




Hamilton

INFORMATION REPORT

TO:	The Mayor and Members, General Issues Committee
COMMITTEE DATE:	November 15, 2017
SUBJECT/REPORT NO:	Overtime Analysis (HUR17012/FCS17098) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Barb Howe 905-546-2424 Ext. 5599 Zachary Nichol 905-546-2424 Ext. 6273
SUBMITTED BY:	Lora Fontana Executive Director Human Resources & Organizational Development Mike Zegarac General Manager Finance and Corporate Services
SIGNATURE:	

Council Direction:

At the General Issues Committee (GIC) on February 24, 2017, Council passed two (2) motions:

“That staff be directed to review the impact of freezing all non-essential overtime and report back to the General Issues Committee during the 2017 operating budget process”

and;

“That staff be directed to develop a mitigation plan, in 2017, to address the unsustainable increases related to discretionary overtime costs.”

Information:

Following GIC’s direction, a project team was formed with members from across the City. This group created and defined categories to enable a manual review of all monthly overtime, standby and call-in activity.

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The project team members consisted of:

Joe Amaral, Community and Emergency Services, Recreation
 Lisa Avery, Corporate Services, Financial Services
 Rochelle Desouza – City Housing Hamilton
 Anna Filice – City Manager’s Office, Human Resources
 Janie Hartwell, Corporate Services, Finance and Admin
 Tom Hewitson, Corporate Services, Finance and Admin
 Barb Howe, Corporate Services, Financial Services
 Pat Leishman, Public Works, General Managers Office
 Kevin McDonald, Public Health, Healthy Living
 Zachary Nichol – City Manager’s Office, Human Resources
 Jen Recine – City Manager’s Office, Communications
 Michael Sanderson – Community and Emergency Services, Hamilton Paramedic Services

The project team created seven categories for classification of the overtime/standby/call-in. These definitions are as follows:

Category	Description
Mandatory	Work that was incurred to provide legislated service or accrued due to emergency; a situation, or the threat of an impending situation, which may affect the environment, life, safety, health and/or welfare of the general public, or the property of the residents of the City, or to prevent serious damage, disruption of work, or to restore or to maintain essential service to a minimum level.
Essential	Work for which standards have been set for a particular level of service by management and Council.
Revenue Generating	Work which results in revenue generation
Discretionary–Requested	Work for which there is no particular standard of service but was incurred due to a service request.
Discretionary–Supervisor	Work which was completed at the discretion of management
Bank Carried From Previous Year	Work which was reported as banked time, but is actually the result of carrying over previously accrued banks. This is not net new activity.
Unknown	Work that is accrued but for which the division has not assigned to a category.

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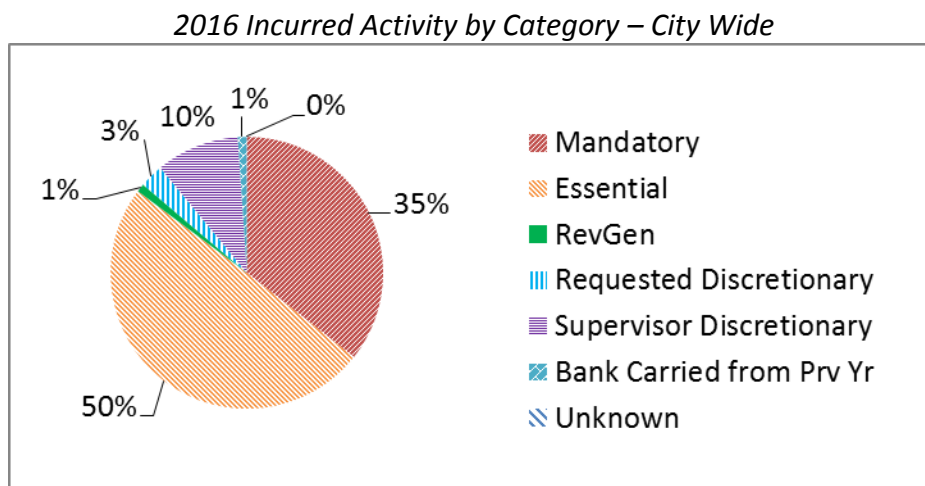
Each division in the City was provided monthly incurred totals based on pay information at the employee level. Divisions were then asked to break the totals into the appropriate category, as defined above.

Some divisions were able to determine the exact breakdown of overtime while other divisions were only able to provide an estimate of percentages for the entire year, which was then equally applied across all months. The division level reports can be found in the Appendices to Report HUR17012. Each division has provided an explanation of the individual process they followed in order to determine how their overtime fit into the respective categories.

The division level data was then summarized to create departmental and city wide summaries of the overtime categories.

As a result of this analysis, the following determinations have been made:

- 85% of all overtime/standby/call-in incurred in 2016 has been reported as either Mandatory or Essential work.
- 13% of all overtime/standby/call-in incurred in 2016 was reported as discretionary work.
- The remaining 2% of overtime/standby/call-in accruals were either reported as revenue generating work, banks carried forward from previous years, or other causes that remain unknown.



Finally, each division was asked to explain by category the type of events or reasons that would lead to that type of overtime, as well as the current or future mitigation strategies that are in place to minimize and reduce this overtime. The division-level responses illustrate the unique context of each, and can be found in the Appendices to report HUR17012/FCS17098.

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While division summaries provide the best context-specific explanation, the following are some common insights and feedback for consideration resulting from this exercise:

- The categorization of overtime was a manual process which required extensive resources from across the City. To continue gathering and categorizing overtime activity in this manner would be unsustainable with current resources.
- Despite the manual nature of the exercise, positive feedback indicated that the exercise was beneficial for some divisions. While these divisions do have controls in place and receive some high level summaries of activity, the additional analysis did provide new value.
- In many parts of the City, improvement of discretionary overtime activity is already underway. A freeze of all discretionary overtime would likely result in higher overall service costs.
 - There are many examples wherein an employee working on a job that is nearly complete but cannot be finished before the end of the shift. The Supervisor needs to decide if the site should be secured and shutdown for the day, and then bring the crew back out the next day to complete the job to avoid overtime, or leverage supervisor discretionary overtime for an extra ninety minutes to complete the work. As noted in this example, often when reviewing supervisor discretionary activity within divisions, supervisors and managers disclosed that the objective of the overtime was in fact to minimize the overall service cost as well as balance other priorities like public safety and service delivery.
 - Overtime reduction strategies need to be specific to the nature of the work, governing legislation, and collective agreement obligations of the division.
 - If substantial strides are going to be made in reducing overtime, it will need to occur in all categories.
- Current systems and processes are primarily focused on supporting the day to day operations and delivery of service but are not set up for analytical feedback and decision support at a divisional, departmental or corporate level. Some examples of this include:
 - Call-in or standby activity was often entered using overtime pay codes and data only indicates when the overtime was incurred but does not reflect if it was paid in cash or taken as time in lieu
 - While the end result is the same cost for the service, it does not enable management to measure the effectiveness of standby usage or understand the correlation with other events or if the overtime resulted in a net new costs for delivering a service versus simply a flex of service.

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- There are also opportunities for efficiencies through proper application of the collective agreement
- A more robust information system could enable us to understand the entire process and all impacts: When did the overtime occur? What triggered it? What were the correlated events? What was the total service cost on a given day? The absence of such a system is a key barrier to understanding the link between absence and overtime.
- The data contained in this report was gathered using the employee payroll data, not the financial general ledger. As such, it should be expected that financial reporting from the general ledger will reflect some difference in totals and specific amounts. Employee pay code data was used because it is the closest representation of when the overtime activity was incurred and is the first consistent corporate-wide level of data, however using this data also has limitations (some of which were noted above).

Due to the variation in the current model and the lack of automation in some divisions, it has proven to be difficult to provide accurate and robust reporting on a corporate level on matters such as overtime and other premium payments. In addition, even where unique divisions have implemented systems such as Kronos, a corporate business process to determine consistent standards for data tracking and monitoring has never been established. For example, corporate guidelines do not exist on the information requiring tracking in relation to overtime such as the reason for the overtime. As a result, it is not possible to identify trends or obtain information to corporately identify opportunities to better manage costs related to overtime, absenteeism and other premium payments. An implementation of a corporate time and attendance system, along with a thorough business process review to establish corporate standards for data tracking and maintenance would be effective in addressing the information gaps. Ultimately, this would provide City with a tool to more effectively manage their overtime costs, and the workforce.

When reviewing the department and division templates, the following should be considered:

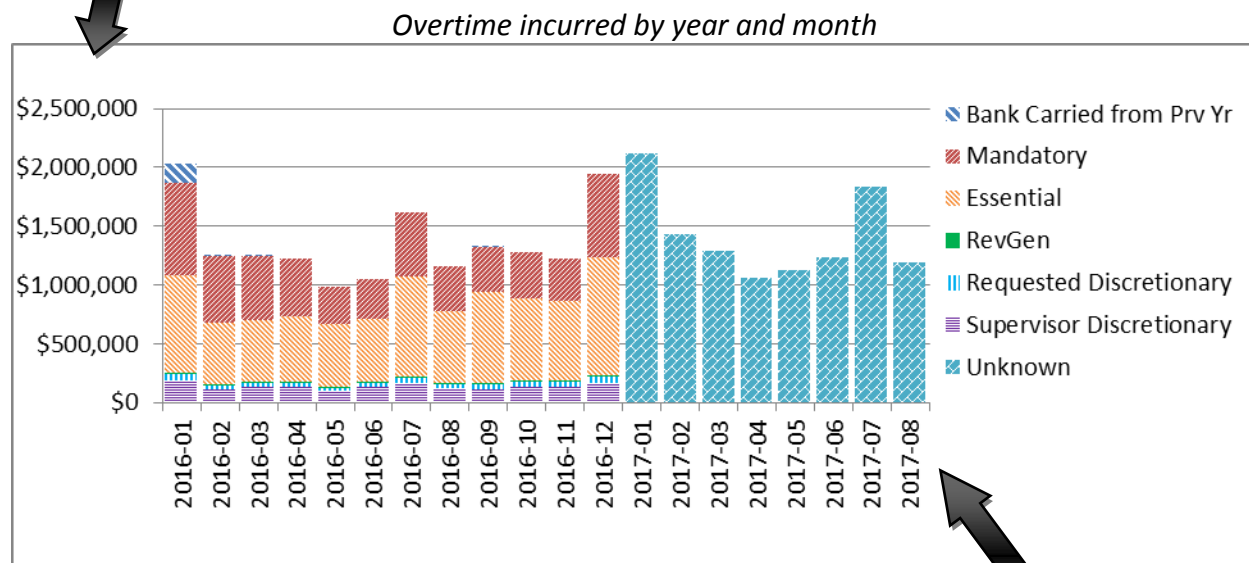
- The report is ordered by the departments and divisions, with the highest overtime incurred in 2016.
- For the purpose of this report, only 2016 activity was categorized. All 2017 activity has been marked as Unknown.

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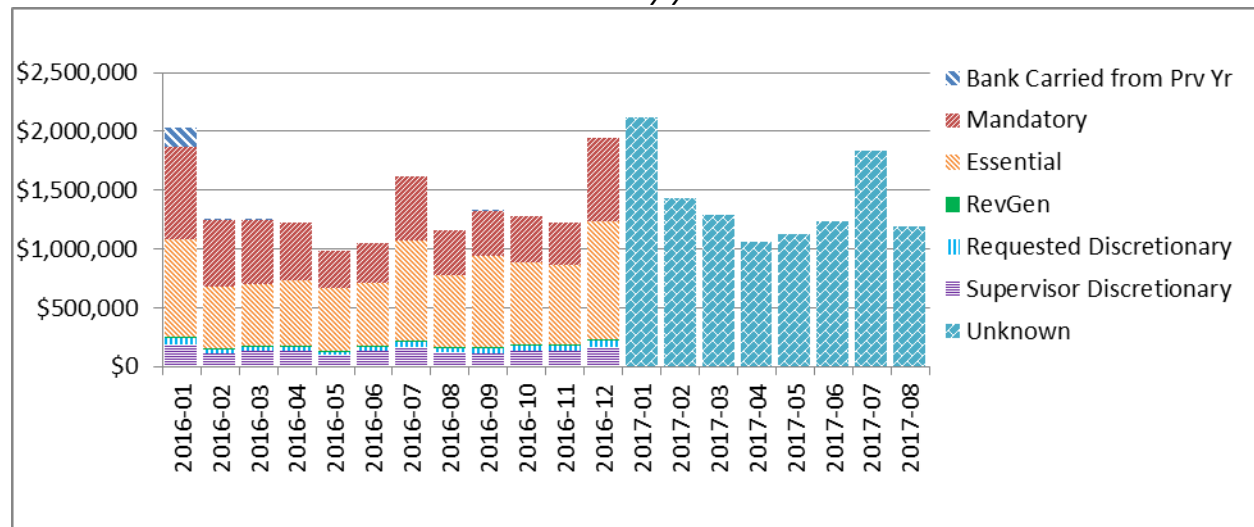
- The y-axis scale of the year/month chart (example below) is individualized for each group.
 - The intent is to provide some insight with respect to the time of year the activities occurred.
 - The customize y-axis can make comparison of different groups difficult.



- Divisions were only asked to categories their 2016 data.
 - For this reason, all 2017 information in the above chart is categorized as unknown.

OVERALL - City Of Hamilton

Overtime incurred by year and month

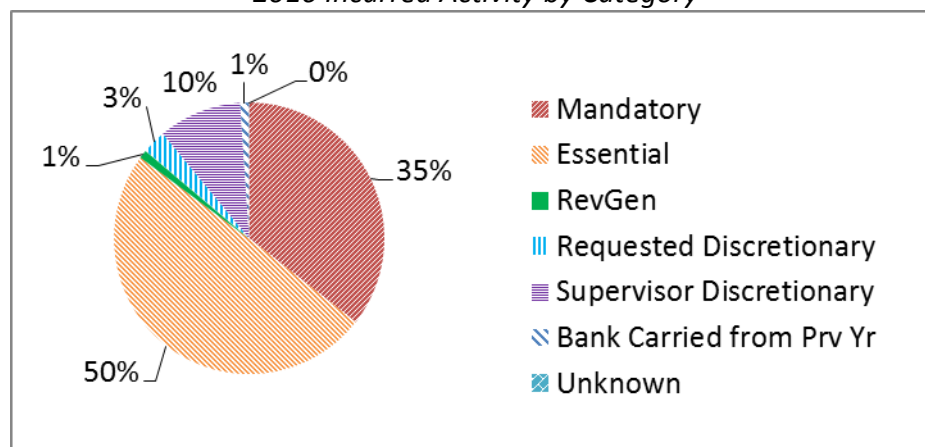


*as of Sept 5th, 2017

2016 Incurred Activity Category Breakdown:

Category	OVERTIME	STANDBY	CALLIN	TOTAL	
				\$	%
Bank Carried from Pre. Yr.	\$132,259	\$31,270	\$5,879	\$169,408	1%
Mandatory	\$4,131,979	\$1,241,256	\$438,075	\$5,811,309	36%
Essential	\$7,871,063	\$195,746	\$31,497	\$8,098,307	50%
Rev Gen	\$160,381			\$160,381	1%
Requested Discretionary	\$462,221			\$462,221	3%
Supervisor Discretionary	\$1,598,556		\$18,209	\$1,616,766	10%
Unknown	\$5,867			\$5,867	0%
TOTAL	\$14,362,327	\$1,468,271	\$493,661	\$16,324,259	100%

2016 Incurred Activity by Category



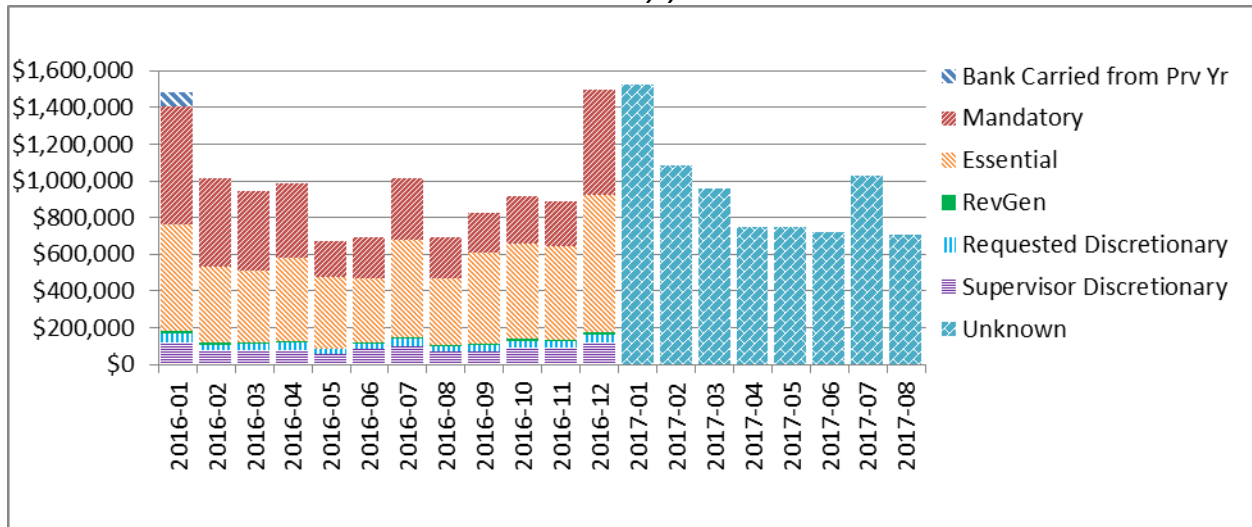
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Public Works Department

Overtime incurred by year and month

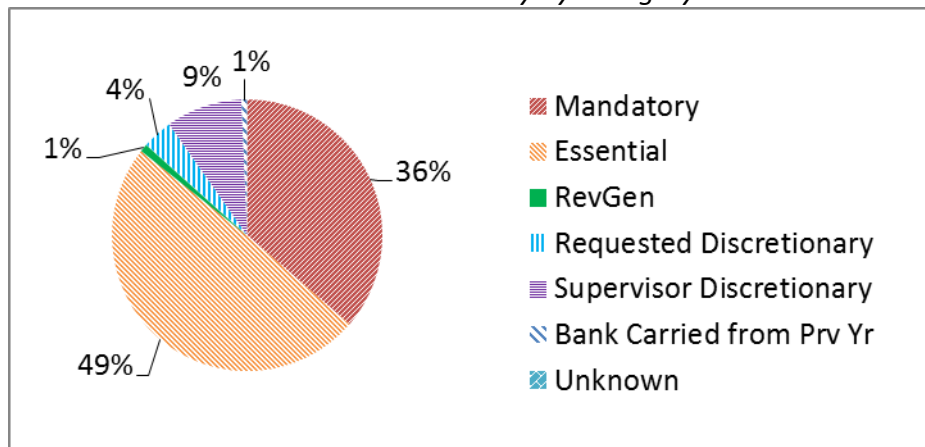


*as of Sept 5th, 2017

2016 Incurred Activity Category Breakdown:

Category	OVERTIME	STANDBY	CALLIN	TOTAL	
				\$	%
Bank Carried from Pre. Yr.	\$79,366			\$79,366	1%
Mandatory	\$3,035,390	\$820,398	\$370,597	\$4,226,385	36%
Essential	\$5,636,231	\$62,629	\$31,251	\$5,730,111	49%
Revenue Generating	\$107,403			\$107,403	1%
Requested Discretionary	\$417,001			\$417,001	4%
Supervisor Discretionary	\$1,040,775		\$12,286	\$1,053,061	9%
Unknown					0%
TOTAL	\$10,316,166	\$883,027	\$414,134	\$11,613,328	100%

2016 Incurred Activity by Category



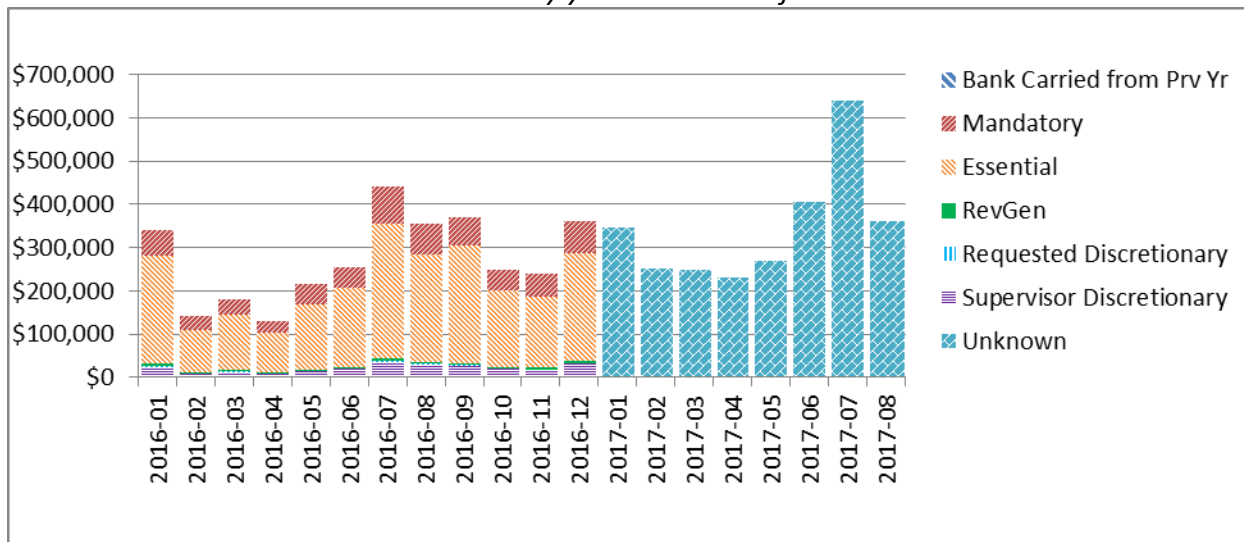
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Community & Emergency Services Department

Overtime incurred by year and month for the division

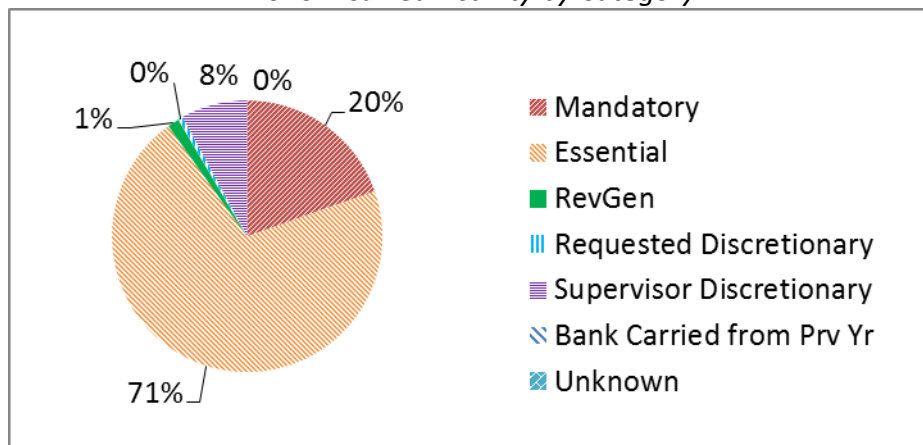


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2016 Incurred Activity Category Breakdown:

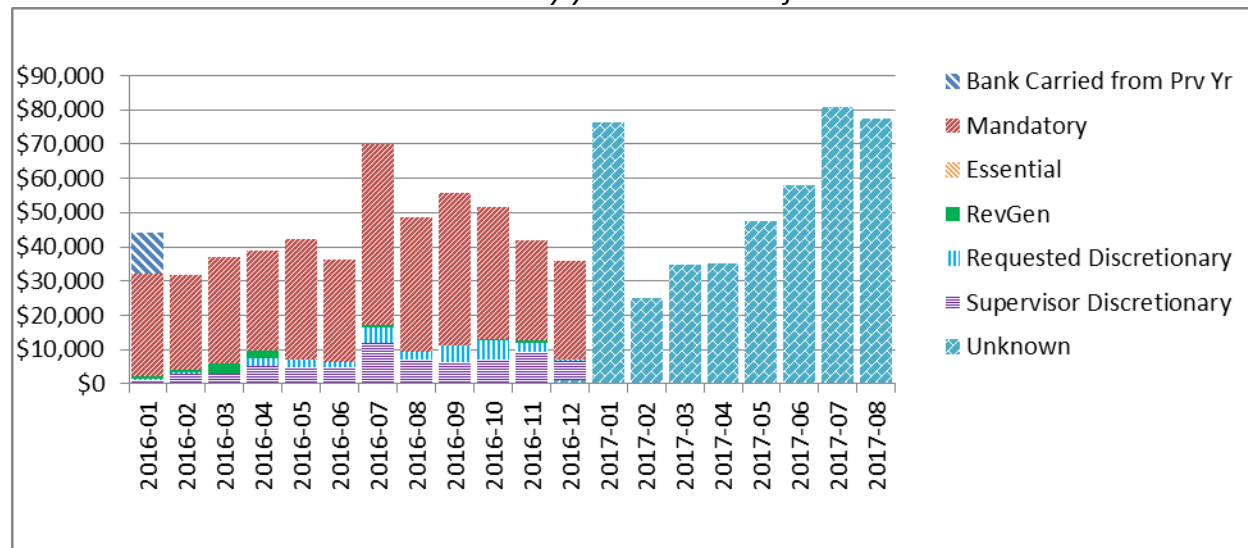
Category	OVERTIME	STANDBY	CALLIN	TOTAL	
				\$	%
Bank Carried from Pre. Yr.					0%
Mandatory	\$619,575	\$25,925		\$645,500	20%
Essential	\$2,209,891	\$117,958		\$2,327,850	71%
Revenue Generating	\$45,405			\$45,405	1%
Requested Discretionary	\$18,458			\$18,458	0%
Supervisor Discretionary	\$253,974		\$5,923	\$259,897	8%
Unknown	\$349			\$349	0%
TOTAL	\$3,147,652	\$143,883	\$5,923	\$3,297,458	100%

2016 Incurred Activity by Category



Planning & Economic Development Department

Overtime incurred by year and month for the division

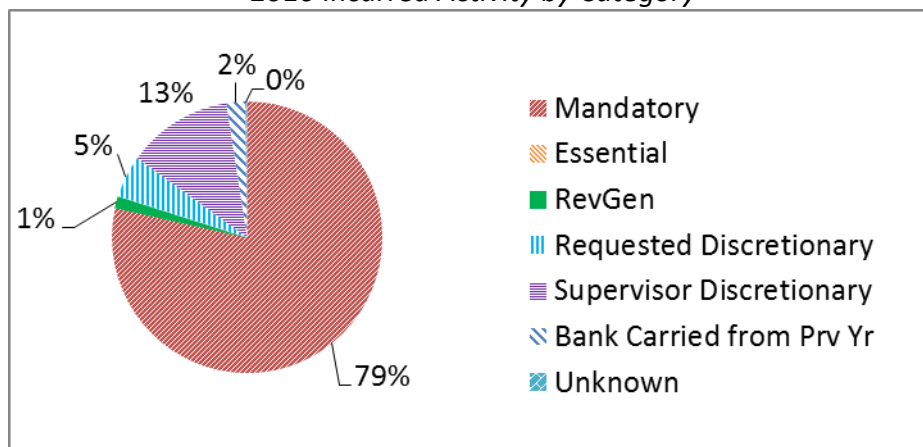


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2016 Incurred Activity Category Breakdown:

Category	OVERTIME	STANDBY	CALLIN	TOTAL	
				\$	%
Bank Carried from Pre. Yr.	\$11,927			\$11,927	2%
Mandatory	\$312,747	\$90,550	\$14,499	\$417,795	79%
Essential					0%
Revenue Generating	\$7,574			\$7,574	1%
Requested Discretionary	\$26,762			\$26,762	5%
Supervisor Discretionary	\$67,020			\$67,020	13%
Unknown	\$1,140			\$1,140	0%
TOTAL	\$427,170	\$90,550	\$14,499	\$532,218	100%

2016 Incurred Activity by Category



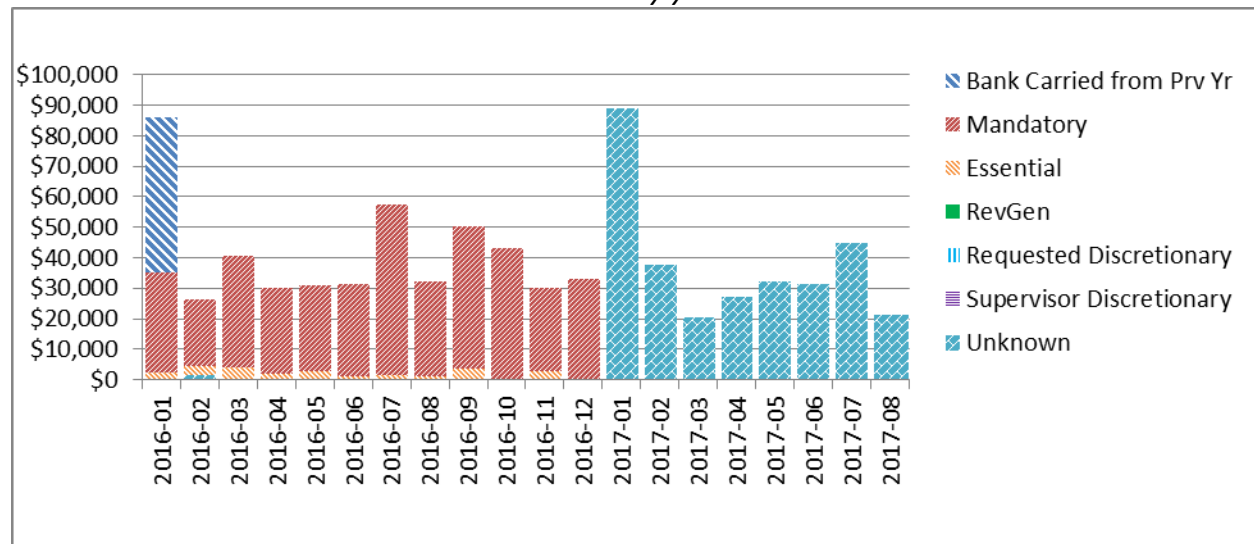
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Public Health Department

Overtime incurred by year and month

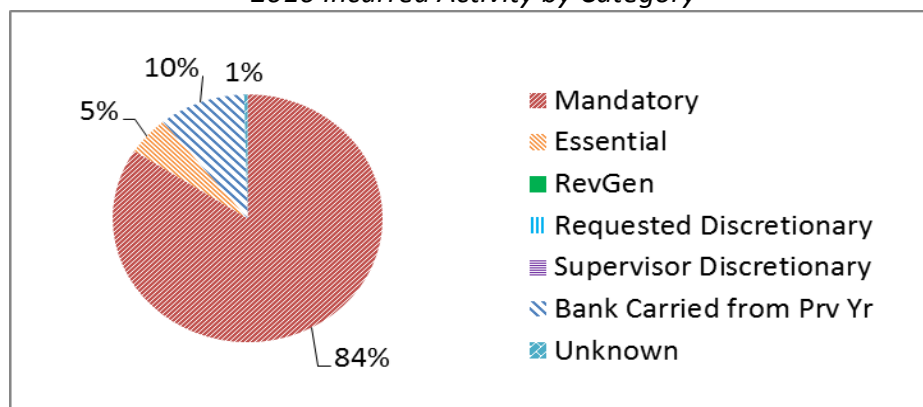


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2016 Incurred Activity Category Breakdown:

Category	OVERTIME	STANDBY	CALLIN	TOTAL	
				\$	%
Bank Carried from Pre. Yr.	\$13,756	\$31,270	\$5,879	\$50,904	10%
Mandatory	\$164,203	\$212,957	\$37,415	\$414,575	84%
Essential	\$24,941			\$24,941	5%
Rev Gen					0%
Requested Discretionary					0%
Supervisor Discretionary					0%
Unknown	\$2,027			\$2,027	0%
TOTAL	\$204,927	\$244,226	\$43,294	\$492,447	100%

2016 Incurred Activity by Category



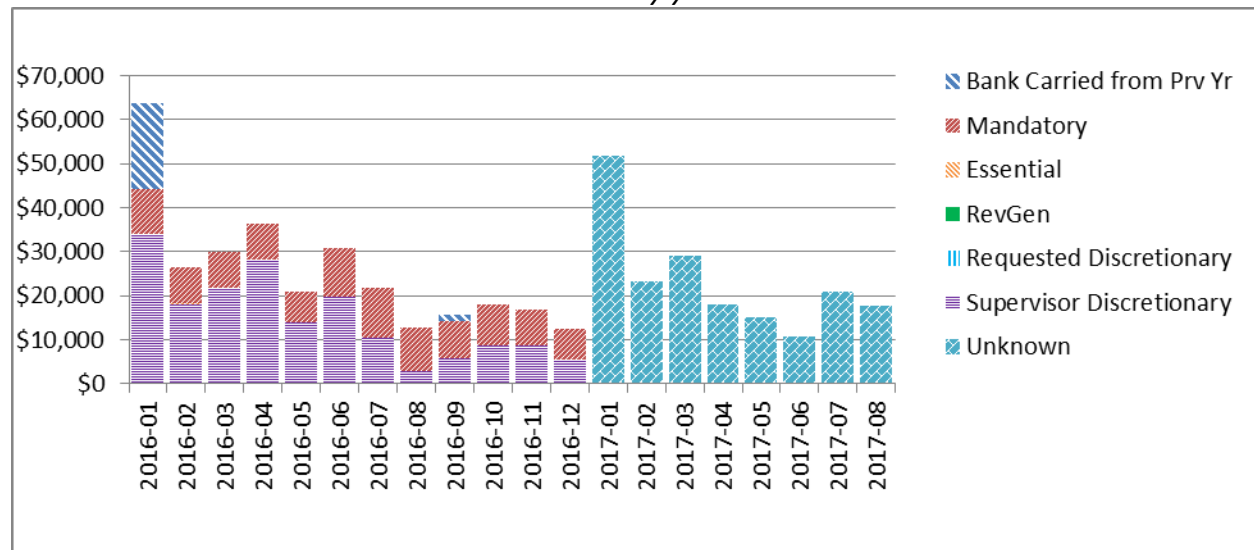
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Corporate Services Department

Overtime incurred by year and month

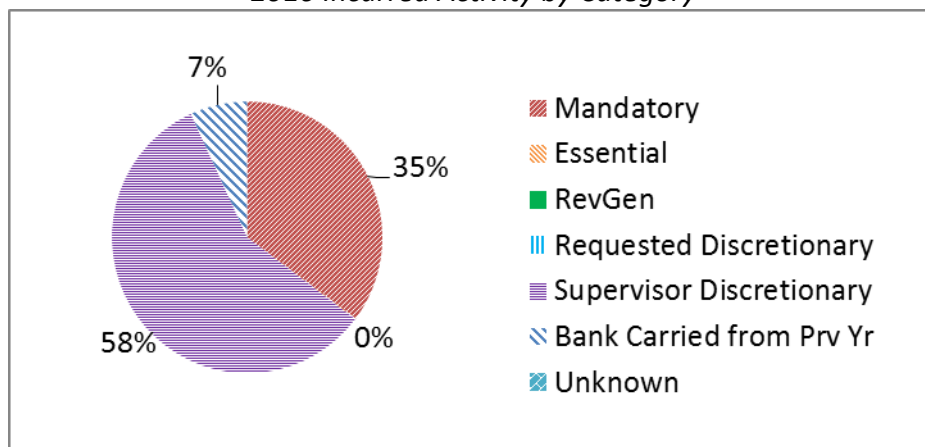


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2016 Incurred Activity Category Breakdown:

Category	OVERTIME	STANDBY	CALLIN	TOTAL	
				\$	%
Bank Carried from Pre. Yr.	\$20,714			\$20,714	7%
Mandatory	\$63	\$91,426	\$15,564	\$107,054	35%
Essential			\$246	\$246	0%
Rev Gen					0%
Requested Discretionary					0%
Supervisor Discretionary	\$175,815			\$175,815	58%
Unknown					0%
TOTAL	\$196,593	\$91,426	\$15,810	\$303,830	100%

2016 Incurred Activity by Category



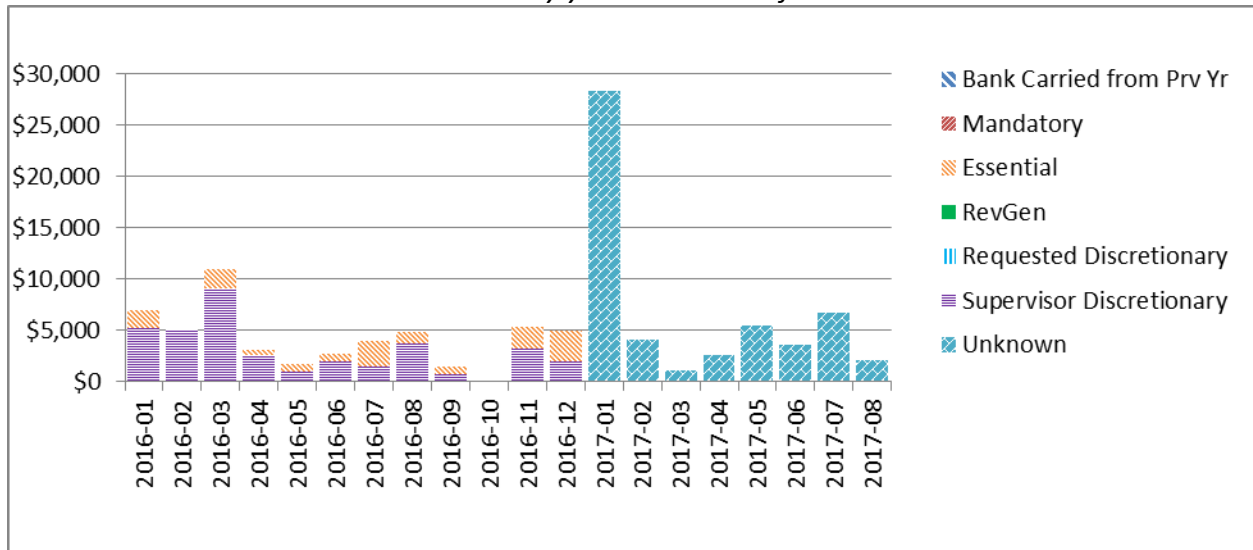
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City Housing Hamilton Department

Overtime incurred by year and month for the division

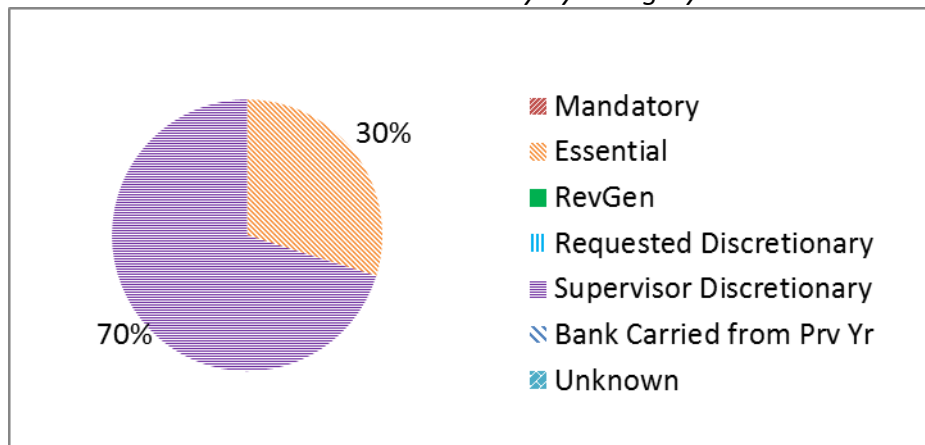


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2016 Incurred Activity Category Breakdown:

Category	OVERTIME	STANDBY	CALLIN	TOTAL	
				\$	%
Bank Carried from Pre. Yr.					0%
Mandatory					0%
Essential		\$15,159		\$15,159	30%
Revenue Generating					0%
Requested Discretionary					0%
Supervisor Discretionary	\$35,585			\$35,585	70%
Unknown					0%
TOTAL	\$35,585	\$15,159		\$50,744	100%

2016 Incurred Activity by Category



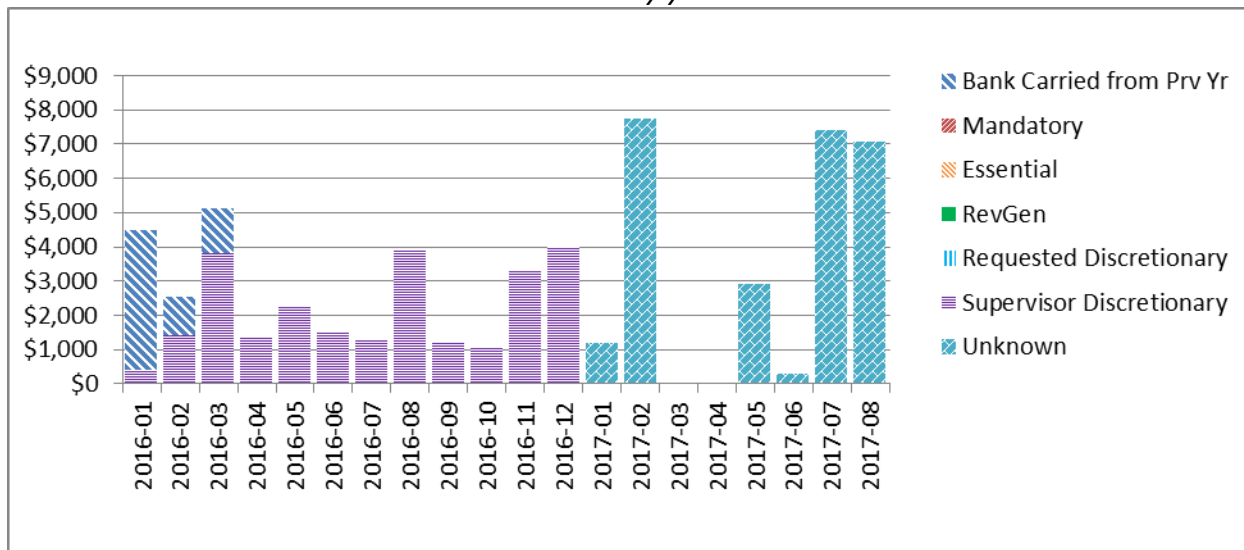
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City Manager's Office Department

Overtime incurred by year and month

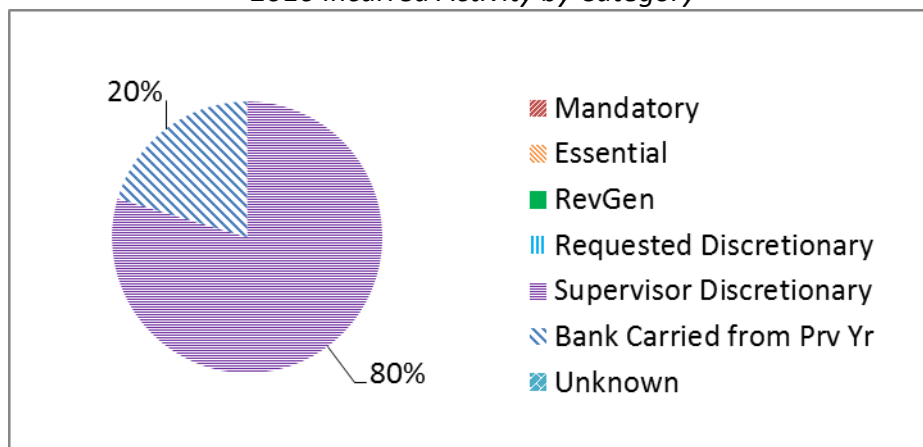


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2016 Incurred Activity Category Breakdown:

Category	OVERTIME	STANDBY	CALLIN	TOTAL	
				\$	%
Bank Carried from Pre. Yr.	\$6,496			\$6,496	20%
Mandatory					0%
Essential					0%
Rev Gen					0%
Requested Discretionary					0%
Supervisor Discretionary	\$25,387			\$25,387	80%
Unknown					0%
TOTAL	\$31,883			\$31,883	100%

2016 Incurred Activity by Category



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APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report HUR17012/FCS17098 - Overtime Analysis - Public Works

Appendix B to Report HUR17012/FCS17098 - Overtime Analysis - Corporate and
Emergency Services

Appendix C to Report HUR17012/FCS17098 - Overtime Analysis - Planning and
Economic Development

Appendix D to Report HUR17012/FCS17098 - Overtime Analysis - Public Health

Appendix E to Report HUR17012/FCS17098 - Overtime Analysis - Corporate Services

Appendix F to Report HUR17012/FCS17098 - Overtime Analysis - CityHousing
Hamilton

Appendix G to Report HUR17012/FCS17098 - Overtime Analysis – City Manager’s
Office

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