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*A Better Place for All*

## **DR NKOSAZANA DLAMINI ZUMA LOCAL MUNICIPALITY**

### **ORGANISATIONAL CHANGE MANAGEMENT AND CONTROL: POLICY**

<b>Date Approved:</b>	<b>21 MAY 2024</b>
<b>Effective Date:</b>	<b>2024-2025</b>

#### **1. PREAMBLE**

- 1.1 DNDZ Municipality needs to remain responsive and flexible in how it operates to ensure it continually improves its service delivery to all stakeholders at the highest level of excellence. This will involve a process of continuous innovation, operational and service improvement which results in the need for organisational change and staffing changes. External factors, such as change in government policy, legislation and market conditions; may also necessitate the need for organisational change.
- 1.2 To achieve DNDZ Municipality's transformation agenda, it is inevitable that there will be changes to the profile of the workforce, which may affect individuals and/or groups of employees. Hence, the DNDZ Municipality remains committed to managing organisational change in a fair, consistent and legally compliant manner. It is also committed to communicating openly and transparently and will thus undertake meaningful consultation with affected employees and their representatives, where applicable.
- 1.3 DNDZ Municipality will take all reasonable steps to support employees to deal with change, re-deployment and/or redundancy in order to minimise the adverse impact of change and to ensure that employees are provided

- with the tools and support to cope with change effectively, as well as to maintain their wellbeing.
- 1.4 In turn, employees are encouraged to recognise and understand the organisational requirements that drive change and the importance of being responsive, flexible and open-minded to the need for change.
  - 1.5 The nature, size and scope of organisational change can vary considerably. DNDZ Municipality will adapt this process, where appropriate, to reflect the circumstances of each proposed change in consultation with all stakeholders, employees and their representatives.
  - 1.6 DNDZ Municipality is committed to avoiding compulsory employee redundancies wherever possible. However, the needs of organisations may, from time to time, require a reduction in the overall number of employees or organisational changes may result in some employees being made redundant. In the event that a redundancy situation arises, DNDZ Municipality; in conjunction with its employees and trade unions, is committed to minimising and managing the impact of redundancies. Please see section 8.2.4 on redundancy avoidance.

## **2. PURPOSE**

Introducing change has risks. Therefore, the purpose of this policy is to describe the principles to be adopted when dealing with employees affected by organizational change management and control initiatives:

- 2.1 This policy describe the process that is to be used for requesting, managing and controlling organizational changes, ensuring that change is implemented successfully and with minimum disruption.
- 2.2 The policy ensures that organizational change is properly managed and controlled through an appropriate level of documentation, authorization, planning and testing.
- 2.3 This policy is meant to include any intervention resulting in organizational structural and managerial changes.

## **3. SCOPE OF APPLICABILITY**

- 3.1 The policy is applicable to all permanent and contract employees of the DNDZ Municipality, regardless of salary and occupational levels, race and gender.
- 3.2 This policy will apply to employees on secondment if their substantive role is affected by a proposed organisational change or redundancy.
- 3.3 Examples of change covered by this policy include:
  - 3.3.1 Significant changes or reductions in workload;
  - 3.3.2 Radical re-organization of the way work is carried out, which affects contracts of employment; and
  - 3.3.3 Major changes to job requirements and/or qualifications.

## **4. DEFINITION OF TERMS**

- 4.1 Organisational Change:** refers to situations in which terms of services are restructured in a way that impacts directly on the terms and conditions, scope and/or nature of individual roles. Organisational change can include mergers, re-structuring or introducing materially different working practices. In certain circumstances, the proposed changes may be significant and may result in redundancies. Organisational Change does not include minor changes, such as variations to the working environment or line management structures where there is no change to contractual terms and conditions and where a substantial part of the employee's experience at work is unchanged. In these cases, a fair and reasonable process must nevertheless be followed, which should be carried out in a consultative manner.
- 4.2 Significant change:** refers to change of a long-term, sustained nature which affects working arrangements for individuals or groups of employees to the extent that it impacts significantly on their existing contracts of employment.
- 4.3 Having a 'lien' on a post:** means having a legitimate claim on a post by reason of the nature of the duties of the post.

## **5. LEGAL FRAMEWORK**

Municipal Systems Act No. 32 of 2000  
Labour Relations Act No. 66 of 1995  
Skills Development Act No. 97 of 1998  
Employment Equity Act No. 55 of 1998  
Municipal Finance Management Act No. 56 of 2003

## **6. POLICY BASELINE ON ORGANISATIONAL CHANGE MANAGEMENT AND CONTROL**

DNDZ Municipality's Integrated Development Plan, Human Resource Strategy and ICT Strategy are the baseline for the Organizational Change Management and Control Policy, which includes a set of specific prioritized choices by the DNDZ Municipality about where and how change is deployed.

## **7. PRINCIPLES**

- 7.1 Open and honest communication (top-down and bottom-up) with employees over proposed changes in a full and timely manner.
- 7.2 Consultation that is meaningful, timely and transparent.
- 7.3 Partnerships with employees and trade union representatives.
- 7.4 Mutual trust.
- 7.5 Confidence.
- 7.6 Employees to be flexible and open-minded.
- 7.7 Security of employment for employees whenever possible.
- 7.8 Implementation of restructuring proposals through voluntary means.
- 7.9 Mitigation of voluntary redundancies and their impact on employees.

- 7.10 Dealing with the transfer of employees in line with all relevant legislation and guidelines.
- 7.11 Elimination of unfair discrimination when implementing change interventions.

## **8. PROCEDURE**

### **8.1. Step 1: Planning and Proposals**

- 8.1.1. **Establishing the need for change:** The first step in any organisational change process is to understand why change is necessary and the scale of the change required. This may involve a review of the current structure, an analysis of the roles and activities currently undertaken within the Municipality and assessing how these needs will be met in the future. Furthermore, taking into account the need to avoid redundancies wherever possible is vital.
- 8.1.2. **Designate a Change Management Committee:** As a first step, it is recommended that the Municipal Manager identifies and designates a fully represented Change Management Committee for the proposed organisational change. Organised labour representatives shall have an observer status in the activities of the Change Management Committee.
- 8.1.3. **Terms of Reference:** The Change Management Committee should firstly develop and table the terms of reference (ToRs) for sign-off.
- 8.1.4. **Best practice studies and advice:** When undertaking a specific organizational change, advice and best practices should be sourced from all key and relevant structures before a proposal is tabled in relation to the proposed organisational change.
- 8.1.5. **Consideration of the required approval from organizational structures and processes:** This is a vital step in maintaining principles 7.4. and 7.5.

**8.2 Minor Change Process:** In cases of minor change, a fair and reasonable process must be followed, which is carried out in a consultative manner. A reasonable process for a minor change, which is not an Organisational Change, would include the following:

- 8.2.1. Background to the change intervention.
- 8.2.2. An explanation of the operational reasons for the proposed change.
- 8.2.3. Anticipated benefits which may impact both the Municipality and employees.
- 8.2.4. Listening to and taking account of the views of employees.
- 8.2.5. Provision of a sufficient period of notice for the affected employees.

- 8.2.6. In the event of any dispute the matter will be dealt with under the ambit of the existing Dispute Resolution Policy and Procedure.

**8.3 Significant Change Process:** will proceed through Step 2 and all the Change Management Process steps as mapped in this policy.

#### **8.4 Step 2: Consultation and Communication**

**8.4.1 Effective two-way communication:** At each stage of the process communication with employees and trade unions, is critical to a successful outcome. At this early stage, consideration should be given to informing employees and their trade unions about the review and its terms of reference. A note should be made that the legislative requirements to conduct collective consultation applies where applicable. Effective consultation and communication is an important aspect of organisational change and should be handled sensitively and transparently. Consultation must be meaningful and take place as soon as practicable whilst proposals are at the formative stage to allow feedback and comments on the proposals. Individual employees and any representatives should be encouraged to provide feedback on the proposals so that the Municipality can consider their views before making any final decisions. Sufficient consultation and reasonable accommodation measures must be explored, exhausted and completed before employees are issued notices of redundancy.

**8.4.2 During consultation:** The Change Management Committee should:

- 8.4.2.1. Explain the rationale for the organisational change/proposed employee redeployment; placement, or redundancies in detail;
- 8.4.2.2. Seek to ensure that employees fully understand the implications of the proposed changes;
- 8.4.2.3. Discuss potential roles in the new/revised structure to which they may be matched or that might be considered for alternative employment;
- 8.4.2.4. Explain the selection process for allocating new/revised roles where appropriate, including the selection criteria;
- 8.4.2.5. Seek the views of the employee on the proposed changes, including any practical means of mitigating or avoiding the redundancy if the employee occupies a post at risk;
- 8.4.2.6. Explain the re-deployment and other support that is available;
- 8.4.2.7. Carefully consider any suggestions received; and
- 8.4.2.8. Encourage staff members to comment on the proposals.

**8.4.3 Defining a consultation Period:** There will be a clearly defined change period, which will include a consultation period followed by an implementation preparation period, before any changes are implemented. The minimum and maximum length of the change period will be dependent on the nature and scale of the project, as well as on the number of employees directly affected by the change.

**8.4.4 Redundancy Avoidance:** In order to avoid redundancy, maximum advantage will be taken of alternative solutions, as well as considering suggestions from trade unions/employees. These may include:

- 8.4.4.1. natural attrition;
- 8.4.4.2. re-deployment to other parts of the organization through Job Matching and Role Allocation. There are specific legal requirements whereby employees at risk of redundancy are given the chance to apply for alternative roles before they are offered more widely. These are elaborated in Section 8.4 below;
- 8.4.4.3. a moratorium on external recruitment, where practicable;
- 8.4.4.4. ceasing the employment of agency/contract staff where this would release permanent employment;
- 8.4.4.5. reviewing the use of temporary staff;
- 8.4.4.6. ceasing or reducing overtime; and
- 8.4.4.7. seeking appropriate volunteers for redundancy.

## **8.5 Step 3: Implementation Preparation**

**8.5.1.** The Change Management Committee should prepare a written business case and/or consultation document on the proposed organisational change and include the following (where appropriate):

- 8.5.1.1. rationale for the organisational change and/or proposed redundancies;
- 8.5.1.2. any proposals as to how compulsory redundancies may be avoided or reduced or, where not possible, how the consequences of compulsory redundancies will be mitigated;
- 8.5.1.3. how to provide feedback on the proposals, including ideas for avoiding job losses or mitigating the impact of potential job losses, by when and to whom;
- 8.5.1.4. numbers and descriptions of employees who are considered 'at risk' to being redundant;

- 8.5.1.5. proposed methods of selecting and placing/re-deploying employees who are considered redundant into vacant positions, including selection pools and criteria where applicable;
- 8.5.1.6. proposed method of handling those employees who could not be re-deployed, for whatever reason;
- 8.5.1.7. proposed method for allocating any new or revised positions;
- 8.5.1.8. the number of temporary and/or agency employees working temporarily for and under the supervision and direction of the employer; the parts of the undertaking in which they are working; and the type of work which they are carrying out;
- 8.5.1.9. proposed project implementation time-frames, and
- 8.5.1.10. the proposed method for calculating redundancy pay.

## **8.6 Step 4: Implementation**

- 8.6.1 The remainder of the change period (the implementation planning period) will be used for planning the implementation of the change.
- 8.6.2 Where it has been identified that there needs to be a reduction in posts as a result of organisational change within a particular establishment, the Change Management Committee should draw up a plan detailing which posts at what grade are still required in order to deliver organisational objectives.
- 8.6.3 **Posts can be categorised as follows:**
  - 8.6.3.1. Existing posts with no change:** Those still required to deliver organisational objectives where there has been no change. Since there will be no change in the duties of the post and these members of staff can be 'slotted in' – i.e. confirmed in their existing post.
  - 8.6.3.2. New posts but similar to existing posts:** required to deliver organisational objectives which are substantially similar to the duties of existing posts and are at the same grade as existing posts. The duties of existing employees should be considered and these posts ring-fenced for limited competition and preferential consideration amongst members of staff who have a 'lien' on these posts.

Posts will be filled on the basis of grade. Higher-graded employees may not compete initially for lower-graded posts. Where lower-graded posts remain unfilled, they may constitute suitable alternative employment for higher-graded staff.

- 8.6.3.3. Existing posts with remarkable change:** required to deliver organisational objectives after review.

These posts will be treated as New Posts and will go out to open competition. Staff who have not been placed as a result of slotting-in or limited competition will be able to compete for these posts in the normal way.

**8.6.3.4. Totally New posts:** required to deliver organisational objectives.

These will go out to open competition and staff who have not been placed as a result of slotting-in or limited competition will be able to compete for these posts in the normal way.

**8.6.3.5. Redundant Posts:** are the ones which no longer required in the establishment moving forward. Incumbents will be considered as 'at risk' of being redundant, hence will be the targeted for redeployment exercise.

**8.6.4** Any member of staff who has not been successful at obtaining a post by means of slotting-in or preferential or open competition for posts within the establishment, will be designated 'at risk' of redundancy and hence considered for suitable alternative employment under the terms of the 'Organizational Change Management and Control Policy'.

**8.6.5 Job Matching and Role Allocation:** As indicated earlier, the following information explains the different ways in which employees can be matched and allocated to roles that will exist after the change. There are five types of job matching, namely assimilation; ring-fencing (over-subscription); ring-fencing (suitable alternative employment); restricted competitive selection; and open competitive selection.

**8.6.5.1. Assimilation:** applies where there is little or no change between the role in the old and new structure, Furthermore the number of roles remain the same or there are more roles available than employees matched to roles.

The employee is automatically appointed to the role without an assessment process.

**8.6.5.2. Ring-fencing (over-subscription):** applies where there is no change between the role in the old and new structure, and there are fewer roles available than employees matched to the roles.

**8.6.5.3. Ring-fencing (suitable alternative employment):** applies where the role in the new structure is not fundamentally the same, but sufficiently similar in nature to be considered as possible alternative employment. Possible alternative roles based on the



requirements of the employee's current role as compared with those of the duties, responsibilities, skills required, and grade of the new role(s) will be identified.

- Roles that are one grade lower than the employee's current role will be considered, with appropriate pay protection.
- However, job roles that are one grade higher than the employee's current role will go through the restricted competition process within the 'at risk' of being redundant group.
- Should a suitable candidate not be sought from the 'at risk' group then an open competition through entire organizational internal recruitment process.
- Should a suitable candidate not be sought after, then external recruitment will be conducted.

**8.6.5.4. Restricted Competitive Selection:** applies where the role is not considered suitable alternative employment for any employees in the affected 'at risk' staff group. In these circumstances, employees from the affected staff group will be given an opportunity to apply for the role before it is advertised more widely in order to retain the employment of affected employees or as an additional way to mitigate redundancies.

A selection process is required to assess an employee's suitability for the role(s).

**8.6.5.5. Open Competitive Selection:** applies after employees from the affected staff group have been given an opportunity to apply for the role. Any remaining vacant roles at this stage can be advertised and filled in line with the Municipality's Recruitment and Selection Procedure.

#### **8.6.6 Assessment and Selection:**

8.6.6.1. Informed by the nature of the job function and the Municipality's Recruitment and Selection Procedure, the Change Management Committee will decide on the appropriate assessment method and selection criteria for allocating employees to roles in the new structure, having consulted with the affected employee and his/her representative.

8.6.6.2. Methods for assessing employees may include:

- interviews
- relevant tests
- written motivations

- management assessments
  - consideration of individual employment records (e.g. current disciplinary and/or capability record).
- 8.6.6.3. The Change Management Committee will ensure that the assessment method is fair, objective and valid for the role(s) in question and that the selection criteria are applied consistently and do not discriminate against any particular group(s) of employees.
- 8.6.6.4. The Change Management Committee will ensure that the assessment method and selection criteria do not put employees with a disability at a disadvantage.
- 8.6.6.5. If the number of suitable alternative posts in the old and new structures remains the same and/or there is only one candidate in a pool, then a management assessment may be sufficient.
- 8.6.6.6. Employees affected by organizational change will not be subjected to a probation period.

## **8.7 Step 5: Concluding the Change Period**

- 8.7.1. After all the management efforts to accommodate an all employees and a particular employee is unable or unwilling to participate in a selection process, the Change Management Committee will make a decision on the most appropriate course of action based on the relevant information available. This could result in the following:
- an employee being allocated to a job in the new structure; or
  - confirmed and put in the list of 'redundant' employees.
- 8.7.2 The Change Management Committee will inform affected employees verbally of selection outcomes and, where appropriate, any remaining options to mitigate redundancy wherever possible.
- 8.7.3 The employee will also receive written confirmation of the outcome and notice of redundancy in accordance with this Policy, if appropriate, after the conclusion of the consultation period.
- 8.7.4 On conclusion of the change period, the Change Management Committee will confirm the following in writing to any employees that are to be made redundant due to the change process:
- confirmation that the employee's post is redundant (if this has not already been confirmed);
  - details of any entitlement to redundancy pay;
  - details of any entitlement to pay in lieu of notice and any other monies owed;
  - Review and present the cost-benefits of releasing all or some 'redundant' employees in line with all legislative

- requirements and after consultation with all relevant internal and external structures;
- details of the right of appeal; and
- Compile and submit a Project-Close Out Report with two (2) months from the project end-date.

## **8.8 Step 6: Post-Change Review**

- 8.8.1 The scope and scale of the review will depend upon the nature and scale of the change exercise. The time and resources dedicated to a review will be consistent with the original scope and the desired output. It is also advisable to fully involve employees in problem-solving and decision-making when evaluating or reviewing a change process. This may involve for example, setting up working groups to work on specific problem areas.
- 8.8.2 It is good practice to undertake a post-change review in order to:
- 8.8.2.1 evaluate whether the original objectives have been met,
  - 8.8.2.2 identify areas where further work or support is required (e.g. whether employees in the new structure have the skills and support required to undertake their roles);
  - 8.8.2.3 review employee well-being and identify any actions required;
  - 8.8.2.4 identify any lessons learnt for the future; and
  - 8.8.2.5 celebrate successes.

## **8.9 Step 7: Ongoing Support to employees**

- 8.9.1 It is helpful to be mindful of the potential impact of change on employees, particularly if as a result of change they are performing new roles; have been redeployed to new areas; are developing new skills; or are working with new team members, systems or processes. Key activities and behaviours for managers supporting staff through change include, but are not limited to, clear and regular communication, empathy and transformational leadership.
- 8.9.2 If some employees have left or will be leaving the Municipality or have been redeployed as part of the change, it is important to ensure that the remaining employees are fully involved in implementing the changes in order to rebuild their morale and levels of engagement, which will help to drive the changes forward in a productive way. Below is a variety of support available for employees:
- Change Management Workshop for employees
  - Employee Wellness Programmes
  - Career service
  - Re-deployment support
  - Training and development
  - Trade unions

- 8.9.3 Employees who wish to receive support will be provided with advice and assistance in preparing job applications, updating CVs, writing covering letters and interview preparation. Employees will also be provided with details of where the Municipality advertises its vacancies. A list of current vacancies will be sent to those employees without access to computers.
- 8.9.4 A summary of an employee's skills, experience and the type of role sought will also be sent to the relevant departmental administration staff, to be matched with any vacancies that may arise. While priority will be given wherever possible to employees at risk of redundancy, the Municipality reserves the right to select the best available candidate in relation to any given vacancy.
- 8.9.5 As in all stages of managing and controlling change, it is important to continue to communicate with all staff after the change has been implemented and to keep formal and informal channels of communication open.
- 8.9.6 If an employee's position is 'at risk' for redundancy during long-term leave such as sick, maternity, adoption or parental leave, the employee is entitled to:
  - 8.9.6.1. a suitable alternative vacancy, where one is available. The new contract must be offered before the end of the original contract and it must take effect immediately upon the ending of the original contract. The work under the new contract must be both suitable and appropriate for them to do in the circumstances and the terms and conditions no less favourable than their original contract;
  - 8.9.6.2. any suitable alternative vacancies that exist before they are offered to other employees. The employee therefore has priority over other employees who are also at risk of redundancy; and
  - 8.9.6.3. redundancy pay, if their post is made redundant. However, if the employee unreasonably refuses an offer of suitable alternative employment, they may forfeit their right to a redundancy payment.
- 8.9.8 Employees who feel that they have been treated unfairly under any section of the Organisational Change Management can, in the first instance, raise the matter with her/his line manager and trade union representatives. Ultimately, employees have the right to raise the matter through the relevant grievance procedure.
- 8.9.9 Employees have a right to appeal against a decision to be dismissed on grounds of redundancy in accordance with the relevant procedures.
- 8.9.10 An employee has the right to be accompanied to formal consultation meetings by either a trade union representative or a colleague who is an employee of the Municipality. The employee must confirm their companion's identity to the Change

Management Committee conducting the meeting at least two days before it is due to take place.

## **9. ROLES AND RESPONSIBILITIES**

The following are the key roles specific to the Organisational Change Management and Control process. One individual may be responsible for several roles, as well as several individuals may be fulfilling a single role.

### **9.1. Municipal Manager**

The custodian of this policy who ensures that organizational change is managed, controlled and aligned with the direction of the organization and directed towards the achievement of overall organisational objectives.

### **9.2. Change Management Committee**

- 9.2.1.** Ensure the establishment of a project team, if appropriate.
- 9.2.2.** Develop and propose Terms and References (ToRs) for sign-off. On behalf of the Change management Committee, Snr Manager Corporate Services, will be responsible report on the progress of the project in all relevant organizational structures. ToRs should clearly spell out the communication and consultation process to be undertaken.
- 9.2.3.** Research the options for change, identify possible solutions for the Municipality and conduct an initial review, if required.
- 9.2.4.** Prepare a business case for the proposed changes, including an outline of time-frames for the process and how consultation will be managed.
- 9.2.5.** Conduct consultation and ongoing communications with employees and trade unions. Ensure all legal compliance factors are met with support from the HR Section.
- 9.2.6.** Ensure that the project team is familiar with all relevant aspects of organisational change and selection processes (if appropriate), which may include attending relevant training.
- 9.2.7.** Confirm who is responsible for approving proposals for the re-organisation and ensuring that the relevant approvals are obtained.
- 9.2.8.** Undertake an assessment of equality issues, ongoing monitoring and taking necessary action as required throughout the change process.

## **10. MONITORING**

This policy will be monitored on a quarterly basis by the Human Resource Section, which will report its findings to senior management (Corporate Support Services). The policy will be evaluated within a twelve-month period in line with the IDP Review, jointly by the Human Resource Section and senior management (Corporate and Support Services and other Senior Managers).

## **11. REVIEW OF THE POLICY**

The policy will be reviewed as and when required.

## 12. COUNCIL APPROVAL AND EFFECTIVE DATE

Approval of Policy by Council and Effective date: -----

  
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**MUNICIPAL MANAGER**

21/05/2024  
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**DATE**