LEPELLE-NKUMPI MUNICIPALITY

RETENTION STRATEGY

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1. Preamble

Staff Retention Management has become one of the top priorities of strategic planning in Lepelle-Nkumpi Municipality The major challenge is to retain the services of those employees who are already employed; especially those whose skills are crucial to the Municipality. This Policy covers both the psychological and the operational aspects attached to a person in a position and it is also about motivating staff.

The Policy also encapsulates a definition of staff retention, key aspects of staff retention, reasons for shortage, statistics in terms of skills shortage and losses, key aspects of retention within the Municipality, costs of losing staff and roles and responsibilities with regard to staff retention. Furthermore, it deals with classification of skills, what will make employees stay and reasons why employees do leave and what interventions or measures can be put in place to minimise staff turnover.

For the Municipality to meet its demands and mandates, managers and line managers need to work in partnership on staff retention management.

2. Definition of Staff Retention

Staff retention is a system of focusing and harnessing all resources on both attracting employees to join an organisation through focused recruitment and selection strategies and keeping those who are already employed; especially those whose skills are crucial to the Municipality.

3. Objectives

3.1   To attract and retain competent staff

3.2   To retain key staff members whose services are regarded as critical or classified as scarce skills

3.3   To ensure career development for staff

3.4   To classify roles of managers / line managers with regard to staff retention

3.5   To ensure creation of a conducive and harmonious working environment for employees

3.6   To strengthen employees' health and wellness programmes

3.7   To ensure employee participation in all processes of staff recruitment and retention

3.8   To reduce costs associated with staff loss and brain-drain

3.9   To position Limpopo municipalities as an employer of choice

4. Legislative/Policy Framework

4.1   Personnel Provisioning Policy (where applicable)

4.2   Employment Equity Act 55, 1998

4.3   Performance Management Policy

4.4   Employment Equity Plan & Targets

4.5   Training and Development Policy
4.6   Skills Development Act 97, 1998
4.7   Bursary Policy (when applicable)
4.8   Integrated Development Plan
4.9   Labour Relations Act, 1995
4.10 The Constitution of SA
4.11 SALGBC Collective Agreements
4.12 Municipal Systems Act

5   Principles that Underpins the Retention Strategy

5.1   The strategy is developmental rather than punitive.

5.2   Classification of posts into scarce skills, valued skills and high-risk skills.

5.3   Task Job evaluation outcomes shall serve as the basis to determine the job level and salary levels of posts.

5.4   The culture of continually developing staff shall be maintained in line with the Skills
Development Act and Performance Management System

5.5   The culture of creating and sustaining a pleasant and humane working environment where employees are given a change to thrive shall be a norm.

5.6   The potential and reasons for leaving shall be determined by conducting exit interviews and staff morale surveys.

5.7   The Staff Retention Strategy should by no means be construed to be creating expectations for either promotion or monetary rewards.

5.8   Honesty, transparency, equity and fairness.

6   Skills to be retained
6.1   Scarce Skills

Scarce skills that are needed in order to realise the goals and objectives of the Municipality and which are difficult to recruit and expensive to replace. There is absolute a scarcity in the labour market as far as those are concerned. At some times, a particular skill may be in short supply, while at others a different skill may be hard to find and replace. These skills are identified by:

- Analysing staff turnover;
- Considering acquisition trends in a particular job category; and
- Understanding the Municipality's skills requirements and the competition for such skills in the labour market.

6.2   Valued or Critical Skills

The focus is on the valued staff member who contributes positively and whose loss would have a negative impact on the Municipality's ability to meet its goals rather than in the scarcity of skill as such.

6.3   High Risk Skills

These are the skill employees have who may soon leave. These include employees who have indicated their intention to leave. (Those who are de-motivated and those who may have reached a career ceiling.)

7.   Broad Retention Challenges

7.1   Reasons for Staff Turnover

Employees leave their employers for a variety of reasons. Some of the reasons for staff turnover are unavoidable and beyond the control of the Municipality. Some staff turnover is avoidable and can be managed, which is why staff retention management becomes both possible and important.

7.1.1   Unavoidable Reasons

Between 1 July 2006 and 30 June 2007, 28 employees in the Municipality left due to unavoidable reasons ranging from retirement to death. There is nothing the Municipality can do with regard to unavoidable turnover caused by the death of an employee or for personal reasons such as retirement, the employee's health or family relocation or any unforeseen natural attrition.

7.1.2   Avoidable Reasons

7.1.2.1.   Financial Consideration

Many people leave because they are offered better salaries or service benefits elsewhere. Although the Municipality is remuneration system is perceived as inflexible and not competitive enough to attract and keep talented staff, the Municipality can make an effort to reward staff who excels through an Incentive Scheme and to counter any attempts to poach staff.

7.1.2.2   Work Environment

A poor work environment leads to employees being unhappy at work and makes other job options attractive to them. Some examples of a work environment that might chase employees away are:
- Low morale;
- Little motivation of employees;
- Lack of strategic direction;
- Lack of leadership and communication;
- Poor work challenges; and
- Lack of empowerment of employees.

7.1.2.3   Career Development

Employees want to grow in their work and will continually search for opportunities for growth. If the Municipality does not provide these opportunities, employees will begin to look elsewhere.

7.1.2.4   Affirmative Action and Employment Equity

Affirmative action is one of the major reasons why employees move from one organisation to another. Like in most developing countries, the South African labour force is becoming younger and more dynamic. Because both the Private and Public Sector have to comply with laws relating to affirmative action and employment equity and because there are still a shortage amongst historically disadvantaged groups, there is a lot of competition for (and poaching of) those who have acquired these skills.

7.1.2.5   Resistance to change

All organisations go through changes – some minor and others major. When this happens, some employees may not agree with the changes and may leave. The most common reasons for this are:

- Fear of the unknown;
- Reluctance to change old habits;
- Self interest;
- Economic insecurity;
- Failure to recognise why the change is necessary; and
- General mistrust.

7.1.2.6   Internal Mobility and Job-hopping

The opportunities for internal mobility (moving around within an organisation, either through promotion or by moving to another department/division) are far more limited in the Local Government Sector than in the Public Service, for instance, due to the difference in the number of employees employed. Modern employees tend to 'job-hop' from one job to another; especially where their skills and profile are in high demand in terms of market forces. Complicating the problem for some provinces is that the provinces are unequal from an economical point of view. As a result, young talent is often attracted to the economically stronger provinces.

7.1.2.7   Leadership and Management Style

Talented employees will leave an organisation if they believe the management style is stifling growth and not empowering, or where managers are not people-focused. Studies have shown that 80% of employees resigned due to them not getting along with their supervisors.

7.1.2.8   Lack of Effective Communication and Grievance Procedure

It is common for employees to find something that they dislike about their job, the work environment or their managers. Where no effective grievance procedure is in place or is not followed, employees have no way of having

their concerns heard an addressed. In the end, the only option left to them is to resign.

7.2   Costs of Loosing Staff

7.2.1 Separation Costs

This are costs which can be incurred during exit interviews, administrative expenses related to termination and severance pay just to mention a few.

7.2.2 Vacancy Costs

These costs include expenditure incurred due to increased overtime, payment of acting in higher grade, or the employment of temporary/casual staff.

7.2.3 Replacement Costs

These include recruitment and selection costs such as advertising competency assessments and pre-employment administrative expenses such as purchasing new furniture or equipment.

7.2.4 Training Costs

When new employees are recruited, they need to undergo orientation and induction training.

7.3   Reasons why Employees Stay

The reasons why employees stay with employers are closely linked to their own motivation and references. There are many initiatives the Municipality can take to encourage their staff to stay such as the following:

7.3.1 Provision of Resources

The Municipality will make sure that there are enough resources available to meet the demands of the job.

7.3.2 Empowerment of Employees

The Municipality shall empower employees through training and skills development to meet the job standards. The reward for good work must be done in formal and informal way.

7.3.3 Cultural Change

The Municipality shall create a culture of ownership that is, to make employees feel that they are a part of the organisation and are working for it.

7.3.4 Optimal Utilisation of Human Resources

The Municipality shall delegate employees to take higher responsibilities and perform challenging work. Provision of opportunities for both individuals and teamwork must be encouraged.

7.3.5 Communication

The Municipality shall ensure that there is proper communication with, and feedback to, employees.

7.3.6 Recognition

8. Key aspects of staff retention for the Municipality

8.1 HR Planning

Human Resource Provisioning needs to work closely with all departments if it intends to reach its goal on staff retention. In order to provide a good basis for developing staff retention management and strategies, the Municipality shall ensure that there is the right staff, at the right time, and in the right places.

8.2 Human Resource Development

The Workplace Skills Plan should be in place to ensure that opportunities for growth and development are created for the entire workplace through competency profiles, PMS, bursary policy and training, development, mentoring and coaching. Without these employees will move elsewhere.

8.3 Compensation and Benefits

In order to become an employer of choice the Municipality should strive to give/provide the better benefits vis-a-vis competing organizations.

8.4 Optimal Human Resource Utilisation

To have motivated staff who will keep themselves busy with the job they are assigned to, job rotation, secondment, promotions and transfers shall be encouraged. Line managers should receive training on different leadership styles.

8.5 Health, wellness and safety

Incentives such as money alone cannot play a decisive role in motivating employees. Employees need a sense of safety at the workplace, for example, user friendly buildings, employee wellness programmes e.g HIV/AIDS policy, health and safety policy, EWP Policy and risk free environment (safety and security).

8.6 Labour Relations

The Local Labour Forum is in place which comprise of management and workers representatives where issues affecting workers in general are discussed. The disciplinary procedure will be conducted as per the Disciplinary Procedure Collective Agreement.

9. Intervention to Retain Staff

Intervention to retain staff is most effective:
- If they are aimed at a specific circumstances or skills group;
- At the same time, the interventions are integrated and linked with as a wide variety of human resource practices as possible.

The following human resource practices need to be integrated and aligned with a staff retention strategy:

9.1 Recruitment and Selection Process

A lot of staff losses are caused by bad selection decisions, where the wrong person is appointed for the job. To prevent this, effective and efficient recruitment and selection processes must be adhered to. Accurate job descriptions must be developed and maintained that clearly identify the core competencies required for successful performance.

9.2 Effective Induction Methods

Best practice studies show that the first few weeks of employment are important for establishing employee commitment to employment. It is therefore essential that line managers and human resource practitioners lay a foundation for future commitment by being part of the induction process. A good way of addressing this is to have a well-structured and dynamic induction programme.

9.3 Human Resource Development

Rather than sending employees for long periods of training away from work, provide them with phased training that allows them to gradually acquire the required knowledge and skills on the job. This increases confidence in the work and also builds the employee's trust in the employer. Developmental initiatives in respect of scarce skills should be accompanied by contractual binding to serve the Municipality after completion of the relevant developmental programme.

9.4 Learnerships.

The Municipality may register with the LGSETA to be a provider of training. After such accreditation it may provide skill training to both internal employees and the unemployed. Graduates from universities and colleges may be taken through a specific programme of practical experience. After the completion of those learnership students may be encouraged to apply for vacancies, if they become available.

9.5 Bursary Schemes and internships (applicable to individual municipality)

Aligned together with the provision of sound corporate social responsibilities, most organisations develop the skill by introducing internships and bursaries. Specific skills analysis reveals that in the Municipality there also scarcity of some skills. Projection of those skills may be made for periods ranging from five to ten years. Expressions of interests may be advertised for students in those fields to be awarded bursaries, scholarships and internships which should give an obligation to serve the Municipality over a certain period of time.

9.6 Alignment of Competencies

Although this is not always easy to achieve, aligning the needs of the Municipality with the employee's competencies will result into a positive organisational fit. A competency profile of each individual employee should be developed and kept in the skills development file of the employee which should be kept and maintained by the Training Section.

9.7 Career Opportunities

Technology is improving on a daily-basis and employees need to be put abreast of this. Although modern departments no longer need to focus on long-term employment, employees still need to be made aware that opportunities exist for career growth and an increased level of responsibilities. These growth opportunities might not always be upwards though. For example, some employees may be satisfied with learning a new job that they are very interested in even though it will not mean a promotion or a higher salary to them. The establishment of a personal development plan for each employee is the joint responsibility of line managers and employees and should have it linked to their current competencies, performance management outcomes and the needs of the Municipality. Line managers and employees should review these plans on a regular basis.

9.8 Performance Management Systems

One of the most important management tools in the Local Government Sector can be the implementation of a Performance Management System. The present system which is applicable to managers and heads of division must be cascaded to all levels of staff. Utmost care is to be taken to ensure the fair, consistent and transparent application of employee appraisal. Management capacity to deal with poor performers and staff development must also be improved.

9.9 Leadership

Managers should lead by example. Most employees are more committed to their managers, fellow employees and the culture that drives the department

than to the organisation itself. After establishing the values in the Municipality, it is essential that managers are seen to be living up to them.

9.10 Exit Interviews

Exit interviews are an important tool for designing staff retention interventions and it will be conducted whenever an employee is leaving the department and/or when turning down the employment offer.

9.11 Job Rotation

9.11.1 Job rotation can serve as an important tool for achieving job satisfaction, making the job more challenging, enhancing skills and knowledge and ultimately assisting in employee retention. It shall be implemented through "on the job" training by the relevant line manager.

9.11.2 Management shall rotate employees on the same job level within their respective divisions, however care shall be taken to ensure consultation of employees first before embarking on job rotation so as to ensure buy in.

9.12 Quality of Work Life

The Municipality should within reasonable means create an environment that enhances the quality of work life. Some of these elements are physical, and others are less tangible:

9.12.1   **Facilities** - these include office environment, security, housing benefits, sport facilities etc;

9.12.2   **Support Services** - the quality of support services, including Human Resources, Administration, Payroll, Technical and IT support given to employees, if bureaucracy is reduced this enhances quality of work life;

9.12.3   **Culture and Climate** - Leaders should be mindful of the culture they create, and the steps to promote a positive enabling culture. They must live and promote the values of the Municipality. Failure to live these municipal values should lead to disciplinary action in serious cases of non-compliance or defiance;

9.12.4   **Managerial Practices** - The way managers behave is a key determinant of how people experience their immediate work lives. Managers need to be mindful of the impact they have on their employees and environment, and take steps to promote a positive and enabling climate; and

9.12.5   **Values** - Intsika Yethu Municipal Council and management should aggressively and openly drive the municipal values, and act as custodians of these values. These values and their direct impact on performance and realization of objectives should beintegrated into daily business language.

10. Staff Retention Management in the Municipality

Human Resources Practitioners shall involve line managers in the Municipality in the staff retention process. These employees shall determine the quality of a variety of retention 'drivers' (things that encourage people to stay, such as work culture, opportunities for growth, rewards for performance and grievance handling).This should be done by the following actions:

10.1 Analysing Staff Mobility and Turnover Trends

The Municipality can achieve this through the following:

10.1.1 Assessing Staff Morale

The Human Resources Division will conduct a perception, attitude and morale survey (which could point out where things need to be improved) every second year to find out how employees feel about the Municipality, their managers and the nature of their work.

10.1.2 Conduct Exit Interview

Knowing why employees leave will help to identify and deal with any problems within the organisation. One of the ways of doing so is for human resource practitioners to conduct exit interviews. The results of these interviews should be analysed as soon as the employee resigns and feedback should be given to the relevant line managers as soon as possible.

10.1.3 Keep Staff Statistics

Information on staff turnover, age profile and length of service, staff composition, promotion, disciplinary actions and grievances should be kept. Human resource practitioners should analyse this information to help them understand staff movement.

10.1.4 Analyse the Information and look for Trends

Having gathered information on how employees feel and why they leave, the information will be properly analysed. The following will be taken into consideration:

- For which groups of employees is turnover likely to have the greatest impact on the Municipality's strategic goals and performance?
- How would the Municipality's goals and objectives be compromised by the unplanned and unforeseen loss of employees?
- What are the likely solutions to counter undesired staff losses?

11. Roles and Responsibilities to Manage Staff Retention

Staff retention is best achieved through a partnership between line managers and the Human Resource Division.

11.1 Human Resource Practitioners

The Human Resource Division needs to facilitate the executing of this Strategy.

11.2 Line Managers

Line managers are the main link between the Municipality and the employees. As such, they need to be both competent technical managers as well as people managers. Their role in this regard thought is not easy and managers are often blamed for staff losses. Line managers need the following competencies to be able to play this role:

- The ability to effectively lead, coach an mentor staff;
- The ability to give proper feedback;
- The ability to align work process and jobs with organisational goals; and the ability to create a culture of continuous learning an development, in which employees can grow and improve their own competencies.
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11.3 Management buy-in

The buy-in of Management for staff retention is of great importance as it will be reflected in the strategy of the Municipality.

The roles and responsibilities of Human Resource Practitioners and Line Managers can best be indicated in the following table:

Function	The Role of the Human Resource Practitioner	In Partnership	The Role of the Line Manager
Provide human resource administrative services	To establish appropriate policies, procedures and systems for human resource management		To apply human resource policies, procedures and systems fairly and consistently to all employees
Provide expert advice on human resource matters	To translate the Municipality's business strategy into a human resource strategy. To identify employees or categories of employees who might leave.	Develop an effective human resource plan. Identify positions and or occupations where sudden departures would derail strategic objectives or have an immediate	To effectively manage staff. To motivate employees and create an enabling environment for employees to perform.

	To analyse staff movement trends and identify high-risk employees or occupations for line managers.	negative impact on operations.	To provide training and other support to employees.
	To perform constant skills audits within the Municipality	Identify core and scarce skills within the Municipality	To implement diversity management and employment equity programmes
		Develop focussed retention programmes.	To implement staff retention strategies.
			To manage performance effectively.
			To give employees challenging work.
			To empower employees through effective delegation.
Monitoring and benchmarking	To analyse labour market trends. To analyse internal staffing trends and give feedback to line managers on an ongoing basis.		

12. Monitoring and Evaluation

The Executive Manager (Corporate Services) will continuously monitor the implementation of this Strategy and review it, where necessary.
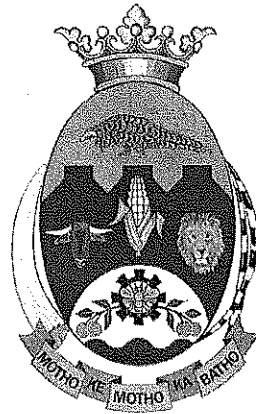
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LEPELLE-NKUMPI MUNICIPALITY

CELLPHONE ALLOWANCE POLICY

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1. PREAMBLE

Lepelle- Nkumpi Municipality continuously endeavours to achieve best practice policies and procedures in its administration and operations.

In order to enable and enhance the productivity of the municipality's strategic business units, it is critical that we make use of the latest means of Communication technology. It is on this premise that Municipal Councillors and officials should have access to cellular phone, primarily for receiving and making official calls when not in the office

1.   PURPOSE OF THIS POLICY

2.1   The purpose of this policy is to provide clear directives and procedures with regard to the approval and payment of a cell phone allowance to employees.

3.   OBJECTIVES

3.1   To regulate payment of cell phone allowances to LNM employees, who have to use cell phones in the execution of official duties.

3.2   To establish uniform directives, procedures, conditions and limitations according to which the cell phones allowance can be paid.

3.3   To establish procedures and conditions under which employees can use their private cell phones and receive airtime allowance from the municipality.

3.4   To provide for replacement of a system of Cellular phone contracts by the municipality with the salary allowance system;

3.5   To release the municipality and its officials of the administrative burden of cellular phone contracts; and

4.   LEGISLATIVE FRAMEWORK

4.1 The guiding principles used in developing this Cell Phone Policy were sourced from the following legislation and policies:

- Municipal Finance Management Act 56, 2003
- Municipal Supply Chain Management Regulations, 2005
- Municipal Structures Act 117, 1998
- Municipal Systems Act 32, 2000
- Remuneration of Public Office Bearers Act 20 of 1998, section 7(3)
- Determination of Upper Limits of salaries, allowances and benefits of of different members of Municipal Councils

5. SCOPE OF APPLICATION

5.1 The following categories of employees and Councillors shall automatically qualify to receive Cell phone allowance:

5.1.1 All Councillors of the Municipality
5.1.2 Municipal Manager
5.1.3 Executive Managers
5.1.4 Managers (Level 2)
5.1.5 All positions on Level 3

5.2 An employee occupying a post other than those mentioned in 5.1 above may be considered for allocation provided that the departmental manager for that employee will, based on the functions and duties of that employee, make an application motivating for the allocation of the allowance to the concerned employee to the Municipal Manager.

6. CONDITIONS FOR CELL PHONE ALLOWANCE

6.1 All officials mentioned under sub-section 3.1 will receive monthly cellular phone allowance reflected in their salaries to acquire cellular phone service from either of the mobile phone operators in the Republic of South Africa.

6.2 The method for acquiring the cellular phone service could either be through a personal contractual agreement or prepaid.

6.3 It is not for the municipality to prescribe the packages that officials and political office-bearers must choose for as long as they are able to effectively and efficiently perform their assigned official functions as and when it is necessary to do so.

6.4 Councillors and Officials may structure a cellular package that best suits their circumstances to enable them to sufficiently fulfil official duties.

6.5 The municipality recognizes that cellular phones are an extension of individuality and as such officials are at liberty to enhance the choice of item through a cash contribution towards upgrading

6.6 Allocation of cell phones allowance to employees may be reviewed if the duties of that position change.

6.7 All heads of Departments must ensure that adequate budgetary provisions are made for all posts that qualify for an allowance during the budgetary process

6.8 Officials must furnish the Corporate Services department with cellular numbers that they use for official purposes as soon as they have entered into a contract or obtained a gadget through prepaid.

6.9 Any contractual agreement entered into between officials and the service provider is binding on the said official and the municipality is absolved whatsoever, in any shape or form from that agreement.

6.10 Political Office-bearers and Officials who already have private contracts or any means of cellular phone access may use same for official purposes for as long as they can be accessed at any time of the day, including after hours.

7. ALLOCATION OF CELL PHONE ALLOWANCE

7.1 Cell phone allowance for Councillors will be allocated in terms of the Government Gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of Municipal Councils as promulgated from time to time.

7.2 The municipality shall continue to pay monthly contributions to Service Provider (VODACOM) for existing contracts on behalf employees until the lapse of the contract. On termination of the contract employees will be allocated a monthly cell phone allowance in their salaries.

7.3 The municipality shall allocate cell phone allowance as follows:

DESIGNATION	ALLOWANCE PER MONTH
Municipal Managers and Executive Managers	650 pm
Managers (Level 2)	550-00 pm
Assistant Managers (Level 3)	400-00 pm
Other officials	315 -00pm

8. TERMINATION FOR ALLOCATION OF CELL PHONE ALLOWANCE

8.1 In the event that the Councillor cease to hold office at Lepelle-Nkumpi Municipality the allowance shall also discontinued immediately

8.2 Should the employee leave the municipality s/he will have to return the cell phone and sim card on or before his/her last day of employment with the municipality

8.3 Where cell phone allowance is provided termination for allocation of cell phone shall be effected upon termination of contract, resignation, dismissal and death

8.4 An employee ceases to do the duties that require a cell phone allowance.

8.5 An employee fails to make available his/her cell phone available for official duties.

9. TAX IMPLICATIONS FOR CELL PHONE ALLOWANCE

9.1 A Cellular phone allowance is affected through the payroll system and is therefore subjected to tax.

9.2 The determination of allowance; through Budget and Treasury Department, shall also take into consideration tax implications of the allowance.

9.3 Because it is a taxable allowance, cellular phone allowance should not be misconstrued as inclusive of a negotiated remuneration package.

9.4 The user may recoup depreciation charges, wear and tear allowances on Cell phone items from taxable income when completing yearly statutory tax returns

9.5 Officials may also be entitled to claim the cost of business calls against this allowance in the annual tax return.

10. EFFECTIVE DATE

This policy shall come into effect from the date of approval by Council.

11. AMENDMENT OF THE POLICY

This policy shall be reviewed and amended if necessary at the end of every financial year to cater for legislative requirements.

Document Name: CELLPHONE ALLOWANCE POLICY

Recommended by:

Portfolio: Corporate Services

_____ **Date:** 2014-05-30

CHAIRPERSON

Approved by Council:

_____ **Date:** 30-05-2014

(Speaker)

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