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## **2006 BUDGET BRIEFING NOTE: Continuous Improvement**

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### **Background:**

Since 2002, the City of Toronto through its Employee & Labour Relations unit has been engaged in a continuous improvement process as one of several strategies to improve the labour relations environment and engage in a cultural change process in the City.

The continuous improvement process has been established both at the strategic and operational levels within the City. Strategically, through collective bargaining, a joint union-management steering committee (the Labour Relations Steering Committee) has been established with each of CUPE Locals 79 and 416. The Labour Relations Steering Committee will provide a strategic overview to the continuous improvement plans and processes as well as ensure that specific issues raised in collective bargaining are addressed. It will not get involved in micromanaging specific processes or Divisional plans.

At an operational level, “continuous improvement/problem-solving” teams composed of front line employees, union and supervisors/managers will be selecting projects or processes within their responsibility. With training, coaching and management support, they will work on opportunities for improvement within their operations.

### Template for Measuring “Continuous Improvement” Success

Continuous improvement initiatives and processes are measured both quantitatively and qualitatively. Table 1 is a template that illustrates various measures of “continuous improvement” success. Two examples of “continuous improvement” processes that employees, managers and union representatives have been engaged in are highlighted below.

**Solid Waste Management:** Over the past 3 to 4 years, several systemic, operational and management practice changes have taken place in Solid Waste Management South and West Collection Districts. Changes included delegating responsibility and accountability for labour relations issues to front line managers at the yard level. The appropriate resources and training were provided including the funding of a full time “Unit Chair” position from Local 416. The cumulative effect of the changes made has had a direct and positive effect on the relationship between the stakeholders who play an integral role, on a day to day basis, in ensuring that waste, recycling and litter collection occur and are completed in a timely and efficient manner.

In February 2002 SWM implemented a new 4 day 40 hour work week schedule in the former North York and Toronto. The new work schedule was conceived as a co-operative way to address several concerns within SWM and provide positive benefits for several stakeholder groups, including: a more consistent collection schedule for residents; increased amount of collection time for the City;

and a compressed work week for the employees. Actual measurement of that potential savings has become complex as a result of substantial changes to the collection methodology, the products that are collected and the impact of operational events. However, SWM is able to compare the direct wages (excluding benefits) for the former North York and the former Toronto for the years 2002 through 2004. If 2001 is used as the base year and compared in terms of the change in total direct wage cost for the years 2002 to 2005 including the annual wage increases, the result is a wage reduction of approximately \$2.2 million. The qualitative results are illustrated in Appendix 2.

**Human Resources:** Since 2002 the Employee & Labour Relations Unit developed a deliberate, planned approach to reducing the backlog of grievances involving Human Resources employees, line managers and the unions in the process. The result is a significantly reduced backlog (over 3,000 grievances resolved). In addition, the relationship between the parties has improved resulting in fewer grievances filed and those that are filed, resolved at earlier stages of the process rather than proceeding through a costly arbitration process. The decreased cost of arbitration through resolution of grievances at earlier stages and through the use of mediation versus arbitration has resulted in reduced costs of approximately \$250,000 from 2003 to 2005.

Successes to date:

Continuous improvement is a process within the overall cultural change process. Successes to date (*including the measures of success*) include:

- Successful negotiations with the Toronto Professional Fire Fighters' Association, Local 3888 using an interest-based approach to collective bargaining and problem resolution (*negotiated settlement in 31 days over 4 months as compared to 265 days over 5 years and ending in arbitration; savings of over \$800,000*);
- Building a change coalition through provision of training in an interest-based approach to resolving labour relations issues (*training provided to joint labour-management teams in Fire Services, the Human Resources community, management bargaining teams and many operations managers from throughout the City*);
- Decreased arbitrations resulting in lower operating budgets (*Arbitration costs decreased from \$683,000 in 2003 to approximately \$420,000*);
- In 2004, the first ever Labour Relations Summit held with the Mayor, members of the Employee and Labour Relations Committee, Executive Management of the City of Toronto, the Executives of Locals 79 and 416;
- Significant number of pre-amalgamation and longstanding collective agreement issues resolved as part of the Mayor's "Clearing the Path" initiative and facilitation/mediation assistance from Mr. Tim Armstrong between April and September 2004 (*initiative cost-shared between the City of Toronto (50%) and CUPE, Locals 79 and 416 (25% each)*). The resolution of longstanding grievances, issues and collective agreement obligations left from amalgamation have significantly assisted in building stronger relationships with the Unions;
- First freely negotiated settlements with the CUPE Unions (Locals 79 and 416) in the amalgamated City of Toronto (significantly reduced costs and timeframes - \$2.3m for the 1999-2001 round and \$1.8m for the 2002-2004 round versus \$850,000 for the 2005 –2008 round).

### Labour Relations Steering Committees:

In the recent round of negotiations with the CUPE unions, the parties agreed to work together to achieve a culture of continuous improvement. To carry out the commitment, it was agreed that the City and the Union form a Labour Relations Steering Committee. A copy of the collective agreement language and guiding principles are included in Appendix 1. These agreements were ratified by Council on July 20, 2005 for Local 416 and on September 29, 2005 for Local 79.

The first meeting of the Labour Relations Steering Committees took place on November 14, 2005 (Local 416) and November 15, 2005 (Local 79). The committees reached a consensus on the priority issues to be discussed at future meetings and agreed to issue a joint communication to all staff, advising that the committees have been established and identify the priority issues.

The second meeting for each of the committees took place on January 17, 2006 (Local 416) and January 20, 2006 (Local 79). The committees identified and agreed, as an important continuous improvement initiative, that occupational health and safety and injury reduction will be a priority for 2006. This recognizes that all employees are entitled to a workplace free from injury. Improvement in the City's occupational health & safety program will provide efficiencies to the City's service delivery through healthier employees, improved morale, reduced absenteeism. In addition, there will be financial gains through reduced Workplace Safety and Insurance costs.

### "Continuous Improvement" Plans:

Formal "continuous improvement" plans are being developed and will be rolled out through 2006, which include:

1. Establishment of "Continuous Improvement Teams" (CI Teams) in each division composed of front-line employees, their supervisors/managers and union stewards/representatives.
2. Formal training provided to the CI Teams in continuous improvement processes and joint decision-making processes.
3. Using the tools and training provided, the teams identify opportunities for improvement in the area that will result in increased efficiency, operational improvements and/or service enhancements.
4. Facilitation services provided to the CI Teams to assist in applying the processes learned in the formal training.
5. Based on the assessment of the initial teams, Continuous Improvement Leaders will be selected to provide "Train the Trainer" opportunities to other divisions or teams throughout the City.
6. Meetings will be established with senior management from various divisions to seek out "continuous improvement" opportunities, identify the priorities and develop plans to achieve the improvements through 2006.

To implement the above plans, the following action has been undertaken:

1. A "request for proposal" was issued in October, 2005 for an external facilitator/trainer to provide training and facilitation services to the initial CI Teams. This will be followed by "Train the Trainer" opportunities using internal staff.

2. An additional application for \$100,000 in funding from Human Resources Skills Development Canada - Labour Management Partnerships Program - has been developed between the City and Local 79 and will be submitted for approval.

Other specific initiatives that are underway include:

- Transcription Services - Joint union-management review of how court sessions are recorded and transcripts are produced within Court Services. This initiative was identified by the Director as a viable continuous improvement process within Court Services and the President of Local 79 is in agreement. A joint committee has been established to review the process and make recommendations to improve the quality of work for staff and improve the service to the public.
- Toronto Fire Services - Joint training and development of “continuous improvement” (CI) teams and processes in Fire Services, building on successes between Fire Services and the Professional Fire Fighters’ Association. An application was made to Human Resources Skills Development Canada in August 2005 and approval has been granted for a \$100,000 grant to fund this initiative, effective January 20, 2006.
- Hiring Process - Joint review of changes to the City’s hiring process (Local 79 and Local 416) flowing from the collective agreement. A joint City/Local 416 work selection team has been established to implement the seasonal work selection process for temporary employees to improve the operational stability in the deployment of the seasonal workforce.
- Hours of Work - Joint discussions pertaining to more appropriate shift schedules that increase efficiency and meet increasing service demands. Successful resolution to a winter operations shift schedule in a district within Transportation Services. Discussions are on-going in Fleet Services, Toronto Water and Toronto Emergency Medical Services.
- Toronto Emergency Medical Services - Initiated a facilitated process with Toronto EMS Management to engage in a cultural change process to focus on problem resolution and improve the labour relations within the division. Workshops were held in November 2005 with the Deputy Chiefs and Managers of the division. Further sessions have been scheduled with the supervisors for February and April, 2006.
- Joint Training – joint training initiatives have been undertaken with both Local 416 and Local 79 on the recent the collective agreement changes as part of the process to develop a common understanding of the collective agreements and reduce the potential for future disputes and liability.

#### Comments:

The eventual goal is to make “continuous improvement” a value and a norm of behaviour within the city, at all levels, in all areas. There are numerous examples within our current culture where this is already present. The intention is to broaden the current norm of behaviour that exists in certain areas of the city through a more conscious union-management process. While there will be broad “continuous improvement” projects, more often it will be a process to encourage and support front line employees to work on opportunities for improvement within their operations, with the dual result of increased employee satisfaction and morale while enhancing efficiency and service.

#### Conclusion:

Regular reports will be provided as the plans progress and quantitative/qualitative results become available. These reports will outline the anticipated savings, by division, from the continuous improvement program in each of the four years of the contract.

**Prepared by:** Bill Adams, Senior Labour Relations Advisor, Employee & Labour Relations

**Contact for further information:** Bill Adams, Sr. Labour Relations Advisor, 416-392-5006 or [badams2@toronto.ca](mailto:badams2@toronto.ca)

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## APPENDIX 1

1. The parties are committed to jointly collaborate to provide better value in the public services the City of Toronto provides. In order to carry out the above-noted principles, it is agreed that the City and the Union form a Labour Relations Steering Committee composed of:

The Mayor

The President and members of the executives (T.C.E.U. Local 416 and CUPE Local 79)

The City Manager

The Deputy City Managers

The Executive Director of Human Resources

The Director of Employees & Labour Relations and Chief Negotiators

The Steering Committee shall agree to engage in discussions during the term of the Collective Agreement. Such topics for discussion shall include but not be limited to\*:

- Proper workforce utilization
- Corporate re-deployment to facilitate greater flexibility in the workplace
- The creation of a corporate holding bank for injured workers, funded corporately
- The non-filling of vacancies, City's increased gapping, excessive overtime and systemic inefficiencies
- Improving workplace morale for members
- Equipment related issues to be better able to do the job
- Organization of work
- Management to worker ratios
- The provision of enhanced public services to be delivered by the public sector
- Addressing systemic barriers to improving public services

\* topics are cited in both Local 79 and 416 agreements

The Steering Committee shall meet within sixty (60) days of the ratification of the Collective Agreement and bi-monthly thereafter. The agenda for these meetings will be determined by the members of the Steering Committee according to those issues of concern of the parties and in conjunction with the principles outlined above. Issues addressed at the Steering Committee may be assigned by the Steering Committees to sub-groups that will be instructed to take appropriate action to carry out work to address those issues.

2. The parties are committed to processes that support continuous improvements in the delivery of public services while ensuring that the City's own employees have employment security.
3. The parties are committed to seeking opportunities for the contracting in of work that is currently contracted out.

**APPENDIX 2**

**Measures of Continuous Improvement Success**

<b>Division</b>	<b>Program/Service</b>	<b>Continuous Improvement Process Implemented</b>	<b>Operational Improvements</b>	<b>Cost Savings/Benefits</b>
Solid Waste Management	South, West District Collection	<p>Improved relations with 416 in dealing with discipline and related matters</p> <p>Implementation of for new work schedule (joint union-mgmt initiative)</p>	<p>2002: 113 grievances filed                      2004: 47 grievances filed</p> <p><b>2002:</b> 86 day collection  <b>2004:</b> 25 day collection (71% improvement)  <b>2002:</b> 2 nights collection  <b>2004:</b> 8 nights collection (+400% improvement)</p>	<p>Approx.\$2.2m in wage reduction savings when using adjusted 2001 costs as a benchmark and comparing them to 2005 costs.</p>
Human Resources	Employee & Labour Relations	Deliberate planned approach to reducing grievance backlog	<p><b>2003 Backlog:</b> 3,211  <b>2005 Backlog*:</b> 1,126 (Year-end) (in addition, approximately 1,500 newly filed grievances have been handled)</p> <p><b>Total Result:</b> 3,782 grievances handled at step 3, mediation and arbitration since 2003.</p>	<p><b>2002:</b> no Step 3 hearings – all grievances went straight to Arbitration  <b>2004:</b> 50% of all grievance activity resolved at Step 3</p>
Fire Services	Fire Services	Interest-based approach to collective bargaining and grievance handling – improved union-management relations	<p>Collective Bargaining: 2003 – negotiated settlement in 31 days over 4 months as compared to 1999 – 265 days over 5 years (and ending in arbitration)</p> <p>Grievances reduced from 350 to 60 (2003 – 2004)</p>	<p>Collective Bargaining costs reduced by - \$800,000</p>
Human Resources	Employee & Labour Relations	Improved union-management relations in dealing with collective bargaining.	Significantly reduced time and costs in successfully negotiating collective agreements with Local 416 and Local 79 – with no labour disruption	<p>Collective Bargaining Costs:                      1999 – 2001 - \$2.3 million                      2002 – 2004 - \$1.8 million                      2005 – 2008 - \$850,000</p>