



Memorandum

Office of the City Clerk
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TO: Members of Council
FROM: Krista Power, City Clerk
DATE: Monday, February 1, 2021
SUBJECT: **Additional Information**
Committee of the Whole – Special Session (2021 Capital and Operating Budget) – February 2, 2021

COMMITTEE OF THE WHOLE – SPECIAL SESSION (2021 CAPITAL AND OPERATING BUDGET)

Additional Information

1. Memorandum from Mr. N. Gale, City Manager, dated February 1, 2021 containing information requested at the January 19, 2021 Committee of the Whole – Special Session meeting, relative to implications of reinstating the vacancy review process.

MEMORANDUM

TO: Members of City Council
FROM: Norm Gale, City Manager
DATE: February 1, 2021
SUBJECT: Vacancy Review

This memo follows up on Council's direction on January 19, 2021, to respond with information on the implications of reinstating the vacancy review process as it was directed by Council for the period until the Program and Service Review (PSR) was received, January to June 2020. Background is included to explain the original direction as well as important changes over the past year. The memo concludes with Administration's Recommendations based on the current situation.

We appreciate the Mayor and Council shining a light on the vacancy review process. We are proud of the savings we have delivered and will diligently identify ongoing opportunities for vacancy savings and to make organizational change to meet Council's service direction. Mindful of Council's direction, Administration proactively included \$1 million in corporate-wide vacancy savings in the proposed budget, meaning that a cost savings of \$1 million has already been identified in our proposed budget.

Executive Summary

The process as directed by City Council for January to June 2020 was continued a further six months after completion of the Program and Service Review.

The extension was directed by the City Manager with the purpose of facilitating a culture change, which has been achieved. All hiring is carefully scrutinized by management. It should be appreciated though that all hiring has been carefully scrutinized by management for some time, leading to change and in some cases eliminated positions.

The City Manager process has now been **superseded** by two important actions:

1. As of January 2021, the General Managers are reviewing vacancies to consider rationale for hiring prior to posting and whether posting can be delayed. Exemptions to this include essential front line positions that were exempt from the City Manager review process. General Managers consider several factors including how long a position may be left unfilled, links to Council's strategic plan, maintenance of programs and services levels, and potential savings. Discussions occur with the City Manager, Director of Human Resources, and the Executive Management Team (EMT).

2. Given the culture change and the ongoing need to find savings, especially during COVID-19, EMT has been proactive in forecasting **\$1 million** in corporate wide vacancy savings in the annual budget. These vacancy savings are now built into the budget.

The key implication of reverting to a process that has been superseded would be to add administrative burden and increased cost due to multiple levels of review at a time when Administration's attention must turn to implementing the PSR recommendations including Human Resource transformation. The current process is rigorous and ensures necessary hiring continues.

Background

During the January 29, 2020 Committee of a Whole Budget meeting, Council directed that:

We recommend that hiring for all vacant positions in the City of Thunder Bay be suspended until receipt of the Phase 2 Program and Services Review;

AND THAT the City Manager be tasked with approval of any necessary hires and consider for each hire whether the position:

- is required to achieve client to service ratios (i.e. Day Nurseries Act);
- is required to ensure the City is compliant with other statutory or regulatory requirements;
- is necessary to maintain CTB mandated operations service levels (i.e. emergency services, Pioneer Ridge, transit, etc.);
- receives 100% funding from external sources;
- if left vacant would expose the City to significant potential loss or liability; and
- is suitable for employees requiring temporary or permanent accommodation.

AND THAT the City Manager report back to City Council on the savings realized as a result of this course of action on or before June 29, 2020.

In response to direction from Council in January 2020, Administration established a business case process for the City Manager to review vacancies and provide approvals to proceed with any hiring. That process allowed hiring managers and the City Manager to give serious consideration to the criteria including the link to the Grant Thornton Program & Services review and document and track decisions and savings resulting from positions held vacant.

In order to streamline and avoid service impacts, hiring for key essential front line positions in the following areas were exempt from the vacancy review process:

- Union positions in EMS, Fire, Transit, Child Care Centres, Pioneer Ridge Home for the Aged and Jasper Place Supportive Housing
- Seasonal summer and part-time positions related to Crossing Guards, Concessions, Golf Aquatics, Children & Youth Programming

This business case process was continued a further six months after completion of the PSR to the end of 2020. The extension was directed by the City Manager with the purpose of facilitating a culture change.

The process confirmed our hiring practices are rigorous, that we have in place effective controls, and that we are hiring where there is a body of work approved by Council. In fact, the business plan process was to a great extent redundant and costly in terms of hours spent to review the cases through multiple approval levels. To achieve efficiencies and effectiveness, as of January 1, 2021, General Managers are reviewing the rationale for hiring prior to posting. Exemptions to this include essential front line positions that were also exempt from the City Manager review process.

During its budget review meetings, Administration proactively included corporate-wide vacancy savings into the proposed budget. The proposed 2021 Budget includes \$1 million in corporate-wide vacancy savings. Actual and forecast savings will be updated through the quarterly variance reports in 2021 and final savings with the year-end variance report. Vacancy savings are proactively built into the budget.

The long-term application of a temporary tool will have negative consequences for the effective operation of the Corporation. Administration has taken steps to achieve the outcomes while streamlining the process.

The key implication of reverting to a process that has been superseded would be to add administrative burden at a time when resources are strained responding to the COVID-19 pandemic, and when our attention must turn to implementing the PSR recommendations. The current approach is consistent with the Program and Service Review. In particular, the PSR Review made recommendations to streamline the recruitment process. That transformation is a priority for 2021-2022.

Efforts to constrain or maintain staffing levels are best addressed during a budget process where service levels and programs might be reviewed, and Council might cause change. Staffing is directly tied to several factors (legislated, contractual, risk management, programs delivered and service levels).

Administration reported that the savings realized as a result of the City Manager's review of hiring for vacant positions was \$332,207 (to June 30, 2020).

Administration will report on the annual savings for 2020 in May 2021.

Recommendations

1. Continue General Manager review of rationale for hiring prior to posting.
2. Continue to report on projected vacancy saving amounts with quarterly variance reports and annualized savings with the year-end variance report.
3. Report on annualized 2020 vacancy saving amounts in May 2021.