the organizational structure are responsible for managing the various existing works daily. They are overloaded with administrative work and compliance matters. They don't have the time and are not fully equipped in terms of their experience and professional training to act as a consultant for the municipality. The municipality deals with major water and sanitation projects which require specialized expertise for project requirements i.e., designs, plans, drawings, and monitoring of contractors. They will also not be covered in terms of the current insurance policy of the municipality for professional failures. The insurance policy will have to be extended to include professional indemnity insurance.

The municipality manages 3 towns and other rural areas from a centralized administration, making it very difficult to attend to community needs by professional people. If there are funds for the extension of the staff establishment, it would be more reasonable to extend the management in the various towns rather than to appoint professional advisers and project managers.

3. Limited budget

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.

4. Upper limits and task job Limits

The upper limits of municipal remuneration are not market-related compared to the remuneration of professional people in the private sector. The municipality experiences 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 drafting tender specifications for bulk services projects; managing such projects and being accountable and taking the risk associated therewith. In many instances, more than one specialist is needed to draft tender specifications for a single project, such as civil-, structural- and electrical & mechanical engineering, planners, environment specialists, and planning designers/ architects to plan, design, and construct a sewer plant or water purification works. There will have to be a huge hike in upper limits to appoint professionals in the various fields.

5. Offices and equipment

The municipality is not equipped to accommodate additional staff as the current staff is already accommodated in remote buildings spread all over the uThukela and surroundings. 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.

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

6. Systems and programmes

There are a number of systems and programmes that the municipality need to maintain in order to render a cost-effective, efficient, and reliable service and to be compliant with legislation.

The current systems entail:

- a) GIS.
- b) Munsoft financial management.
- c) Service delivery and budget implementation.
- d) Performance Management.
- e) Risk Management.
- f) Compliance management.
- g) Document management and workflow.
- h) ICT and software licenses.
- i) Complaints Management.

JUSTIFICATION

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 and being under intervention through section 139 (1) (b) of the South African Constitution. We, however, recognize 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.

Consultants are only used as and when the strategy, structure, management, or operations of the specific department are under pressure to fulfill its mandate and render basic services.

We endeavor 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 that are not available within the municipality and are engaged to carry out activities such as investigating water and sanitation problems i.e., water losses, organizational designs, etc., 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 the construction of essential services and works.

In some areas of normal daily administration consultancy engagement is seen to be appropriate when:

1. internal capacity is unavailable to undertake a new area of work.
2. Internal capacity is lacking due to a mortality rate within technical(plumbers, electrical) and for the recruitment and training period as such, for instance where a specific system or programme is utilized.
3. independence/objectivity is required and cannot be provided withinthe municipality;
4. specialist knowledge or expertise is unavailable internally;
5. Legislative requirement where a directive is required to be compliedwith arising from legislation or due to compliance.

SKILLS TRANSFER

Skills transfer can only be applicable as and when there is internal capacityto be trained and utilized in the future. We endeavor to always give explicit consideration to the potential for transferring skills, but it will be limited to areas where capacity exists.

Where skills transfer is not considered practical or appropriate, it will be recorded as such.

REDUCTION OPTIONS

1. When the municipality does not have any form of oversightcompetency that can manage, guide, or control the utilization of external consultancy for the execution of their mandate in a specificfield of expertise the municipality will endeavor to get assistance from Provincial and National Government departments including water boards to take sole responsibility for the execution of such specialty engineering fields and/or construction projects where it willnot impact on existing infrastructure, operational and maintenance functionality;
2. Implement a shared services model within the district forprofessional services through the District Development Model.
3. Constantly inform other spheres of government on the cost of compliance and the The unnecessary detail needed to comply withlegislative requirements.
4. Appoint competent staff.
5. Annually evaluate the staff structure to establish opportunities toextend and fill vacant posts and provide for new posts. The MANCO

Is considering ensuring that only credible and ethical consultants who will add value to its panel with recognizable skills transfer toall levels of staff who may in future be absorbed to perform such duties i.e., Technicians and others.

COMMENCEMENT, REVIEW, AND APPROVAL

The content of this policy will be reviewed and approved by Council as and when required, to reflect the current stance on the appointment of consultants within the uThukela District Municipality.

This policy takes effect on the date on which it is adopted by the council.

POLICY SECTION:	CONTRACT MANAGEMENT UNIT (CMU)
Department:	Budget and Treasury Office
Adopted by Council	
Council Resolution	
Effective/Implementation Date	01 July 2025
Adopted by Council:	27 March 2024
Council Resolution:	A22/03/24
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