

Permanent Position and Vacancy Management Approach

Update for 2018 Supplemental Operating Budget

Recommendation

That the November 14, 2017, Financial and Corporate Services report CR_5305, be received for information.

Previous Council/Committee Action

At the November 14, 2017, City Council meeting, the following motion was passed:

That the November 14, 2017, Financial and Corporate Services report CR_5305, be referred to the November 28, 2017, Executive Committee meeting.

Executive Summary

This report presents information on the approach to manage and repurpose vacant positions as well as a review of previously approved new budget positions for 2018. As part of the 2% Initiative (review of discount rates) and the review of previously approved 2018 new positions, approximately \$12.5 million (of which \$3.7 million is one time savings) has been identified and was incorporated into the proposed 2018 Supplemental Operating Budget Adjustment which will also be presented to Council on November 14, 2017.

Report

As part of the 2017 supplemental budget process a report on the “Breakdown of Permanent Position Vacancy Rate” was provided in response to a Councillor Inquiry. This report provides similar but updated information as part of an ongoing process of managing positions throughout the year as well as a review of previous approved new budget positions for 2018.

Repurposing Vacant Positions: Staffing Corporate and Department Re-organizations

A key principle guiding the corporate and department reorganization in 2016 was that the reorganization would be implemented with no increase in tax levy or FTEs. Therefore to support the reorganization in 2016, over 100 vacant positions were repurposed. As the organization continues its transformation to a Modern Municipal Corporation, the principle of repurposing FTEs, rather than increasing the tax levy by adding FTEs, remains a key focus.

During 2017, the organization at both the corporate and departmental level continued to implement new structures to provide greater integration, strengthen oversight and advance emerging priorities. New structures were implemented using a combination of repurposed vacancies and realignment of existing encumbered positions. Over 50 vacant positions were repurposed to support implementation of the new Regional Economic Development Department, advance key initiatives such as the creation of a new Corporate Safety and Employee Health Branch, support the expanded role of Communication and Engagement Department and departmental business Integration sections.

Repurposing vacant positions across an organization is characteristic of an integrated organization in action and provides the flexibility necessary to address emerging needs within the current fiscal realities.

Discount Rate Adjustments

It is important to note that built into the budget is a reduction factor based on the assumption that there will be vacancies. Personnel budgets are reduced by a factor called the discount rate to account for an estimated vacancy level throughout the year. The rate is applied to each position and results in a pool of funds that are removed from the budget resulting in lower utility and tax levy rates. The discount rate varies by branch.

All departments and branches review the appropriateness of its personnel discount rates on an annual basis. For the 2018 budget, Fire Services, Communications, Engagement, External Relations, Marketing, Community Inclusion and Investment, Office of the City Clerk, and the Integrated Service Counter have identified savings of \$5.1 million through an analysis of their discount rates.

Reviewing Approved 2018 New Budget Positions

A second exercise undertaken by Administration was to examine the feasibility of eliminating some approved 2018 new budget positions. A similar review last year of new 2017 positions resulted in the elimination of 20.1 FTEs and \$1.39 million in savings.

The review of previously approved 2018 FTEs resulted in a combined reduction or deferral of 58.9 FTEs. Of these 8.5 were related to Development Services and had no direct impact on the tax levy. The remaining 50.4 FTEs resulted in combined reduction of ongoing and one time savings. One time savings occurred as a result of the decision to delay some of the new 2018 positions that were tied to the operating impacts of capital to 2019 thus eliminating the need for funding in 2018.

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Civic Department (Excludes Boards & Commissions)	FTEs	Tax Levy Savings
Reduced 2018 Approved FTE Development Service - non tax levy funded	(8.5)	N/A
Deferred 2018 Approved FTEs (One time savings)	(23.7)	\$3.7 million
Reduced 2018 Approved FTEs (Ongoing savings)	(26.7)	\$3.4 million
Supplemental Operating Budget Adjustment*	7.0	\$0.3 million
Impact of Adjustments to Discount Rates		\$5.1 million
2018 Budget Impact	(51.9)	\$12.5 million
<p>Note: Tax Levy Savings have already been built into the proposed 2018 Supplemental Operating Budget.</p> <p>*These 7.0 FTEs have been requested as part of the Supplemental Operating Budget Adjustment. The FTEs are involved in revenue creation activities and increasing efficiencies. They are self funded by the revenues and contribute an additional amount to reduce the proposed 2018 tax increase by \$0.3 million.</p>		

Chart: Approved FTEs and Proposed FTEs by department

Department	Approved FTEs			Proposed FTEs 2018			
	2017	2018	Increase	Reductions	Increases	Deferrals	2018 Increase
Citizen Services	2,691.7	2,731.2	39.5	(3.0)	3.0	(6.7)	32.8
City Operations	4,878.7	4,924.8	46.1	(22.7)	3.0	(17.0)	9.4
Communications & Engagement	324.4	324.4	-	-	-	-	-
Financial & Corporate Services	1,352.7	1,355.2	2.5	(1.0)	1.0	-	2.5
Integrated Infrastructure Services	452.0	455.0	3.0	-	-	-	3.0
Mayor & Councillors	50.0	50.0	-	-	-	-	-
Office of the City Auditor	16.0	16.0	-	-	-	-	-
Office of the City Manager	113.1	113.1	-	-	-	-	-
Regional & Economic Development	77.0	78.0	1.0	-	-	-	1.0
Urban Form & Corporate Strategy Development	683.4	695.9	12.5	(8.5)	-	-	4.0
Total	10,639.0	10,743.6	104.6	(35.2)	7.0	(23.7)	52.7

Corporate Outcomes and Performance Management

Corporate Outcome: The City of Edmonton has a resilient financial position.			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton has a resilient financial position	Tax Levy Savings	\$12.5 million	N/A
	FTE reduction	51.9	N/A

Others Reviewing this Report

- C. Campbell, Deputy City Manager, Communications and Engagement
- D. Jones, Deputy City Manager, City Operations
- R. G. Klassen, Deputy City Manager, Regional and Economic Development
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- L. McCarthy, Deputy City Manager, Urban Form and Corporate Strategic Development
- R. Smyth, Deputy City Manager, Citizen Services