

Staff Report

Report To: Corporate Services Committee
Report From: Annie Reed, Human Resources Manager
Meeting Date: September 14, 2023
Report Code: CR-23-060
Subject: Human Resources Metrics – Recruitment & Retention

Recommendations:

THAT in consideration of Staff Report CR-23-060 respecting Human Resources Metrics-Recruitment & Retention, the Corporate Services Committee recommends that City Council receive the report for information purposes.

Highlights:

- The City developed the Human Resources Strategy in 2022 & 2023 with strategic priorities of talent management, employee development, excellence & compliance and employee experience.
- All of the key results identified in the Human Resources Strategy support recruiting top talent and retaining our valued employees.
- The Human Resources team developed and updated a number of policies in 2022/2023 to maintain legislative compliance, incorporate best practices, competitive benefits and equitable compensation.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

N/A

Background:

The report intends to provide the Corporate Services Committee with a summary of the City's Recruitment & Retention efforts in 2022.

The City's Human Resources (HR) team plays a vital role in ensuring that the City is attracting, developing, and retaining employees. Our employees are the key to our municipality's success.

Strengthening a positive employee experience and achieving high engagement and retention means continuously investing in, developing, and fostering our employees. A high level of motivation and engagement are essential to attain greater job performance, creativity, and productivity. In 2022 and 2023, the City developed and formalized an HR Strategy. Identified in the strategy are the priorities, objectives and key results that will strengthen the engagement & retention of our valued employees and attract top talent. The HR Strategy was presented to the Corporate Services Committee in March 2023.

Analysis:

Recruitment & Selection

Recruiting and selecting talent for the City is a critical and core HR function. HR works collaboratively with hiring managers to recruit, select, and onboard new hires whose knowledge, skills, and abilities align with the City's overall strategy and delivery of services.

Optimization of the recruitment and selection process attracts high-quality candidates, increases efficiency, and improves business outcomes for the City as a whole. In 2022, the City hired 101 positions. This includes full-time, part-time, seasonal, contract and student positions across all divisions. This does not include Library and Police Services, who manage their own recruitment.

Attracting and hiring suitable candidates is essential. Having a recruitment and selection process that is well thought out and meets the needs of the City can help us evaluate and continually improve hiring plans and procedures. The City is reviewing the hiring policy in 2023 to ensure we have

an effective, fair, equitable and transparent hiring process for both internal and external applicants.

The recruitment and selection process for one position at the City can take anywhere from ten (10) hours to one hundred (100) hours of time from HR, depending on if the posting is internal or external, the number of candidates, and if additional testing is required within the selection process.

Further to the direct HR time, there is also departmental time from directors, managers, and supervisors throughout the recruitment process, including job description and posting development, candidate selection, interview guide creation, interview participation, testing creation, communication with potential candidates, and onboarding of the successful candidate.

In addition to recruitment efforts, the HR team developed and updated the following policies in 2022/2023 to maintain legislative compliance and incorporate best practices and equitable benefits and compensation to support and ensure a consistent approach and application for all employees. Policies, procedures and compliance are the fundamentals of HR. For excellence and engagement, these need to be in place and more. Excellence is about what we do over and above the standard practice and how we keep improving and innovating.

- 1) Remote & Flexible Work Policy
- 2) Public Holiday Policy
- 3) Bereavement Leave Policy
- 4) Vacation Management Policy
- 5) Right to Disconnect Policy
- 6) Use of City Vehicles & Mileage Policy
- 7) Electronic Monitoring Policy
- 8) Confidentiality Policy

The numbers in the recruitment comparisons below from 2019 to 2022 show an increase in the number of positions hired, the number of applicants received, and the number of interviews conducted in 2022.

The City used a number of contracts to cover various needs in 2022, including hiring Election Officials to assist in the facilitation of the election, temporary contracts for the Acting Director of Public Works, Acting Deputy Fire Chief, and covering maternity leaves.

Recruitment Breakdown by Position Type 2019-2022

Year	Full-Time	Part-Time	Contract	Seasonal	Student	Totals
2019	21	2	6	35	16	80
2020	20	4	9	38	0	71
2021	15	11	12	28	17	83
2022	33	4	25	26	13	101

Recruitment Efforts Breakdown 2019-2022

Year	Number of Applications Received & Screened	Estimated time Spent by HR (calculated at 10 minutes per application)
2019	574	96 hours (approx. 14 days)
2020	625	104 hours (approx. 15 days)
2021	607	101 hours (approx. 14.5 days)
2022	1558	259 hours (approx. 37 days)

Year	Number of Interviews Conducted	Time spent by HR (Calculated at 60 minutes per interview)
2019	129	129 hours (19 days)
2020	117	117 hours (17 days)
2021	107	107 hours (15 days)
2022	183	183 hours (26 days)

Workforce Distribution in Recruitment

Workforce Distribution in New Recruitment	Permanent Full Time and Permanent Part Time	Other (Student, Contract, Seasonal)
2019	23	57
2020	24	47
2021	26	57
2022	37	64

The City’s workforce distribution trend also indicates that the overall recruitment for permanent versus temporary positions has remained relatively consistent year over year.

Although seasonal recalls do not require the full recruitment process, there is a significant amount of HR time spent on the onboarding and layoff of these employees yearly. This includes drafting and sending layoff and recall notices, payroll communication and setup, completing benefits and OMERS enrollment and deactivation, and coordinating with department managers and the employee themselves.

Retention

In 2022 there was a total turnover of 66 employees, including seasonal layoffs, contracts ending, resignations, terminations, and retirements from the City.

Total Turnover

Year	Total Turnover
2019	70
2020	55
2021	69
2022	66

Turnover Breakdown (Excluding Layoffs, Contracts Ending)

Year	Resignation/Termination	Retirement
2019	14	5
2020	6	9
2021	17	4
2022	30	1

There are several reasons for the difference between recruitment and turnover, including the creation of new positions, recruitments for absences, positions turning from part-time to full-time, positions changing from contract to permanent, movement within the organization, and restructuring.

Almost 50% of the turnover in 2022 was resignations. The average voluntary turnover rate in Canada was 12.4%. The City's voluntary turnover rate was 15% in 2022. An increase in the number of resignations is not isolated to the City. Many employers are seeing an increase in resignations.

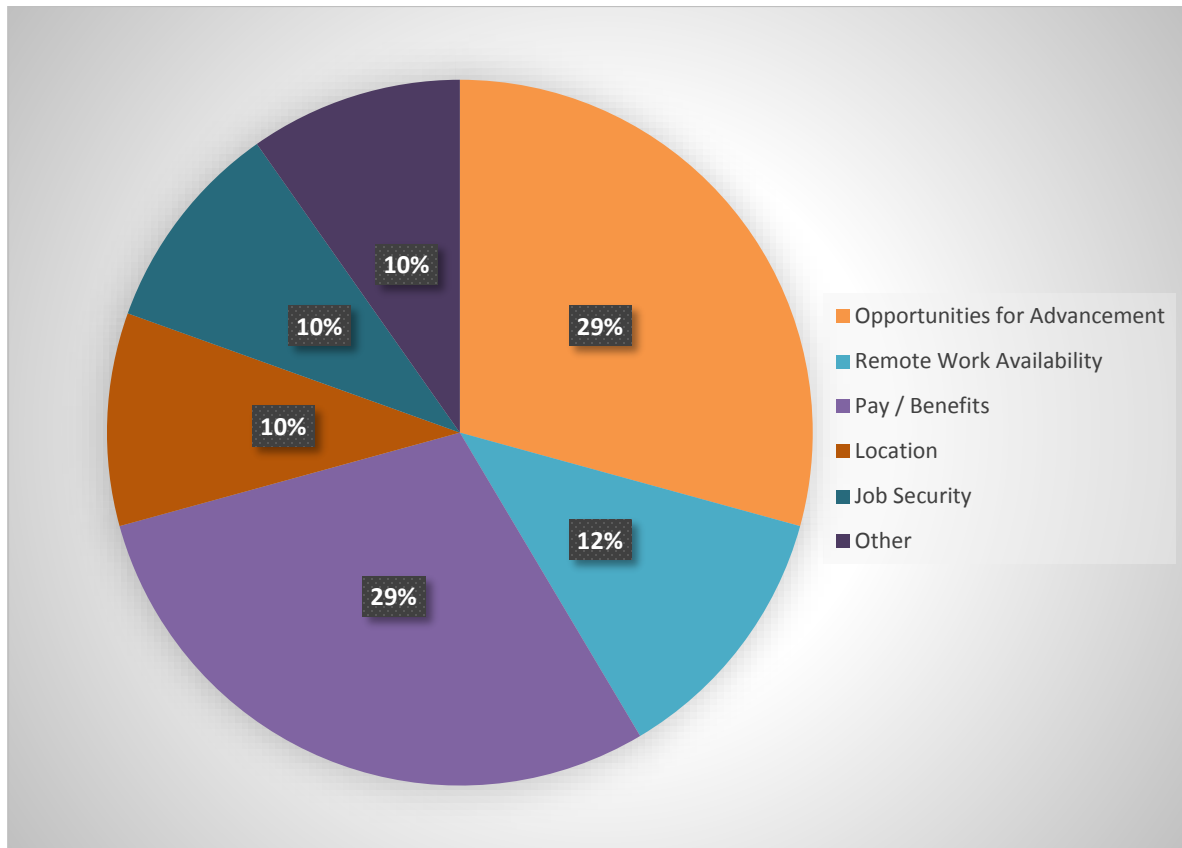
According to Statistics Canada, Businesses are not just concerned with the recruitment of new employees but also the retention of current employees. More than one in four businesses (26.6%) have experienced challenges retaining employees. To increase staff retention, more than half (53.3%) of employers have already or plan to increase wages, while 14.5% planned to increase benefits. Less than half (42.1%) of businesses with 1 to 4 employees planned to increase wages for existing employees, but approximately two-thirds of larger businesses plan to increase wages.

An article from the Human Resources Professional Association (HRPA) indicates the reason for the increase in resignations, in general, is that employees are putting a greater focus on well-being, health (physical, social and mental), family (childcare and aging parents) and other hobbies and interest, and by extension taking the time to consider who they work for, how they work and why they work. Another HRPA article cites four reasons employers see increased resignations: burnout, poor culture, no flexibility, and lack of meaning and growth.

The article says the solution is beyond recruitment "It's about reimagining how work gets done in an organization and what tools you need to have in place to help your employees thrive. That can include providing workplace flexibility and accommodation, professional development opportunities, fair pay, exit interviews, succession planning, the right technology, clear company vision, a strong work culture, and other investments and supports in the employees you currently have."

The majority of the factors highlighted in the HRPA article are part of the actions identified by the Human Resources Strategy, as well as the Employee Engagement Survey Action Items. In turn, the City will hopefully see a decrease in resignations or, at a minimum, remain stable in the long term.

The data collected from the City's exit interview process in the chart below shows that employees who resigned for another opportunity indicated the following reasons:



Understanding the importance of employee engagement and retention in the current labour market, HR staff have considered it a priority within the HR strategy, in conjunction with the evaluation of completed exit interviews and the employee engagement survey results to analyze and create programs to address voluntary turnover. Although it is difficult to quantify the impact of these programs on turnover statistics, research suggests that workplace programs, including employee recognition programs, enhanced wellness programming, opportunity for advancement, alternative work arrangements, and diversity strategies, should positively impact employee retention.

The City organized and continues to organize a number of engagement and retention initiatives in 2022 and 2023, including Wellness Day, Employee Recognition Event, Holiday Lunch, Ice Cream Social, and RENEW town hall meetings. Working groups with Ambassadors from each department continue to work through the Action Plans for the Employee Engagement Survey results. These activities allow staff to build relationships and meaningful connections inside and outside the work environment.

Compensation Analysis and Job Evaluations

The Job Evaluation process establishes and maintains internal pay equity. The Market Review process ensures external pay equity and that the City remains competitive with comparable organizations.

In 2017/2018, the City conducted an external market review for all City positions, as well as a Job Evaluation exercise for non-union positions with Ward and Uptigrove. HR has continued to work with Ward and Uptigrove annually to complete Job Evaluations for new or changed non-union positions. HR also works with CUPE 1189-00 (Inside Workers) to maintain the Job Evaluations internally within the bargaining unit. In 2022 and 2023, the HR team is working with CUPE 1189-01 (Outside Workers) to complete the job evaluation process for this group of workers, per the Collective Agreement negotiated in 2021.

Maintaining a strong salary structure is imperative for any organization to attract and retain employees. Generally, employers should examine the overall salary structure at least every three to five years to ensure that the salary structure is still aligned with the organization's needs and the labour market. A key performance indicator in the HR Strategy and Service Review is to develop a compensation policy that aligns with the City's strategic plan refresh, which recommends a Market Review be done at least every five years, with Council support. A Pay Equity and Market Review is approved as part of the multi-year capital plan and is an action item from the Service Review.

Looking Ahead

We expect to see the number of retirements and resignations continue to stay the same or increase year over year. The City expects to see approximately 25 employees across the organization over the next 5 years become eligible to retire with an unreduced pension. Focusing on engagement and retention will continue to remain an important priority. In 2022/2023, the City developed the Human Resources Strategy and the Diversity, Equity, and Inclusion (DEI) Plan that is grounded in the City's core values and will work to ensure that the City has the skills, engagement, and diversity in its workforce to ensure the future success of City operations.

With the City wanting to continue to fill vacancies and attract top talent, we have formalized a flexible and remote-work policy. As many employers in the larger urban areas have committed to offering these arrangements to employees in the long term, they have begun to relocate to more rural areas

like the City of Owen Sound. The City must remain competitive and flexible to attract these employees from their current employment. As noted by the Canadian Centre for Occupational Health and Safety, flexible work arrangements can improve recruitment and retention efforts, augment the City's diversity and inclusivity efforts, have a positive impact on the climate, improve attendance and productivity, and increase employee engagement which supports many of the City's strategic plan refresh initiatives.

In addition to remote work options, the City will need to continue to focus on being competitive in the labour market to attract and retain employees. This will be achieved through listening to employees and acting on the employee engagement survey results and exit interviews, continuing to be competitive with compensation and benefits, and having a mindset of continuous quality improvement in the employee experience.

A recruitment challenge that is becoming more prevalent is the high cost of living, high housing prices, and the lack of housing and rental options available in the area. Candidates have declined offers of employment because they cannot obtain housing in the area or because the cost of living is higher in Owen Sound than where they currently are. As the housing issue continues to be addressed in the community, we hope to see this be less of a barrier to recruiting qualified and experienced staff to the City.

Financial Implications:

According to the Conference Board of Canada, industry benchmarks for cost per hire range from \$3,300 for clerical/support roles to \$17,000 for management/professional positions. This highlights the importance of having a strong corporate culture to attract top performers and decrease turnover rates, reducing the cost to the City.

Undertaking the recruitment process internally for senior-level positions, including the Fire Chief in 2021 and Director of Public Works in 2022 and 2022 in-house, has realized a cost-avoidance of \$40,000-\$80,000 as the alternative would have been to hire a professional recruitment service.

Recruitment and selection costs are budgeted for in the annual HR budget (including the cost of advertising, third-party testing services, etc.). Additional costs of recruitment, selection, and turnover, such as a lack of qualified candidates or poor performers, are challenging to measure in terms of a dollar amount but do have costs associated with termination, additional

recruitment, time spent on onboarding/training, and impacts on overall productivity.

With the number of departures increasing in 2022, it is important to note that City is not currently paying any salary continuance or severance related these departures.

Additional financial implications for compensation analysis or other retention and engagement initiatives have been brought forward through the budget for council consideration.

Communication Strategy:

Communication with staff has been done through the HR Strategy and will continue through the HR Department.

Consultation:

Melissa Clancy, Strategic Human Resources Manager

Conference Board of Canada

Human Resources Professional Association (HRPA)

Canadian Centre for Occupational Health and Safety (CCOHS)

Statistics Canada

Attachments:

N/A

Recommended by:

Kate Allan, Director of Corporate Services

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Annie Reed, Human Resources Manager at areed@owensound.ca or 519-376-4440 ext. 1277.