
HALDIMAND COUNTY

Report HRD-03-2023 Net Better Off Leadership Approach For Consideration by Special Council on March 2, 2023



OBJECTIVE:

To introduce the Net Better Off approach, establishing a model to focus the County's efforts in leading and investing in its people. Such model aims at addressing recruitment and retention challenges through long term investment into staff, using a holistic lens of employee needs, measured through engagement and connectivity.

RECOMMENDATIONS:

1. THAT Report HRD-03-2023 Net Better Off Leadership Approach be received;
2. AND THAT the Net Better Off leadership approach, as outlined in Report HRD-03-2023 be adopted in principle;
3. AND THAT this strategy be implemented through annual and long term strategic work planning;
4. AND THAT any costs associated with the strategic work be considered as part of the 2023 operating budget and subsequent budgets as identified.

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Approved: Craig Manley, MCIP, RPP, Chief Administrative Officer

EXECUTIVE SUMMARY:

As an organization, it is essential that we attract and retain talented people. This has proven difficult over recent years for a variety of factors, much like other private and public sector employers. Management has taken several steps to address recruitment challenges ranging from the introduction of wellness initiatives and flexible working arrangements, to the creation of retention premiums and development plans. While generally, senior staff believe that employees enjoy working for Haldimand County, the competitive market and need for a strategic, people-centric approach is evident to provide a 'value proposition' to attract and retain skilled staff.

This report introduces the Net Better Off model of leadership which is based on significant research suggesting that 2/3 of an employee's performance potential can be directly attributed to six areas of recognition. Fundamentally, financial wellbeing is the crux of an employment relationship, but five other factors (employable, purposeful, relational, emotional & mental, and physical) have proven to be as, if not more, indicative of an employee's level of engagement and connectivity to the workplace. By reviewing and investing in each of these six areas in a structured manner, the County will benefit from highly engaged and committed employees, translating to more effective, consistent service delivery and overall public image.

Staff recommend Council adoption of this model as a strategic vision for the County as a workplace, and support the short term actions as outlined to address identified gaps/opportunities. By doing so,

staff will have a confirmed framework to review and plan work in a coordinated, focused fashion. Such model will then form part of the County's brand as an employer, helping to communicate to staff and the public how and why we invest in staff for the betterment of the workplace, organization and public service.

BACKGROUND:

As Council is aware, the Senior Management Team has identified employee attraction and retention as the top administrative priority over this term of Council due to the competitive marketplace and recent trends in attracting and retaining staff in certain functions.

In the past working for Haldimand County, a single tier local municipality, was traditionally an attraction in and of itself and recruitment practices required very little strategy. However, over the years staff have noted increasing challenges and have reacted to maintain competitiveness. Furthermore, the range of services, complexity of the working environment and the skill sets required by staff to be successful have increased over time. For example Council and/or staff have:

- Established labour market wage adjustment premiums, where select professional/technical positions were making lateral moves to perform similar work at a higher compensation;
- Negotiated development opportunities for students or new staff, where fully qualified staff could not be attained;
- Implemented select hybrid (remote) working options, in response to employees and prospective candidates opting for competitor positions which would normally be considered outside of community distances, but are now offered remotely;
- Provided flexible compensation packages for new, qualified staff in difficult to fill permanent or temporary positions such as: exemptions to start rate, waiving of benefit waiting periods, offering atypical benefit plans, etc.;
- Marketed the work culture, and flexible work opportunities through job vacancy postings;
- Invested in wellness initiatives including staff events and programs, peer support programs, enhanced employee and family assistance programs, fitness/wellness challenges and certain building amenities;
- Encouraged leadership development through formal and informal programs for new and emerging leaders, as well as offering of a variety of professional development opportunities.

These initiatives have provided some success in responding to isolated issues, or to show support of staff. However, despite these efforts, the County, like other public and private organizations facing labour shortages in recent years, has experienced higher turnover, gapping, and difficulty in filling positions – especially technical and mid-level positions. For comparison, the County posted 263 job vacancies in 2022, some of which representing multiple incumbents. This compares to 233 in 2021 and 136 in 2020. Fourteen of these vacancies were a result of retirements in 2022, with the remainder being a mix of resignations, non-voluntary exits, temporary assignments, start of seasonal contracts, or new position / lines. Over the next five years, 80 employees become eligible to retire, on top of all the other reasons for vacancy.

Turnover and gapping directly impacts the level and quality of services provided to the public. The County operates with a very lean staffing capacity. This means for those public facing positions, shortages lead to decreased customer service, service delivery, and negatively impacts public image. Additionally, remaining staff are required to turn the focus to “keeping the lights on” which limits, or eliminates the ability to advance the County through identified projects or initiatives. Likewise the impact on remaining staff from the perspective of workload can lead to related issues such as leaves of absence, negative culture, burnout and/or more turnover.

Recent local and global trends demonstrate that employers are operating within an employee's market. Employees are looking for places that offer career development, competitive compensation, flexibility, modern work environment and resources (technology), as well as a sense of belonging. The solution is not merely reacting to issues as they arise, nor is it solely about filling positions in isolation. Without a conscious effort to change the foundation of our recruitment and retention efforts, it is unlikely to see meaningful change over time.

Instead, the County needs to consider its goals for employee relationships and adopt a coordinated/cohesive strategy that aims to take more responsibility for employee's holistic well-being and actively work towards establishing a culture of trust, connectivity and mutual commitment for the long term benefit of both the County and the employees.

By doing so, staff can identify consistent, interconnected strategies over time, to lead the change through continuous, manageable efforts. In this way, the County will be more equipped to hire the right people into the right positions with the right fit for the desired corporate culture and long term success.

ANALYSIS:

To address the changing workforce, Haldimand County must proactively align its recruitment and retention efforts with a people strategy aimed to: instill modern leadership, grow a thriving culture, enable an agile organization, ensure staff have the requisite skills to meet future needs and develop and empower its people. This can be achieved by committing to a mutually beneficial employee relationship and investing in employees holistically.

The Net Better Off (NBO) framework stems from extensive research by the consultant company called Accenture, revealing data from thousands of leaders and workers. It outlines that 64% of a person's potential at work, is explained by six human needs, suggesting that, if each of the six needs are met, employees will feel more connected and reach their full potential at work. Accenture's research found that each of the six dimensions of "Net Better Off" is significantly correlated with people trusting their employer:

1. **Employable** – Having marketable, in-demand capabilities and skills to obtain goods job and advance a career;
2. **Financial** — Being financially secure without undue economic stress or worry;
3. **Purposeful** — Feeling that one makes a positive difference and that life has meaning and a greater purpose;
4. **Relational** — Feeling a strong sense of belonging and inclusion; having strong personal relationships;
5. **Emotional & Mental** — Feeling positive emotions and maintaining mental wellness;
6. **Physical** — Being in good physical health with a lack of stress and access to a physically safe and desirable work location.

Accenture notes: "The majority of organizations invest most in Financial and Employable – a job and a paycheck. Yet, what matters more to unlocking potential are the Emotional & Mental, Relational and Purposeful dimensions. A strong sense of inclusion and tools to support mental resilience are also critical to helping people feel net better off at work, yet there is a gap in what people need and what leaders provide."

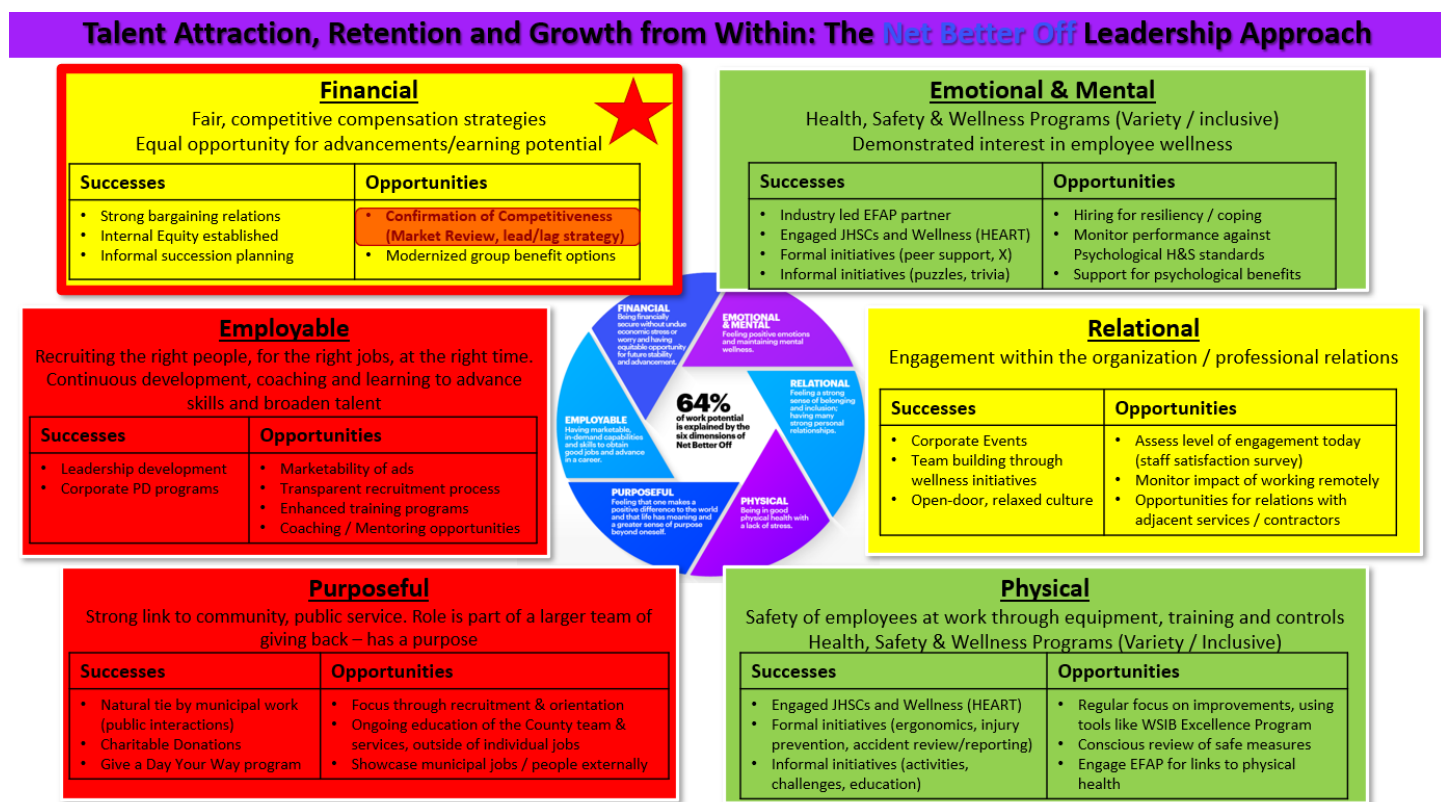
On the surface, the NBO model is a 'contract' with employees that if they choose to work with the County, they will have meaningful employment, and the County will invest in their growth, development and overall wellness. In essence whether or not an employee leaves the organization, they will do so in a manner that is "net better off" than when they arrived. However, it is imperative that this model be seen as an investment into not only the employee, but the work culture and concept of employment as

a mutual commitment rather than a transaction. By making the commitment to an employee's holistic wellbeing and growth, the organization can set high expectations and will benefit from engaged, connected, developing employees with a greater likelihood to want to stay and maintain such an environment. It is reasonable to assume that a better off employee, relates to better off business.

Adopting this model for Haldimand County is a fundamental switch in focus, will be long term, and requires sustained effort. It will require the buy-in of both Council and the wider leadership team in order to set the foundation for success. However, the model itself provides for an organized, comprehensive approach to focus our actions to meet our long term goals over time.

As an initial step, staff have reviewed each dimension in terms of current practices and status. Figure 1 below (also provided as Attachment 1 to this report) summarizes strategies taken to date, as well as opportunities for improvement. It further highlights those areas of highest weakness (red), areas of opportunity (yellow), and currently addressed through recent efforts (green).

Figure 1



Of particular note, staff have identified the Financial dimension as meeting needs, but needing confirmation/attention. The County has maintained strong compensation and bargaining practices, however, the policy nor market rates have been formally reviewed in over 15 years. Select positions have fallen below average of comparator and neighbouring municipalities, resulting in a variety of strategies to respond and questioning our corporate programs for consistency and sustainability.

Inconsistent, lagging or untrusted compensation practices will continue to adversely affect the County's ability to compete in a tight marketplace, despite all other efforts in the NBO model. Accordingly, confirmation of our practices is believed to be the top priority for 2023 and staff are recommending through the 2023 operating budget, a consultant review/audit of all compensation programs/practices, as well as a market review for wages, together with recommendations and potential implementation plans to be developed.

It is important to acknowledge the great work completed (as shown on Figure 1) to address employees needs, and that generally speaking we believe staff are engaged and enjoy working for the County. Anecdotally, this is seen through high level of engagement in wellness initiatives, examples of employees leaving and opting to come back, general positive attitudes within the workplace, and the clear evidence of employees going above and beyond in their day-to-day work. However, in order to continue to respond and see meaningful impact over time, it is imperative that the County establish a model, based on people-centric relationships, to focus and guide our next steps.

Based on this analysis, along with the results of recent leadership team planning sessions, staff recommend a multi-year plan in line with the NBO framework. While such plan would be considered a “living document”, at this time we have identified gaps and actions to address the short term goals within this term of Council, as follows:

- Adopt this the NBO philosophy, ensure all employees are made aware of it, and incorporate it into our marketing and orientation processes as a commitment to current and potential staff (Employable / Relational);
- Confirm corporate compensation practices as meeting base needs and strategy potential (Financial);
- Showcase recruitment efforts through marketing, such as job ads, website, and other recruitment platforms (Employable);
- Strengthen corporate training and development, including formal and informal leadership and succession planning (Employable);
- Reinforce the nature of municipal work through recruitment/onboarding/orientation (Purposeful);
- Seek and provide meaningful feedback through performance discussions and engagement initiatives (Relational);
- Modernize HR administration through technology, policy, and process to demonstrate trust and transparency in staff, focusing on employee self serve and empowerment of leaders.

Ongoing Measures

As part of an ongoing commitment to the NBO model, ongoing attention to these areas should be done as part of annual and strategic work planning. Staff recommend developing and reporting on people metrics to assist in this review and to measure performance over time. As new opportunities and initiatives come forward, they should be weighed in comparison to the NBO model for establishing priorities and focused efforts.

FINANCIAL/LEGAL IMPLICATIONS:

Investments in people are the most significant and most important operational investment in the organization. The Net Better Off model to is designed to focus investments towards leadership efforts which view and engage employees holistically – not just financially.

Costs associated with the recommended action plan are anticipated to require a combination of one-time investments and sustained ongoing funding. A total of \$80,090, consisting of contract employee resources, consultant and marketing expenses has been included in the 2023 tax supported operating budget as a new initiative, for the purposes of implementing a corporate compensation policy review, updating of job documents to reflect new skills and modernized recruitment efforts. If there are monetary impacts of any recommendations coming out of this review, they will be provided to Council through a separate report, including an implementation plan and funding recommendations.

All other initiatives are expected to be achievable within the existing human resources operating budget. However, should additional requirements or initiatives be identified, they will presented in future budget years for consideration.

STAKEHOLDER IMPACTS:

By adopting the NBO model, the County will be better equipped to communicate our commitment and expectations to stakeholders, including existing and potential employees, through marketing efforts, hiring factors and value proposition. Essentially, this model will form part of our brand as an employer and help to explain to both staff and the public why we do the things we do for staff; what impact it has on service delivery and how it fits in with our overall strategy. By adopting this strategy, Council is establishing its strategic vision as it relates to how we are going to create a culture of a workplace where people want to work and want to stay.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

REFERENCES:

None.

ATTACHMENTS:

1. The Net Better Off Leadership Approach – Summary of Review by Area