

Request for Decision City Council




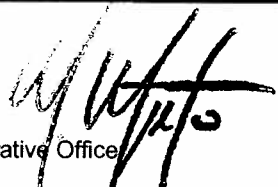
Type of Decision											
Meeting Date		February 8th, 2006				Report Date		February 3rd, 2006			
Decision Requested		<input checked="" type="checkbox"/>	Yes		No	Priority		<input checked="" type="checkbox"/>	High		Low
		Direction Only			Type of Meeting		<input checked="" type="checkbox"/>	Open		Closed	

Report Title
CREATION OF THE ORGANIZATIONAL DEVELOPMENT WORKING RESERVE FUND

Policy Implication + Budget Impact	
<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
<p>No impact on current or future year current or capital budgets.</p> <p>By committing that training under expenditures in one year, are carried over to fund training in the next year CGS increases the likelihood of achieving its Organizational Development Strategy, but creation of this Working Reserve Fund will diminish the surpluses available each year, to fund over expenditures in other current budget line accounts.</p> <p>Based on tentative year end under expenditures in travel, conference, and development accounts across CGS, approximately \$100,000.00 will be deposited into this Working Reserve Fund, if Council passes the attached resolution.</p>	
<input checked="" type="checkbox"/>	Background Attached

Recommendation
<p>WHEREAS the 2004 Management Structure and Practices Review Report identified an urgent need for CGS to invest in people and Organizational Development;</p> <p>AND WHEREAS CGS expects a significant number of its Supervisory and Managerial staff to be eligible to retire within the next 5 years;</p> <p>AND WHEREAS it is commonly accepted that organizations need to invest 1% of their annual salary budgets in Organizational Development and training to achieve success;</p> <p>AND WHEREAS CGS's current total commitment to training does not approach that benchmark;</p>
<input checked="" type="checkbox"/> Recommendation Continued

Recommended by the Department Head
 Patrick Thomson, Director of Human Resources and Organizational Development

Recommended by the C.A.O.
 Mark Mieto Chief Administrative Office

Date: February 3rd, 2006

Report Prepared By



Patrick Thomson, Director of Human Resources
and Organizational Development

Division Review



Patrick Thomson, Director of Human Resources
and Organizational Development

RECOMMENDATION CONTINUED

AND WHEREAS Council seeks to address this funding gap, working within the fiscal realities of the municipality;

THEREFORE Be It Resolved that Council directs staff to create an Organizational Development Reserve Fund for CGS; and

THAT, commencing with the 2005 fiscal year end, the annual under expenditures in all training related budget line accounts (including conference/seminars, association dues, professional development, tuition fees, corporate training, safety education, travel and accommodation, accreditation fees, licence fees and dues, memberships, meals, conferences, and all Paramedic and supervisory related training) be directly deposited into the Organizational Development Reserve Fund at year end;

AND THAT funds deposited to the Reserve be used for training and development of CGS staff.

AND THAT control over the Reserve Fund be vested with the Director of Human Resources and Organizational Development.

BACKGROUND

The main finding of the December 2004 Berkeley Report adopted by Council was:

"In order to prepare for retirements and to build its Management capability, as well as improve morale, Sudbury urgently needs to invest in people and organization development." ¹

Other Berkeley findings were:

"Sudbury has an aging workforce and will face a wave of Management retirements over the next 5 or so years." ²

¹ Management Structure and Practices Review - Final Report, Berkeley Consultants, Executive Summary, Page 3.

² Berkeley Final Report, Page 11, December 2004.

Date: February 3rd, 2006

"There is, effectively, no succession planning, development of people, or a line of successors to operating roles ... this poses a significant challenge for the municipality." ³

For purposes of this Report, Berkeley only made three (3) recommendations with respect to Organizational Development:

- Develop an organization change strategy.
- Identify and obtain the resources to support the plan - especially relative to an enhanced Human Resources and Organization Development unit.
- Receive the commitment and support of Council for the Program

Approximately fifty-two (52%) percent of CGS's Managers and Supervisors are expected to retire within the next five (5) years (based on age and pensionable service).

INITIAL CGS RESPONSES TO THE BERKELEY REPORT

The Council approved Blueprint for change was staff's chief response to date to the Berkeley Report.

Council approved two (2) Full Time additional staff be added to the renamed Human Resources and Organizational Development Division for the purposes of committing resources to Organizational Development.

It is unknown if this staffing is adequate to achieve the Organizational Development Strategy, as CGS's Human Resources and Organizational Development Division still remains the leanest of any Human Resources Division in our comparator group. ⁴

However, given the current budget challenges the municipality faced in moving into the 2006 budget year, staff elected to not request additional training dollars to address our looming Organizational Development issues.

THE BUSINESS CASE FOR INVESTMENT IN EMPLOYEES

It is widely accepted in managerial research/publications that organizations need to invest one (1%) percent of their total wage bill, in training annually. Taken at an individual Employee level, if a company employs an individual for \$50,000.00 per year, it needs to invest 1% of that salary (or \$500.00 per year) in that Employee in order to optimize their productivity and keep them current with the changing work environment.

³ Berkeley Final Report, Page 11, December 2004.

⁴ Human Resources Benchmarking Survey 2005 - CGS compared to 16 other Canadian municipalities.

Date: February 3rd, 2006

In addition to these tangible returns, clearly investing in Employees has a very positive impact on their motivation and engagement with the workplace, as it demonstrates the Employer is concerned with the ongoing development of its Employees, and wants them to succeed.

CGS's 2006 Corporate Training Budget is \$116,000.00. This represents 7/10,000^{ths} of 1% of CGS's current wage bill. If CGS were to fund training and development to the 1% benchmark, it would need to invest 1.5 MM in its Employees (a gap of \$1.4 MM).

CGS's ORGANIZATIONAL DEVELOPMENT AND SUCCESSION PLANNING STRATEGY - EXECUTIVE SUMMARY

The Senior Management Team's (SMT) Organizational Development Strategy (which it approved at its October 5th, 2005 meeting), details inputs, processes, and expected outputs to the Strategy, as follows:

Inputs

- New Management Performance and Development Review System (to be launched February 10th, 2006) - will identify performance gaps, and developmental needs.
- An annual SMT Succession Planning exercise (targetted for mid 2006), will identify succession gaps, high potential staff, and allow a "non siloed" view of a human capital at CGS as a whole.
- Our new Organizational Development Intranet site will allow Employees to self nominate for training, and identify their own training needs to CGS.
- The Organizational Development, Safety and Wellness Section will be liaising with other municipalities/Employers seeking best practices for possible incorporation into the Strategy.

Processes

- CGS will create a Management Development Program (in partnership with one or more post secondary institutions in Ontario), with customization of course content based on CGS's needs. Target group Directors/Managers at CGS.
- CGS will create a Supervision/Leadership Program - in partnership with Cambrian College (or alternate). Target group CGS's Front Line Supervisors and identified single contributors.
- CGS will launch an Annual Training Calendar - open to all Employees on line. Target group Full Time Permanent Non Union and Union Employees of CGS.
- CGS will formulate a Talent Management Program - intended to ensure that high performance/high potential staff are retained and developed at CGS.

Date: February 3rd, 2006

- CGS will formulate a Talent Acquisition Program - similar in approach to CGS's Physician Recruitment efforts, targetted to improve our success in acquiring talent from outside CGS for specific vacancies.

Expected Outputs

- More Employee/Supervisor awareness of performance and competency gaps.
- Employees will be offered focused training to address gaps and enhance performance.
- Feedback and assessment loop will evaluate whether our processes are achieving desired results.
- SMT will be provided with accurate global information on our available human capital.
- Should create perception that CGS invests in its Employees, wants them to succeed.
- Should enhance motivation and job satisfaction.
- Should provide for long term staff stability and growth to better meet the needs of the community.
- Should address CGS's looming succession gap issue.

Staff commits to report back to Council on the adequacy of our created fund in fulfilling the Organizational Development Strategy.

For Council's approval.