

Talent Retention and Attraction - Supplementary Report

Date: July 18, 2022

To: City Council

From: City Manager

Wards: All

SUMMARY

This report responds to a request from the Planning and Housing Committee to report to the July City Council meeting on options for dealing with staff compensation issues. While the request was raised in the context of Planning staff specifically, this report speaks to union positions across the organization including CUPE Local 79 and TCEU Local 416. This report was prepared in consultation with the People and Equity Division.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council direct the City Manager, in consultation with the Chief People Officer and the Director of Employee Relations, to enter into discussions with bargaining agents and to report back to City Council with recommendations on compensation adjustments informed by independent review and market analysis of the City's competitive position.

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the recommendation in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of July 5, 2022 the Planning and Housing Committee adopted Item PH35.23 "Employee Talent, Retention and Attraction - City Planning" and requested the City Manager report directly to the July 19, 2022 City Council meeting with options for dealing with compensation issues.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.PH35.23>

COMMENTS

The City of Toronto strives to be an employer of choice. Throughout the pandemic the City has adopted a number of interim policies (e.g. COVID-related leave, remote work) to address the rapidly changing situation. One impact of the pandemic is a changing economy and labour market. Employees everywhere are reassessing their options and employment opportunities. As a result, the City is experiencing the same talent crunch facing employers across Canada.

Sudden changes in the economy have resulted in spikes in demand for certain occupations. Labour mobility has increased considerably as a result of "work from home" programs. Inflation has resulted in cost increases for many goods and services, resulting in employees seeking to offset these costs by leveraging their existing skills and experiences (and newfound mobility) to obtain higher paying positions. In order to attract and retain highly-skilled staff, compensation and benefits must be competitive with what is being offered in the market, particularly in Toronto where the cost of living is significantly higher than in other parts of the country.

While many factors contribute to talent retention and attraction, compensation is a key component. To ensure the City remains competitive in the market, both options of compensation are actively being reviewed and addressed: direct and indirect. Direct compensation refers to salary and bonuses provided to employees and is more easily compared across employers, particularly in the public sector where such information is more readily available. Indirect compensation refers to pension, vacation, overtime, paid leave, etc. Indirect compensation is not as easily compared and can vary widely across employers. For example, employer-matched contributions to a defined benefit pension plan forms an important part of the total compensation package offered to many public sector employees. This is not the case in the private sector. Public sector employers also traditionally offer comprehensive group health benefit plans (e.g. drug, dental, paramedical) which may not be matched in the private sector.

In order to ensure that the City fully understands its position in the market and to inform compensation adjustments that are needed, staff are working with a third-party to conduct a market analysis to inform future decisions regarding total compensation. This work is underway and information from the public sector has been identified, with work continuing to include private sector comparators. Based on the findings from this third-party review, adjustments to compensation may be warranted for those positions

identified in the analysis that are most impacted by market conditions. This report recommends that City Council direct the City Manager to enter into discussions with bargaining agents and to report back to City Council with recommendations on compensation adjustments informed by independent review and market analysis of the City's competitive position.

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SIGNATURE

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