

## **SCARCE AND CRITICAL SKILLS POLICY**

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## 1. DEFINITION OF TERMS

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

- 1.1. **Employee:** Means any person, excluding an independent contractor and appointees, who works for the municipality and who receives, or is entitled to receive any remuneration, and any other person who in any manner assists with carrying on or conducting of the business of an employer.
- 1.2. **External candidate:** Refers to an individual who is not permanently employed with the municipality.
- 1.3. **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.
- 1.4. **Employer:** Refers to the municipality that is established in terms of Provincial Notice 489 dated 22 September 2000 and the Local Government: Municipal Structures Act, Act No 117 of 1998.
- 1.5. **Remuneration:** Means as set out and provided for in terms of the Basic Conditions of the Employment Act, the Labour Relations Act and the relevant Collective Agreements within Local Government.
- 1.6. **Scarce skills:** Means those skilled people with the required academic and/or technical qualifications, knowledge in their field of expertise, including those specialised supporting functions to essential services, with the appropriate work experience and/or supervisory/management skills that are not easily obtained and which, if not in supply or available, can seriously disrupt effective and efficient service delivery to the community.
- 1.7. **Scarce skills allowance:** Means a temporary non-pensionable allowance calculated as a percentage of the employee's basic monthly salary, and payable monthly, for positions that have been designated as such in terms of this Policy.
- 1.8. **Scarce skills occupants:** Means occupations within a municipality with which the employer experiences various degrees of difficulty to recruit and retain their services and which have been designated as such by the Scarce Skills Committee Resource Development Committee in terms of this Policy.

- 1.9. **Employment Equity Act:** Refers to the Employment Equity Act (Act no 55 of 1998)
- 1.10. **Job Evaluation:** Means the process through which jobs within local government are evaluated on the Task Job evaluation system.
- 1.11. **Labour Relations Act:** Refers to the Labour Relations Act (Act no 66 of 1995) as amended.
- 1.12. **LG SETA:** Means the Local Government SETA
- 1.13. **Municipal Finance Management Act:** Refers to the Municipal Finance Management Act (Act 56 of 2003) as amended.
- 1.14. **Recognition of Prior Learning:** Means a way of recognising what individuals already know and can do and includes learning from work and life experience.
- 1.15. **Relevant Demographics:** Means the most recent statistics of the economically active population (EAP) of the province as provided by STATS SA.
- 1.16. **Skills Development Act:** Refers to the Skills Development Act (Act no 97 of 1998) as amended.
- 1.17. **Skills Development Levies Act:** Refers to the Skills Development Levies Act (Act 9 of 1999) as amended.
- 1.18. **Systems Act**  
Refers to the Municipal Systems Act (Act 32 of 2000) as amended.
- 1.19. **Suitably Qualified Person:** Means a person qualified because of any one of, or any combination of that person's formal qualifications, relevant experience or capacity to acquire, within a reasonable time, the ability to do the job.

## 2. PURPOSE

- 2.1. The purpose of the policy is to provide Kouga Local Municipality with a framework for attraction and retention of scarce skilled employees.
- 2.2. The municipality is committed to provide quality, affordable and reliable municipal services on a strategic level in the municipality.
- 2.3. In delivering on this mandate, the municipality regards its human resource and staff component to be the most critical asset to be utilised in providing services on a sustainable basis and will strategically ensure a sufficient supply of adequate scarce skills.
- 2.4. Although all employees are valuable, some employees have skills that are so vitally important to the municipality that without those skills, service delivery will be

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

2.5. This policy provides the guidelines regarding the proposed scarce skills policy for municipal officials. This Policy shall be known as the Scarce Skills Policy.

### **3. LEGAL FRAMEWORK**

3.1. The legal and policy framework for the scarce skills are:

- 3.1.1. The Municipal Systems Act
- 3.1.2. The Skills Development Act
- 3.1.3. The Skills Development Levies Act
- 3.1.4. Labour Relations Act
- 3.1.5. The Employment Equity Act
- 3.1.6. Municipal Finance Management Act
- 3.1.7. Basic Conditions of Employment Act, No. 75 of 1997.
- 3.1.8. Labour Relations Act, No. 66 of 1995, as amended
- 3.1.9. Local Government Bargaining Council Agreements
- 3.1.10. Any other applicable legislation

### **4. OBJECTIVES**

4.1. The scarce skills policy aims at:

- 4.1.1. Identifying scarce skills within the Municipality.
- 4.1.2. To provide the basis for the establishment of the Scarce Skills Committee.
- 4.1.3. To provide a formal basis to declare the municipality's commitment to its staff and to attract and retain a competent and motivated workforce to serve the community.
- 4.1.4. Retaining the employees with scarce skills by implementing a strategy to retain their services.

### **5. DEFINITION OF SCARCE SKILLS**

- 5.1. The Department of Labour defines scarce skills as an absolute or relative demand.
- 5.2. Absolute scarcity refers to suitably skilled people who are not available in the labour market.
- 5.3. Relative scarcity refers to suitably skilled people who are available in the job market but they do not exhibit other employment criteria.

5.4. The key differences between an absolute and relative demand are as follows:

<b>ABSOLUTE SCARCITY</b>	<b>RELATIVE SCARCITY</b>
A new or emerging occupation i.e. there are few if any people in the country with the requisite skills	High level work experience, for example a project manager for a construction site
Firms, sectors or even the national economy are unable to implement planned growth strategies because productivity, service delivery, and quality problems are directly attributable to a lack of skilled people	Geographical location, for example persons are unwilling to work outside of urban areas.
Replacement demand would reflect an absolute scarcity where there are no people enrolled or engaged in the process of acquiring skills that need to be replaced	Equity considerations, for example there are few if any candidates with the requisite skills from specific groups available to meet the skills requirement of employers

## 6. FUNDAMENTAL PRINCIPLES

6.1. The scarce skills policy is based on the following fundamental principles:

- 6.1.1. It is the responsibility of the employer to determine the strategic and operational needs of the organization;
- 6.1.2. 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.
- 6.1.3. The scarce skills policy and its implementation should be fundamentally aimed at identifying those critical skills shortages, attracting individuals who have the skills required and retaining those individuals once appointed.
- 6.1.4. It is the responsibility of the employer to develop and retain employees especially those employees who skills are limited and in high demand;
- 6.1.5. To enable the municipality to adhere to the requirements of the Employment Equity Act, to ensure representation of previously disadvantaged groups in all occupational categories, it is necessary to take unusual steps to identify, develop and retain individuals that will relieve the critical skills shortages in the long run and will ensure appropriate representation within all occupational categories and levels in these fields.
- 6.1.6. Internal employees who possess the potential to be trained or developed to meet the required needs for scarce skills must be identified and developed.
- 6.1.7. Measures that deal with the attraction and retention of scarce skills must aim to address the problem in the short term and in the long term.

- 6.1.8. The scarce skills policy needs to be reviewed on an annual basis to ensure that the identification, attraction and retention of individuals with the skills that are in need, are updated and therefore relevant.
- 6.1.9. A prerequisite for the retention of scarce skills is that the necessary support in terms of backup, personnel and systems enable them to perform their duties adequately.

## **7. IDENTIFYING SCARCE SKILLS**

- 7.1. Turnover rate of employees in a particular occupation is significantly higher than the municipality's average turnover, which results in high vacancy rates.
- 7.2. The demand for a skill/s outweighs the supply.
- 7.3. There should be a demand for the identified skill in the local and international market, indicating strong factors attracting such employees into the private sector or other government spheres.
- 7.4. Vacancies should prove difficult to fill after at least two attempts.
- 7.5. The scarcity is not caused by remuneration or other internal issues like employee conflicts or workplace frustration with superiors.
- 7.6. 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 or experience.
- 7.7. Individual skills/knowledge/experience critical to a specific project or service.
- 7.8. A List of all occupational groups which meet the above criteria must be submitted to the Human Resource Manager, who upon advice by the Scarce Skills Committee, will designate the occupational group/s as falling in the category of "scarce skills".
- 7.9. All occupational groups determined above shall be reviewed every twelve (12) months to allow for the relevant adjustments, based on changing trends and to confirm whether the occupations remain scarce.

## **8. REWARD STRATEGY FOR ATTRACTING AND RETAINING INDIVIDUALS WITH SCARCE SKILLS**

### **8.1. SHORT TERM SOLUTIONS FOR ATTRACTING AND RETAINING INDIVIDUALS WITH SCARCE SKILLS**

- 8.1.1. Should the municipality fail in attracting the services of individuals from designated and non-designated groups with scarce skills; a scarce skills allowance shall be paid to the individual as set out in clause 10 below;
- 8.1.2. 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 may be considered.
- 8.1.3. Should the skilled employee resign, he/she must receive a bona fide offer of employment from another employer which must be in writing.
- 8.1.4. The offer should include details of remuneration offered to the employee.
- 8.1.5. The Human Resource Manager/ Director recommending the retention of the employee must verify the offer and provide a concise written justification on the scarce skills allowance allocation/ increase.
- 8.1.6. Any other method recommended and agreed upon within the scope of all relevant legislation and collective agreements

### **8.2. LONGER TERM SOLUTION FOR ATTRACTING AND RETAINING INDIVIDUALS WITH SCARCE SKILLS**

- 8.2.1. Students who intend pursuing studies in the fields identified to be in high demand, should be identified at tertiary Institutions.
- 8.2.2. Such students could be offered bursaries to enable them to study in the various identified fields with an obligation to work for the municipality after obtaining their required qualification/s for the equivalent period for which they received a bursary.
- 8.2.3. A bursary fund should be established by the municipality that will cover full tuition and accommodation fees.
- 8.2.4. Students who leave the employment of the municipality before they have worked back the required years of service, should be obliged to pay an

amount proportional to the bursary they received which shall go back into the bursary fund referred to above for the training of learners in the fields identified as scarce.

- 8.2.5. The municipality must ensure that in consultation with the LGSETA obtain discretionary grant funding to implement internship Programmes. Programmes will be subject to LGSETA approval.
- 8.2.6. The municipality must ensure that these funded internships are taken up and implemented to enable the 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.
- 8.2.7. Individuals who formed part of an internship should be accommodated by providing time off to obtain the necessary qualifications in the fields identified. It is essential that all bursary recipients to undergo a mentoring Programmeme with identified mentors.
- 8.2.8. Individuals who formed part of an internship Programme at the Municipality should be given preferential treatment when they apply for jobs after finishing their internship.
- 8.2.9. Internal employees who have demonstrated a desire to obtain a qualification in a scarce skills field should be identified.
- 8.2.10. Such identified employees should be offered bursaries, if such is provided for in the budget, to enable them to study part time in the various identified fields with an obligation to work for the municipality after obtaining the required qualifications for the equivalent number of years for which they received a bursary.
- 8.2.11. Funds for these bursaries maybe obtained from the LGSETA discretionary grants or scarce skills bursary fund, if budgeted for by the municipality.
- 8.2.12. Employees who are studying part time must be accommodated to enable them to attend classes and exams where necessary during work hours. Reasonable study leave will be provided in accordance with the municipality's study leave provision This will only be granted once a confirmed examination timetable and proof of enrolment is submitted.

8.2.13. The Municipality must put measures in place to ensure a transfer of skills by employees with scarce skills takes place during their employment with the municipality by putting in place a mentoring Programme.

8.2.14. The mentoring Programme has to be guided by the training unit

8.2.15. The municipality should also ensure that a sustainable pool of individuals is established for future use. Proposals and submissions in this regard must be obtained from the Directors who have identified the scarce skills within their Directorates.

## **9. COMPOSITION OF SCARCE SKILLS COMMITTEE**

9.1. The municipality must establish a committee known as the Scarce Skills Committee which will be responsible for considering all issues relating to the classification of posts into the categories of absolute and relative critical scarcity within the municipality.

9.2. The committee should meet annually to effectively exercise their mandate.

9.3. The committee should detail which scarce skills positions qualify for the scarce skills allowance.

### **9.4. Committee to comprise of the following staff:**

9.4.1. Municipal Manager

9.4.2. Director: Corporate Services

9.4.3. Director: Infrastructure & Engineering Services

9.4.4. Chief Financial Officer

9.4.5. Human Resource Manager

9.4.6. Organized Labour: One SAMWU and One IMATU representative

9.4.7. Portfolio Committee Councillor: Corporate Services

9.4.8. Senior Skills Development Officer

## **10. PAYMENT OF A SCARCE SKILLS ALLOWANCE**

10.1. The payment of a Scarce Skills allowance should enable the municipality to attract and retain scarce skills within its budgetary constraints.

10.2. Managers requesting a scarcity allowance to be paid for a specific post/s should submit a motivation to the Human Resource Manager. The Human Resource Manager will prepare a report for consideration by the Scarce Skills Committee.

10.3. Scarcity allowance will range from (10-15%) of the annual basic salary.

10.4. All normal recruitment processes must have been exhausted before a motivation is submitted for the payment of a scarcity allowance.

10.5. Allowances should allow for both the possession of skills and extent of the utilization of those skills in the general performance of duties.

- 10.6. Before the allowance is payable the employee must sign an undertaking acknowledging that the payment of the allowance shall be terminated or reduced if the identified scarce skills occupation or qualification is no longer classified as a scarce skills occupation or qualification by the Scarce Skills Committee.
- 10.7. If the employee is appointed, transferred or promoted to a post in the same or another occupation with a lower classification in terms of the qualification 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.
- 10.8. The Municipal Manager retains the right to terminate a scarce skills allowance of a specific post after consultation with the incumbent based on operational requirements, provided that the payment of the allowance will only be terminated or reduced after the employee has been given at least three [3] months' written notice of the reclassification.

10.9. The grading of the scarcity allowance as follows:

Category	Description	%	Scarcity allowance
<b>Category 1</b>	Moderate Scarcity- there is a constant turnover, but replacements can be recruited again with extra efforts e.g. advertisements in national newspapers. Situation is relatively stable, but to be monitored regularly to prevent deterioration.	No	allowance applicable
<b>Category 2</b>	Serious Scarcity- Vacancies can only be filled after prolonged and extensive recruitment process. All options have been exhausted to procure the best candidate. Barriers pertaining to geographical location and remuneration to first be eliminated before the scarcity allowance is considered.	10%	of annual salary
<b>Category 3</b>	Severe Scarcity- Vacancies almost impossible to fill even after extensive recruitment processes. A high demand in the external market and general shortage in the labour market of a highly specialised post	15%	of annual salary
<b>Category 4</b>	Extreme Scarcity- pertaining to highly exceptional cases. Each case to be dealt with on a merit basis. Candidate should then sign a binding restraint contract and performance agreement.		Scarce Skills Committee/ Municipal Manager Discretion

## 11. REVIEW OF SCARCE SKILLS ALLOWANCE

- 11.1. The scarce skills allowance should be re-evaluated on an annual basis to allow for the relevant adjustments, based on changing trends and to confirm whether the occupations remain scarce.
- 11.2. The review of the scarce skills allowance should no longer be linked to the review process for the identification of scarce skills.

- 11.3. Should a skill no longer be identified as scarce the allowance should no longer be applicable for any new appointments.
- 11.4. The performance of an employee who receives a scarcity allowance should be evaluated and should his/her performance not be satisfactory, the scale of the allowance should be adjusted accordingly and in some instances, should be taken away completely.

## 12. TRANSFER OF SKILLS

- 12.1. The incumbent will be requested to transfer his/her scarce and critical skills to another employee to be identified by the employer.

## 13. REVIEW OF THE SCARCE SKILLS POLICY

- 13.1. The Scarce Skills Committee will submit an annual report to Council based on the review conducted of this Policy and make recommendations regarding the applications and/or amendment of the Scarce Skills Policy.

## 14. NATIONAL SCARCE SKILLS LIST

- 14.1. Refer to the Department of Labour Website and the Sector Skills Plan from LG SETA for clarification on sector specific scarce skills.

## 15. DISPUTES

- 15.1. Any disputes pertaining to this policy should be referred to the Scarce Skills Committee for resolution.

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**C DU PLESSIS**  
**MUNICIPAL MANAGER**

30 October 2018

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**DATE**