



Policy Brief 5

Professionalising local government?

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Executive summary

Staffing, people or the human capital capacity of an organisation has a bearing on its performance. As such, the human capital strength of government departments can facilitate or deter the achievement of public sector goals and objectives. If performance in the local government (LG) sector is to improve, the human capital capacity on which it depends will need to be renewed. At present, high vacancy rates and the migration of skills around the public sector and to the private sector are particular challenges. As a result, plans aimed at transforming municipalities into more responsive, accountable, effective and efficient arms of government have fallen short of reaching their goals partly as a result of the paucity of adequate skills. Despite government's significant investment in capacity building initiatives, the returns have been poor as many municipalities continue to perform dismally. The Financial and Fiscal Commission's (FFC) analysis focussed on one intervention aimed at professionalising LG, namely the minimum competency regulations. The assessment of these regulations found compliance to be significantly low and further that compliance with them is insufficient as a prediction of good performance.

Background

Public officials represent the engine of government. For policies to be properly implemented and achieve desired outcomes, a skilled public sector workforce is needed. Inadequately skilled, poor performing public officials can endanger efficient and effective use of scarce

resources and therefore the achievement of the developmental goals of a country. Nowhere is the need for high performing human capital more important than at the LG level. This is because the critical constitutional mandate of municipalities entails the delivery of basic services – water, sanitation, electricity and refuse removal - especially to indigent households. Current LG performance in South Africa is poor whether measured from a financial management, administrative or service delivery perspective. Lack of capacity is often cited as the reason for this poor performance, particularly at the LG level. Government has implemented a range of interventions aimed at professionalising the LG component of the public service. Some of these interventions have been directed at improving the environmental capacity of LG. These broad, sphere-wide interventions aim to create a more enabling LG environment and include for example, the passing of legislation such as the Local Government Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007) or regulations such as the Municipal Standard Chart of Accounts (mSCOA). Relative to environmental capacity, institutional capacity is a narrower concept focusing on strengthening the municipality as an organisation. Building this type of capacity can include support programmes to improve governance and management systems and practices. Finally, there is also the individual, human capital capacity element which relates to the experience and qualifications of an employee. This is the element of capacity on which this analysis hones.

The overarching aim of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) is to, “...secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government” (RSA, 2003). To this end, various clauses in the Act namely, sections 83(1), 107 and 119(1), require that selected municipal personnel meet specific competency levels as prescribed by regulation. To give effect to these regulations, the National Treasury devised the municipal regulations on minimum competency levels in June 2007. The regulations specify the higher education qualifications, work-related experience and various competency areas that personnel in specific posts must possess. There is some variation in terms of the requirements with respect to educational qualification and number of years’ work experience with regard to chief financial officers, senior managers, financial officials at middle management and supply chain management officials. The variation is based on the size of the annual budget of the municipality/municipal entity in question. For example, the larger the annual budget, the more stringent the requirements in terms of educational qualification and number of years’ experience.

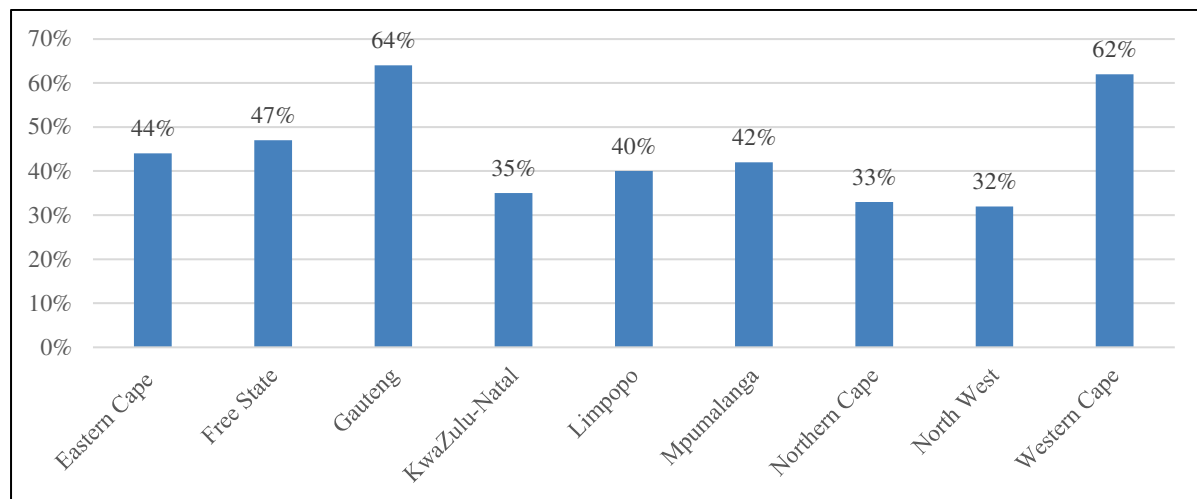
Research findings

Two key findings emerge from the Commission’s assessment of the municipal regulations on minimum competency levels. The first relates to the low level of compliance and the implications thereof. The second finding questions how reasonable it is to expect the regulations to assist in professionalising the sphere when other aspects of capacity building in the sphere are not coordinated and these interventions occur in isolation of each other. Each of these findings are explained below.

Low level of compliance

Over a decade has passed since the establishment of the regulations and yet compliance is significantly low (**Figure 1**). The figure illustrates municipal compliance with the regulations by province as at October 2018. Municipalities in the Western Cape and Gauteng show the highest level of compliance. The level of compliance in all other provinces is significantly lower, particularly in the North West, the Northern Cape and KwaZulu-Natal provinces. Given that municipalities spend time and money on trying to be compliant with the requirements of the regulations, there is a need for a thorough and comprehensive assessment of the impact of this intervention to date. This should be done in order to understand what the major constraints to compliance are, as well as understanding the impact of compliance in those provinces which show high levels of compliance. Further, important components of such an evaluation should be the applicability of the course content underpinning the unit standards associated with the regulations and their appropriateness to the current and future strategic direction of LG as well as whether a more differentiated approach to the roll out of the regulations would ensure greater compliance.

Figure 1: Compliance by province (in percentage)



Source: Commission's calculations based on National Treasury data October 2018

Compliance with competency regulations are a necessary but insufficient criterion for good performance

In 2018, 87 municipalities were classified as dysfunctional (Mkhize, 2018). An assessment of these municipalities shows that even within them, strategic positions such as the municipal manager and/or chief financial officer are compliant with the minimum competency regulations. It is thus clear that compliance with regulations, even among the top structure of a municipality's leadership, does not guarantee better performance. This suggests that a strong focus on academic competence and years of experience (as is the focus of the regulations) is insufficient to ensure good leadership and performance. There is a need to focus on the aspect of behavioural competence to ensure that municipalities are served by transparent, accountable and ethical civil servants. To this extent, there is a need for a holistic approach to capacity building to ensure congruency between individual, organisational and environmental capacity. For example, the organisational and environmental elements of capacity need to be brought to

bear in the sense that the processes in municipalities and the regulatory LG framework need to incentivise positive behavioural competencies such as accountability, integrity and ethics. In the case of corruption, strong consequences should follow for those found to participated in corrupt activities; these should be clearly spelt out and upheld at an organisational and environmental level.

Conclusion

The efficiency and effectiveness of the public sector is critical to ensuring that the developmental goals of a country are achieved. South Africa's LG sector, with its 257 municipalities is beset, to varying degrees, by the challenge of poor human capital capacity. The Commission's analysis focussed on compliance with the minimum competency regulations. While the findings point to certain adjustments that need to be applied to the regulations, the overwhelming conclusion from this analysis is that training interventions and regulations to ensure minimum standards and benchmarks for local government human capital capacity is not a panacea for poor service delivery and inadequate financial management in the sphere. Capacity building and competency regulations are one dimension of what is required to improve public sector performance.

Recommendations

With respect to the minimum competency regulations and capacity building more broadly, the following recommendations are proposed:

- a) The Minister of CoGTA (i) defines the roles, responsibilities and governance arrangements underpinning the building of a quality Local Government civil service, and (ii) through MoUs improves and strengthens coordination among government departments that are building capacity of municipalities in order to avoid duplication and gaps between different role-players, while paying specific attention to the requirements of any particular municipality receiving intervention.
- b) Based on an assessment of the specific needs of a municipality, the Minister of Finance and Minister of CoGTA jointly, and in consultation with provincial governments, should prioritise technical support for new systems, innovative business process redesign and change management.
- c) The Minister of Finance should conduct regular assessments of the minimum competency regulations to determine their impact and whether there are tangible improvements as a result of complying.

References

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Mkhize, Z. 2018. Budget Vote Speech by Minister Zweli Mkhize, Minister of Cooperative Governance and Traditional Affairs, to the National Council of Provinces, 21 June 2018. [Online]. Available at: <http://www.cogta.gov.za/?p=4474>

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