



# INFORMATION REPORT

<b>TO:</b>	Chair and Members of Audit, Finance & Administration Committee
<b>COMMITTEE DATE:</b>	June 22, 2015
<b>SUBJECT/REPORT NO:</b>	Corporate Culture, Value and Ethics CM15008 (City Wide) (Outstanding Business List Item)
<b>WARD(S) AFFECTED:</b>	City Wide
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<b>SIGNATURE:</b>	

## Council Direction:

Audit, Finance, and Administration Committee, at its meeting of December 9, 2013, approved the following:

“That staff be directed to report back to the Audit, Finance & Administration Committee on an annual basis, respecting the Ethics Audit Management Action Plan, attached as Appendix “B” to Report CM13019.”

## Information:

### Background

At the May 15, 2013 meeting of the General Issues Committee, Council received a presentation on the Corporate Culture aspiration that has been established for the City of Hamilton to become a high performing organization that builds the trust and confidence of our citizens. High performing cultures are visionary and purposeful, consistent and integrated, customer-focused and adaptable, and have involved and empowered employees.

The City’s desired corporate culture was developed through a series of Senior Management Team discussions with a cross-section of employees from across the organization. In essence, employees were asked, “If you were to leave the organization and return in five years - What would it look like to be working at the City of Hamilton? What would you hope to be the same? What would you hope to have changed?” The outcome was an envisioned culture that was centred on five culture pillars – Engaged Empowered Employees, Sensational Service, Collective Ownership,

Steadfast Integrity and Courageous Change. The goal of this initiative is to develop an engaged culture that places high emphasis on our people to enable effective performance and satisfaction with our services.

In parallel to the work of the Corporate Culture initiative, Internal Audit introduced a Corporate Ethics Review (Audit 2013-02) which assessed the current state of our organization based on the Institute of Internal Auditor's Ethics Framework. The audit reviewed the City's ethics-related processes, identifying areas of strength as well as areas that required improvement. The audit was reported to General Issues Committee on December 9, 2013. A Management Action Plan was developed in response to the recommendations, a Plan that leveraged our Corporate Culture work, particularly the pillar of steadfast integrity, as well as reinforced our values and ethics.

Culture is often seen as the outcome of ethics. A culture that values openness and cordial collaboration depends on honesty, respect and expectations of mutuality. Ethics are the assumptions (norms) that guide and govern our relationships. The quality of our interactions and the net impressions of these interactions foster the desired culture.

This report provides a progress report on the Ethics Audit Management Action Plan as well as our Corporate Culture journey to date.

### **Ethics Audit Management Action Plan**

The Management Action Plan Update, attached as Appendix A to Report CM15008, documents that the City has met most of the targets identified for 2014 and is on track to meet 2015 targets. Notably, in 2014 Council approved an updated Code of Conduct for Employees. Additionally, all city management were trained on the Code of Conduct and Ethics at an extended management team meeting and were provided with the tools required to have discussions with staff about Ethics and the Code of Conduct for Employees.

The Ethics Audit Action Plan set a target for 2014 for all employees to have read, understood and signed off on the Code of Conduct Policy. As a part of the management training and toolkit, leaders were required to discuss the Code of Conduct, answer employee questions, and obtain employee sign off. Employees who received a performance review were asked to sign off on the Code of Conduct as part of this process. Others signed off on the Code of Conduct in follow up to training sessions and team discussions. All new employees sign off on the Code of Conduct when they join the City and receive training on how to address ethical dilemmas during their corporate orientation.

Discussions have been held with union executives to gain support for the Code of Conduct initiative and staff is currently developing an on-line training module for corporate-wide use that will have a built-in assessment of learning in addition to a mechanism to measure on-going compliance. The CUPE 5167 Union executive have agreed to review this training module and help us with the communication to their members.

### **Corporate Culture Actions to Date**

Our Corporate Culture initiative is a journey; the desired end state of having an engaged and high performing culture is not something that can be implemented overnight. In recognition of the work required to create change, Senior Management Team set a time frame of five years to achieve the desired state. Culture change is a process, and it is important to recognize that it can be challenging to change established and deeply entrenched behaviours, processes and perceptions at work in the City. We are moving forward, and while there may be bumps along the way, the course has been set and momentum has been building. The City is on course to meet the targets set for 2017, however, as this is a journey, the corporation will continue to change, grow, and improve in its performance, its people, and its services beyond this date.

As the City approaches the midpoint of the culture strategy in 2015, a number of programs and initiatives have been developed and implemented related to: leadership accountability, corporate communications, integrating corporate culture into our people systems, and employee engagement.

### **Leadership Accountability**

Leadership is fundamental to the successful implementation of the City's corporate culture initiative. A key focus for the first year of implementation was to support the organization's extended leadership to ensure that they had the awareness, desire, knowledge and ability to lead the necessary changes. A Corporate Culture Team developed a variety of tools and supports to equip leadership to take the culture work forward. Through extended management team meetings, change management workshops, and leadership resources posted on the eNet, City leadership gained understanding of the importance of the culture initiative, their role within the process, and guidance on how to create culture action plans.

Most importantly, a stronger accountability process was established for all leadership levels. Within the past year, the City has implemented a new Performance Accountability and Development (PAD) process at the supervisor and above level to ensure that all leaders have clearly defined objectives and performance expectations that are aligned with department and corporate goals; they have coaching conversations to reinforce or modify approaches; they participate in development opportunities to improve their leadership skills, and their performance is assessed on an

annual basis. The City is well on its way to ensuring that 100% of all leadership levels have completed a PAD. As of April 30, 2015, 96% of eligible leaders had a completed PAD for the 2014 performance year, and 93% of all eligible leaders had documented their 2015 performance goals. All General Managers have provided a plan to the City Manager on when the PAD process will be extended to all front-line employees across their various divisions in 2015, 2016 and 2017. Some divisions took the PAD process to the front-line in 2014.

### **Corporate Communications**

Communication is fundamentally an ethical act because it is important to how we relate to one another. Fair communications invite reciprocity and build cultures of shared integrity. This is built and fostered through a number of the initiatives the communications division has taken on and will continue to support.

Internal communications is a primary focus of the City Manager's Office and Communications Division this term of Council. A number of new internal initiatives are being employed - these include regular staff videos, newsletters, emails and in person updates on all relevant, public and timely issues and initiatives. These are fundamental to building a corporate culture of honest and deliberate communications.

Policies on communications and open government are also being reviewed and updated. A review of the intranet is being undertaken, as are a number of integrated strategies to utilize communications to build trust and confidence. Other initiatives that have been started and adopted include open government and open data.

Enhanced and more proactive communications and service driven social media and web channel integration are also a focus of the City's communications staff. Work is underway with management to train and integrate communications into corporate initiatives as a precursor to change management.

The focus on internal communications needs to also be aligned to existing external communications strategies and this work will continue this term of Council. Communications must help facilitate the ability to ask better questions, think inter-and-beyond departments, and to see the positive possibilities first. It is necessary for culture, ethics and communication to work in synergy.

### **Corporate Culture Integration with Our People Systems**

The corporate culture pillars have been systematically integrated into all of our people systems at the City of Hamilton. Our interviews for new employees have questions that reflect our desired culture as do our reference checking questions. The Performance Accountability and Development tool requires supervisors and staff to align their documented competencies with all the relevant culture pillars. All corporate HR training

and development makes reference to the corporate culture and HR policies are reviewed and framed through the lens of our corporate culture. And, importantly, our employees are rewarded and recognized for their demonstration of our corporate culture through regular good news stories on the eNet, at team meetings, and Senior Management Team meetings. Employees who model our corporate culture are acknowledged and celebrated annually through our City Manager's Awards for Public Service Excellence and our Employee Spirit Awards.

### **Employee Engagement**

Corporate culture, employee engagement, performance and accountability are fundamentally linked. A positive culture creates engagement, and engaged employees are motivated, accountable and inspired to perform at a higher level. The roll out of the PAD to all front-line employees over the next two years will contribute to engagement. Through this process employees will receive clear performance expectations, set goals, develop their competencies, gain feedback from their supervisor on a regular basis, and have discussions about their career aspirations. They will receive tools, resources and development to be successful in their current job and will be engaged in dialogue about the possibilities for future positions with the City. They will receive appreciation for a job well done and will be provided feedback in ways that will help them stay motivated, make improvements and keep growing.

Several departments have implemented employee surveys. The results of these surveys are driving activities that will respond to employee concerns and improve the culture within departments. Following an evaluation of these departmental surveys, it is expected that a corporate-wide employee survey will be deployed in the future.

As the City embarks on the development of a new strategic plan, the City has had a refreshed opportunity to engage our entire workforce in the future of the City. Several hundred employees provided feedback through an internal survey that asked employees to identify key issues affecting our community. A cross-departmental team is ensuring that employees in all departments are aware of the key phases of the Community Visioning process. And following the development of the Community Vision, staff will be engaged in the development of the City's Strategic Plan which will support the direction outlined in the Community Vision.

### **Next Steps**

Plans are underway to make continuous improvement and innovation a more systematic part of the City's culture through engaging employees in methodologies that improve organizational effectiveness and efficiencies and support and encourage new ways of working. Our approach would emphasize the involvement of all employees in exploring the best ways to improve service delivery.

Over the next few months, we are framing and refining our expectations for leadership at the City through the development of a leadership profile. The profile will delineate what the organization expects leaders to achieve, know, understand and be. It will delineate the roles and responsibilities of General Managers, Directors and Managers and be clear on the character, competencies and commitment required to be a leader at the City of Hamilton.

Lastly, in order to determine the impact of the City's corporate culture journey, staff are currently designing a corporate wide measurement model to determine whether the City is progressing towards a high performance culture. The model will attempt to assess: employee engagement, leadership capability, citizen satisfaction, as well as service metrics.

### **Appendices and Schedules Attached**

Appendix A    Ethics Audit Management Action Plan Update