Council Direction:

This report responds to a request by Audit & Administration Committee that staff prepare a report respecting options for possible service level reductions in the Human Resources Division, or if not possible, reasons why such service level reductions were not feasible.

Background:

A comprehensive Human Resources Organizational Review conducted by external consultants in 2007 recommended an additional 19 FTE Human Resources (HR) staff to support current organizational needs and future service expectations. Senior Management Team proposed an alternative Organizational Design with a total increase of 9.4 FTE; 2.4 FTE were approved in 2008 to provide the new management structure and enhanced resources in the labour relations area. The other 7 FTE were designated as distributed HR positions to be focused on the Human Resource service needs of the operating departments, financially supported by the operating departments, and with reporting and accountability to HR Management.

The distributed HR positions included 3 Staffing FTEs, 2 FTE Labour Relations Officers and 1 FTE Organizational Development Specialist. Council did not approve any additional HR distributed positions in 2008, but rather directed General Managers to find resources within their operating departments over time and to bring forward their requests for Council approval on a case by case basis. The intent of this direction, which was further clarified in the 2009 budget process, was that there be no net increase in FTE complement or levy impact with any further additions to HR distributed staff. In the 2009 budget process, the Planning & Economic Development Department
has recommended the addition of 1 FTE Staffing Specialist through the reduction of two FTE positions in Building Services, with no levy impact. This Staffing Specialist will be shared on a 60/40 basis between Planning & Economic Development and Public Health Services, respectively.

**Benchmarking with Comparator Municipalities**

An analysis of the two reported HR performance measures from the Chief Administrative Officers’ Ontario Municipal Benchmarking Initiative (OMBI) would suggest that Hamilton’s HR Division has a higher workload and is more efficient than the comparator municipalities (Brant, Halton, Niagara, Waterloo, Windsor, Sudbury, Durham, London, Ottawa, Peel, Muskoka, Thunder Bay, Toronto, York). The first bar graph below presents the **number of T4’s processed per Human Resources FTE** as compared to the municipal average from 2005 to 2007. This performance measure is an indicator of **workload or productivity**. The municipal average number of T4’s per HR FTE has decreased from 130.1 to 122.5 since 2005 whereas in Hamilton the average # of T4’s per HR FTE has increased from 129.1 to 147.7 during this same time period.

The next bar graph presents the **HR Administrative Expense per T4 supported** (Total HR Budget divided by number of T4’s that HR processes per year) which is a measure of **efficiency**. The average municipal HR administrative expense has increased from $732.32 to $774.64 since 2005 whereas the Hamilton HR expense has decreased from $724.26 to $669.95 during this same time period. This performance measurement indicates that Hamilton does significantly more work for less cost than the municipal comparators.
Lastly, in 2006 Hamilton started to participate in the Human Resources Benchmarking Network (HRBN) which includes 14 municipalities in Ontario (Halton, Niagara, Waterloo, Burlington, Kitchener, Sudbury, Mississauga, Brampton, Durham, Ottawa, Peel, Muskoka, York, Hamilton). The HR Benchmarking Network annually measures the number of Employees per HR FTE and the results for 2006 and 2007 are presented in the bar graph below. The municipal average number of employees per HR FTE has decreased from 100.6 to 97.1 since 2006, whereas Hamilton’s number of City employees per HR FTE has increased from 117.5 to 125.8. In other words, while Hamilton’s employee population has increased, the number of HR FTEs available to support our employees has not kept up relative to the employee population.
City of Hamilton’s Strategic Plan

The City’s new Strategic Plan has a focus area which is devoted to the people within this organization – a skilled, innovative and respectful organization. The desired end results for this focus area address employee performance management, employee attraction, employee retention, employee health, safety and wellness, employee diversity, succession management, training and professional development, all of which are aligned with the core business of Human Resources. The activities that will achieve the desired end results of this strategic plan form a substantial portion of the Division’s business plan over the next three years.

Human Resources Service Levels

1. Employment Services

The primary purpose of the Employment Services section is to ensure that the organization has the right people in the right jobs at the right time to meet service requirements and productivity demands. Staff within this section design, implement and manage the attraction, recruitment and selection processes. They ensure that a fair, objective and defensible process is used to make employment decisions. The Organizational Review recommended an additional 3 FTE to the current complement of 10 FTE to support the City’s volume of recruitment activity but also to enable HR to focus on more strategic activities such as workforce planning, succession planning, staffing strategies for hard to fill positions, and outreach recruitment activities for our diverse populations. Staff do not recommend service level reductions in this section for the following reasons:

- Operating departments are requesting greater support from HR in the hiring process. For example, in 2008 HR became involved in the Volunteer Fire Fighter recruitment for the first time, with a particular focus on the rural areas where there is a critical skills shortage. Volunteer Fire Fighters represent 20-30% of our Career Fire Fighter hires so supporting this recruit is a key element in the overall staffing strategy for our fire operations.

- Operating departments do not have the capacity to increase their role in the recruitment process. In 2008, HR attempted to download the summer student hiring process to Public Works and Community Services. The departments were overwhelmed with the volume of applications, and consequently, upon further review, HR took back the overall coordination for summer student hiring and has streamlined some of the processes through better use of technology. When the part-time entry level positions within Recreation were scoped into CUPE 5167 in the last round of bargaining, the hiring of these positions was returned to HR in 2008.

- In the Recruitment Cycle Review conducted in late 2007, front line managers indicated that any delays in recruitment had a direct impact on the department’s ability to maintain service levels and to manage workload. Not filling a vacant position in a timely manner results in overtime costs, staff burnout, increased absenteeism and disengagement as others pick up the work, all of which impacts service delivery. The longer the position sits vacant, the higher the cost of lost productivity.
• There is language in the collective agreements that address the posting and filling of vacancies. e.g. CUPE 5167 states that the notice of vacancies shall be posted within 14 calendar days of vacancy, and that in so far as it is practicable to do so, the vacancy will be filled within 30 calendar days at the end of the posting period. Our Staffing Specialists are working with client departments who have large multi-incumbent positions with continuous turnover (e.g. OW case managers and employment counsellors, support workers at the Lodges) to create processes which reduce the time to hire in accordance with our collective agreements, our policies and best practice methods. In addition, Staffing Specialists are working closely with labour relations to identify and recommend greater related efficiencies through the administration of our collective agreements.

• Increased efforts on the part of our Staffing Section are anticipated to ensure compliance with the new employment standards of the Accessibility for Ontarians with Disabilities Act (AODA) which are coming out in 2009.

• As the economy takes a turn in Hamilton, the external queries, number of applications per posting, and drop-in traffic regarding employment opportunities are predicted to stay at the current if not greater levels. In 2008 this section processed 27,711 applications along with 18,761 inquiries related to job opportunities with the City of Hamilton.

• Staff are striving to respond positively to requests to participate in external events, job fairs, and outreach opportunities to create public awareness about employment opportunities with the City of Hamilton, particularly where these venues target some of our hard to fill professional positions and help us reach our diverse communities. As a major employer in Hamilton, the City is criticized for not having a public presence at many employment marketing opportunities

• HR would need to eliminate coaching to prepare for job opportunities and debriefing sessions post interviews to our internal employees who are seeking career development support. Employees are very interested in receiving customized feedback in support of their desires to develop a career path within the organization.

2. Employee and Labour Relations

Given the number of collective agreements, the risk of interpretation of agreements and legislation, and the increasing demands for labour relations services, the Organizational Review recommended additional resources at both the senior labour relations and analytical levels within the HR division. The Review recommended the addition of a Chief Negotiator (now titled Senior Labour Relations Officer) and a second Labour Relations Analyst to the current complement of five (5) Labour Relations Officers (LRO’s) and one (1) Labour Relations Analyst (LRA). Council was also advised of the need for an additional two LRO’s to populate the distributed service delivery model.

Labour Relations provides direct and indirect support for the collective bargaining process and management of 22 collective agreements within the City. These collective agreements are governed by various pieces of legislations (e.g. Ontario

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1 Data captured from January 1 to December 8, 2008
Labour Relations Act and the Hospital Labour Disputes Arbitration Act) which have significant legal and financial consequences if not properly managed and administered on a timely basis. In light of the current economic climate, there is an enhanced due diligence for ensuring proper fiscal management of the labour relations process as well as developing and maintaining positive labour relations with all employee groups.

3. Health, Safety & Wellness

This section of Human Resources currently has a complement of five (5) distributed Health, Safety & Wellness Specialists, one Healthy Workplace Specialist who provides wellness programming for the entire organization, and a Return to Work/Work Accommodation team. The Organizational Review recommended the addition of 1 FTE Health, Safety & Wellness Specialist for Hamilton Emergency Services (HES) and Public Works. Subsequent to the Review, it is the opinion of the management team in Hamilton Emergency Services and the Manager of Health, Safety & Wellness that the health and safety issues within this department merit the attention of 1 FTE for HES alone. In this regard, the General Manager of Hamilton Emergency Services plans to identify potential resources within his current budget to focus on: legislative compliance issues, auditing its health and safety program, health and safety training for employees, and technical support for managers.

The Human Resources Division has recently received reports from two external reviews of the Return to Work/Work Accommodation (RTW/WA) team. The first review was done to determine the most appropriate organizational design, distribution of services, functions and processes, and the appropriate resource levels for the RTW/WA Services Unit. The second review was a Consensus Based Disability Management Audit conducted by the Workplace Safety & Insurance Board (WSIB). Both reviews have resulted in extensive recommendations for continuous improvement in the services provided by this Unit, recommendations which are currently being studied by management for presentation to staff and Senior Management Team. Of importance to this report is that the first review concluded that the current level of resources was appropriate for the services required based on an internal review and comparison with other municipalities. Staffing in this unit includes a Coordinator, 2 Intake Assistants, 4 RTW Specialists, 2 WSIB Analysts and a Lost Time Coordinator. The external consultant concludes that reductions in staffing in this unit will drive the costs upward since fewer staff would be available to process claims, to conduct case management, to seek early, safe, and sustained return to work by employees, and to search out accommodation for those employees who need it. With fewer staff, the volume of paperwork and follow up required to manage a claim would be delayed, leading to longer absences, higher costs, more penalties, more grievances and human rights complaints regarding accommodation obligations, a less productive workforce, and more challenges for operating managers to meet without access to expert advice and support.

The Health, Safety and Wellness staff are required to ensure continued compliance with requirements under Ontario’s Occupational Health and Safety Act in order to maintain a safe and healthy workplace. The City has made recent improvements in its performance but continues to receive attention from the Ministry of Labour and
the WSIB due to our relatively high number of WSIB claims. The Health Safety and Wellness section is assisting all departments with auditing their health and safety programs, and implementing measures to proactively address identified gaps. Significant reductions in WSIB claims have been made where proactive, preventive steps have been taken. The work of the Health, Safety & Wellness team is critical to support the City in achieving the Strategic Plan goals related to reduction in injury, illness and absence.

4. Compensation and Benefits

This section is responsible for compensation administration, job evaluation and other related compensation programs, administration of benefit programs, payroll processing and human resources information and records management systems. The section also provides organizational structure and redesign consultation. This section is a core and fundamental support service to all City departments and Human Resources processes. The section ensures compliance with Pay Equity Act, monitors compliance with Employment Standards Act and of critical importance is the team’s implementation and maintenance of the provisions for all City collective agreements. The City also administers the payroll and benefits for HECFI, the Hamilton Public Library and Hamilton Police Services.

5. Organizational Development

Organizational effectiveness is contingent upon people performance. The City’s three (3) Organizational Development Specialists and 1 Policy & Planning Specialist help management to become more effective in people leadership and the performance management of their employees. They promote a learning environment and ensure learning systems and/or programs are in place to create a flexible workforce capable of developing new skills and adapting to changes within the workplace. This section is responsible for the corporate and departmental New Employee Orientation programs, the coordination of the Critical Incident Support Response Team, the Management Skills Development Program, the corporate performance management system, management coaching, team development, corporate policy and procedure development, corporate employee surveys, organizing the City Manager’s meetings with the extended management team, and employee recognition initiatives.

The Organizational Development section of Human Resources holds the fundamental purpose of ensuring that the City of Hamilton maintains a corporate culture of learning, development and performance excellence. The OD team is championing the performance management initiatives in our new Strategic Plan. They are in high demand to support all aspects of implementing change management and workplace culture development, particularly in areas where there is a breakdown in communications and poor employee morale.

Two of the OD Specialists are distributed within Community Services and Public Health Services, the other OD Specialist covers the rest of the corporation. The Organizational Review recommended the addition of 1 FTE OD Specialist for the Public Works Department.
Qualitative Feedback from Operating Departments

Human Resources was advised during the organizational review that the staffing unit did not have adequate resources to meet the demands for recruitment services, that operating departments were challenged to provide quality services and manage workloads when there were vacancies, and that delays in recruitment caused additional pressures for service delivery. Human Resources heard that there was frustration with the length of time it takes to make compensation-related decisions about new or revised positions. The external review identified that HR needs to spend more time and resources performing strategic activities such as workforce planning, talent and succession management, performance consulting, and developing a staffing strategy that meets the diverse needs of the organization. HR should partner and consult more with the operating departments, balancing the need for consistent application of HR policies and programs with consideration for local operational needs and requirements. HR should also position the City for the future in terms of attracting and retaining talent.

A new HR Management Team was recruited and in place by the end of June 2008 to implement the new Human Resources Service Delivery model – a model which includes centralized HR staff who provide corporate oversight and leadership as well as selected HR distributed services within client departments who report to corporate HR. The new HR Team has taken stock of the findings from the organizational review and has embraced a partnership philosophy with the operating departments, listening to their business needs and working on human resource solutions that support their business plans. The success of Human Resources is measured in part by the extent to which the division satisfies its internal customers. The unsolicited feedback that HR has received from all departments within the organization over the last 6 months would indicate that the division has made great strides in adding value to people and organizational processes within the City. Two departments have stepped forward to provide additional resources to advance the distributed HR Service Delivery model in 2009 and two other departments are exploring the potential for reallocating resources to HR positions in the near future.

Potential for Service Level Reductions

Given the foregoing staff were not able to identify any areas for HR service level reduction that would not have an adverse impact on the organization. In summary:

- the City's new strategic plan has established a significant focus area on the human capital of our organization,
- the HR division has recently undergone an extensive organizational review that concluded that current resources and service levels were not adequate for an organization the size and complexity of the City of Hamilton,
- the Human Resource FTEs have not kept pace with the rest of the City employee population,
- the new HR management team has just been established to rebuild and revitalize Human Resource services and is just beginning to establish momentum,
- service level requirements are being monitored and adjusted to reflect our newly developed organizational structure which is also reflective of the corporate and operating departments' business needs, and
• General Managers have identified the need for additional HR services and some have identified internal resources to enhance HR FTEs with no levy impact,

The Human Resources Division strives to provide core people processes in a quality manner, in a timely fashion and at a reasonable cost. Human Resources staff ensure that our people processes occur according to legislation, collective agreements, policy and best practices. Human Resources does not have to deliver all of the people process elements but needs to ensure that elements that are offloaded to other areas of the organization can be picked up without additional cost or liability.

The new HR management team is committed to continuous improvement and has identified the following actions to enhance organizational effectiveness:
• Leverage technology to further streamline administrative processes and abandon work that can be done by others, so that HR staff can focus on value added work that aligns with corporate strategic directions and business objectives
• Develop a Human Resources performance management system in order to monitor, evaluate and report on the performance of the HR Division as well as the effectiveness of the entire organization in attracting, developing and retaining our human capital in order to achieve service delivery outcomes
• Develop service level agreements with operating departments who have distributed HR positions and pursue the potential for cost recovery for HR services provided to HECFI, the Library and Hamilton Police Services
• Gradually attain resources within operating departments to fully implement the distributed model so that all departments have equitable access to HR advice and services

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Chris Murray,
City Manager