The Msunduzi Municipality

APPROVED COST CONTAINMENT STRATEGY

1. INTRODUCTION

In the current economic world it is crucial for the organization to develop a strategy to minimize cost and achieve the desired results of the organization at the end.

Improved accountability and transparency can be realized through a more proactive and regular reporting of both cost containment activities and the results generated. The issues for concentration could be; security cost, cost of hiring equipment, catering cost, use of council vehicles, energy management.

Consultation with employees and also obtaining input from all affected stakeholders (business, ratepayers, etc) can be beneficial to cost containment plan.

Although some of the many cost saving measures have been implemented over years, it will assist to revisit them with the intention to improve.

Proper planning also may assist the municipality to contain cost.

2. COST SAVING COMMITTEE

2.1 Each business unit must create a cost saving committee or cost saving must be a standing item on the agenda of monthly meeting of each business unit.

2.2 Increase accountability and evaluation of all cost saving planning measures must be communicated to all staff members.

2.3 Staff should be encouraged to come up with ideas and if the idea is implemented and cost saving is being realized the employee who came up with the idea be formally recognized in the form of an incentive.

2.4 A suggestion box must be placed in all major council offices for staff and the public to post their ideas on the box or an e-mail address be created where any staff member or member of the public can send their ideas.

2.5 Advertising of best and most successful initiative in municipal website and through corporate communicate can be effective communication tool.

3   AREAS FOR COST CONTAINMENT

3.1 Facilities

3.1.1   As far as possible encourages the use of council facilities for community meetings and staff meetings. This will mean a reduction in cost of hiring venues for meetings.

3.1.2   A study be undertaken to compare cost of hiring marquees versus cost of purchasing marquees in the long run.

3.1.3   List of available council facilities for meetings be provided on council website for staff to know and book the facility with the responsible person.

3.1.4   Cease all non-essential and non-routine maintenance unless there are health and safety issues concerns.

3.2 Security Cost

3.2.1   Fully utilize internal security staff to secure council property and fill all vacant positions for the unit to be effective.
3.2.2   Review the need for security personnel in council facilities during the day and at night. In some facilities an alarm system can be at night (at low cost) and a security guard during the day.

3.3 Cost of Hiring Plant and Equipment

3.3.1   Council spent lot of money hiring plant/equipment and sound system.
3.3.2   Fleet must develop a register of items that are hired to monitor cost and identify those items that are hired on a regular basis. A plan be developed to acquire these items within 5 years.
3.3.3   Review cost of hiring compared to cost of purchasing and owning the equipment in the long term.

3.4 Catering Cost

3.4.1   Minimize catering for meetings and consider providing light meal where possible with the intention to reduce cost.
3.4.2   All catering requests to be submitted to Deputy Municipal Managers for consideration and approval, subject to availability of funds.
3.4.3   The Chief Financial Officer submits to the Strategic Management Committee a list for consideration of which meetings should be permitted to have catering services.

3.5 Use of Council Vehicles

3.5.1   All employees who enjoy the benefit of taking council vehicle home after work must submit a motivation to Strategic Management Committee for review of the need for such benefit.
3.5.2   All new requests for employee to take council vehicle home after work must be submitted to Strategic Management Committee with a detailed motivation for consideration and approval.
3.5.3   A vehicle replacement programme must be developed to ensure that ageing fleet that is not cost effective to repair is replaced on time.
3.5.4   Employees that cause damage to council vehicle must be investigated and if found negligent disciplinary action must be taken and cost of repair be recovered from the employee.
3.5.5   Fleet must keep a register of repairs to vehicles and where cost to repair are more than the net book value step to auction the vehicle in terms of council policy must be taken.

3.6 Energy Management

3.6.1   Install motion lights or timers in all council buildings.
3.6.2   Install individual lights switches in each office instead of central controlled lights.
3.6.3   Encourage staff to turn off electric equipment in offices when not in use or after work.

3.7 Stationery

3.7.1   Reduce the use of paper when communicating rather use electronic medium.
3.7.2   Agendas and Minutes to be distributed electronically.
3.7.3   Encourage council staff to receive their municipal bill via e-mail and phase this to the general public starting with businesses.
3.7.4   Use double sided copying, recycled paper etc.

3.8 Overtime

3.8.1   Encourage staff to take time off in lieu of overtime worked.
3.8.2   All planned overtime for each business unit for the month must be submitted to Strategic Management Committee for consideration and must be properly quantified.
3.8.3   Unplanned overtime must be reported to Strategic Management Committee monthly with reasons for working overtime.

3.9 Review Business Process

3.9.1   Review all business process with the intention to eliminate duplication of functions.
3.9.2   Combine business units or departments where there is duplication of functions to save time.
3.9.3   This will eliminate bottlenecks in the system.
3.9.4   Look at productivity of current staff members, work being undertaken by two people may be easily undertaken by one person.

3.10 Consider Ring fencing Trading Services

3.10.1   Electricity and water are trading services and they are supposed to break even or make a profit.

3.11 Travel and Entertainment

3.11.1   Eliminate or reduce unnecessary long distance business travel or their numbers.
3.11.2   Set travel ban where applicable.
3.11.3   Use teleconferencing to participate in meeting rather than travelling.
3.11.4   Eliminate travel at pick times when fares are expensive.

The strategy must be reviewed on a regular basis based on agreed input from all stakeholders.