Historical Overtime Review - Expanded

Report Summary

This report provides information regarding employee overtime from 2019-2023 in response to City Council resolution CC2024-03.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report refers to operational matters and has no direct connection to the Community Energy & Emissions Plan.

Financial Implications

There are no financial implications associated with this report.

Absence of a regularly scheduled employee is the primary driver of overtime hours. Urgent repair or emergency work is also a significant driver. These situations are difficult to predict. Consequently, overtime is budgeted to ensure adequate resourcing for service delivery and in accordance with the Operating Budget Policy. Additional overtime is routinely funded by under expenditure in the salaries and benefits budget for regularly scheduled employees.

Background

The City regularly relies on staff overtime to address short term gaps in staffing such as staff absences, emergencies or unplanned staff turnover to ensure that service level objectives are being met. When developing the budget the City anticipates a full staffing complement and the use of part time and overtime hours where necessary.

During budget deliberations in December of 2023, several questions were addressed about overtime. Councillors were interested in the method for budgeting overtime hours, the reasons why overtime is necessary and which services and groups of employees are working overtime hours. This interest lead to a motion requesting historical overtime data and analysis. This report responds to that request.

Analysis

Reasons for Overtime

Operating departments review staffing needs annually to ensure planning for adequate resources to manage to a set of service expectations. In some cases, this includes the need for planned overtime. These resources are reflected in the annual budget. Staff absences occur due to extended leaves for illness or injury, retirements, pregnancy or parental leaves, non-occupational illness and modified work. When absences occur additional resources are required to ensure that service expectations are met.

Cost of Overtime

When longer term gaps exist, overtime is an effective tool to address shortages and ensure service continuity. While overtime is paid at a premium (usually one and a half to two times regular rates) the cost of overtime is less than hiring additional full-time staff.   Only when an employee works more than an additional 55% of their regular hours as overtime does it become more cost effective to add additional permanent staff. This was determined by comparing the incremental cost of overtime with the cost of a full time position. However, high rates of overtime are not sustainable, healthy for employees or a reliable way to staff known service requirement. This analysis does not account for non-financial costs of excessive overtime, such the strain placed on those working high quantities of overtime or decreased service continuity.

Non-Union Staff Overtime

Non-union staff regularly work overtime hours to meet service demands. Appendix A provides the reported overtime hours worked by non-union staff from 2019 to 2023. Table 1 also describes non-union overtime hours worked as a per cent of regular hours worked. Non-union overtime is not paid, and therefore has not always been recorded in the payroll system. With the introduction of the new time and attendance system, COMPASS, all overtime hours worked, paid or not paid, are recorded so that all resources required to provide services are captured.

Activity data from the COMPASS system indicates Non-union overtime hours result from:
- Supporting Special Events, Projects or Programs
- Addressing employee absences
- Addressing peak work load demands
- Responding to emergencies
- Attending council and committee meetings

Table 1 reflects historical overtime rates by non-union staff as a percentage of regular hours worked.

Table 1: Non-Union Historical Overtime
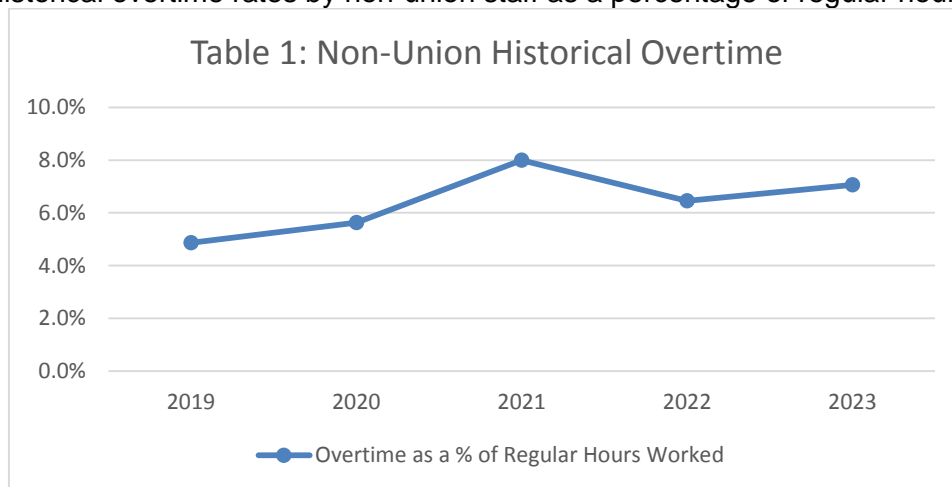
There are some services and specific positions within those services that account for a substantial amount of the hours and steps are being taken to ensure appropriate resourcing, use of technology and rebalancing of full time staff across the enterprise. These services are:

- Linear Infrastructure
- Housing Operations
- Building Services
- Finance Services
- Human Resources and Organizational Development
- Fire Services

Historical Overtime Budget

The budget for overtime includes only hours and related costs for unionized staff as non-union overtime is unpaid. As identified during budget deliberations, some areas have not changed the budgeted hours and costs for overtime because an assumption is made that the planned full time and part time positions will be filled and the prior year's overtime budget is sufficient based on historical experience.

The exception to this is Fire Services where a continuing demand for overtime without offsetting reductions in regular staff has resulted in increases to the Fire Services overtime budget. Due to a gap in the budget system, the budgeted hours have not been adjusted to reflect the increased budget for overtime even though the total budgeted costs have been increased gradually to better reflect anticipated overtime. Also, in the months following the 2021 interest arbitration award of 2 additional fire fighters at Station 16, overtime increased significantly while additional fire fighters were onboarded.

The data clearly shows that there is a relationship between staff absenteeism, the number of vacancies and a greater reliance on overtime to fill the gaps. The City's operating budget policy provides flexibility to manage within a total divisional budget. This means that unspent budget for salaries and benefits due to vacancies can be redirected elsewhere, including overtime. This provides flexibility to ensure that departments can realign resources to maintain service level standards.

Unionized Staff Overtime

Historical overtime was analyzed to determine why overtime generally occurs, what service level overtime supports, and how was it funded. The results of this review indicated that generally overtime is required to address peak demands in service delivery due to absenteeism and vacancies in full time and part time staff positions.

Appendix B provides the budgeted and actual overtime hours worked by unionized staff, including banked time, for 2019 to 2023. The data also provides the overtime hours as a per cent of regular hours worked. Appendix C provides a variance explanation for areas where the overtime hours worked as a percent of regular hours worked is greater than 5.0%.

Table 2 reflects the historical overtime by unionized staff as a percentage of regular hours worked for the overall organization, as well as areas with overtime percentages greater than 5%.

Table 2: Union Historical Overtime
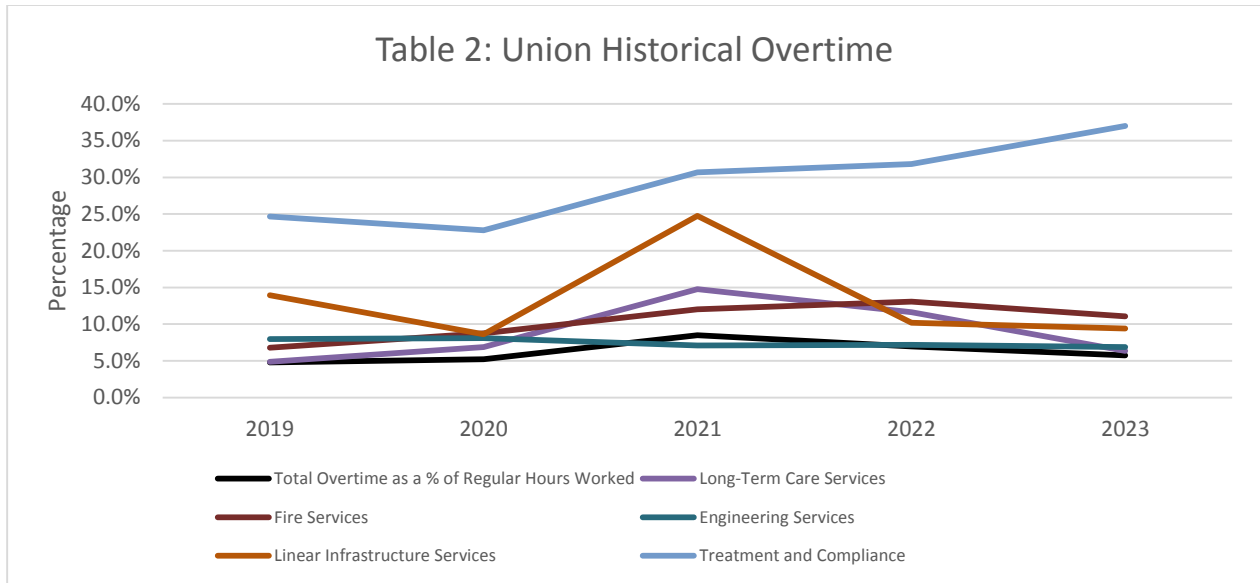
Overall the overtime worked remains manageable and is largely in response to peak demand periods within the respective service areas. Where services regularly experience high rates of overtime steps are being taken to ensure that adequate resourcing exists and where appropriate the use of technology and process improvements are reviewed to reduce the use of overtime. Overtime requirements in 2021 were primarily due to COVID-19 regulations unless otherwise described in Appendix C.

Banked Time

The ability to bank overtime for use as time off at a later date is provided with the collective bargaining agreements and is specific to the different departments in the organization. The City tracks and manages banked overtime in accordance with the language in the CBA.

Overtime and Absenteeism

Information provided in Appendix C indicates that a significant and reoccurring reason for overtime is absenteeism and vacancies in permanent staff. When individuals are absent from work, most municipal services require additional resources to meet service levels, either to meet Council approved service levels or service levels driven by a regulation or service agreement.

Table 3 reflects the annual overtime trends in comparison to annual core absenteeism.

Table 3: Overtime and Core Abstenteeism Comparison
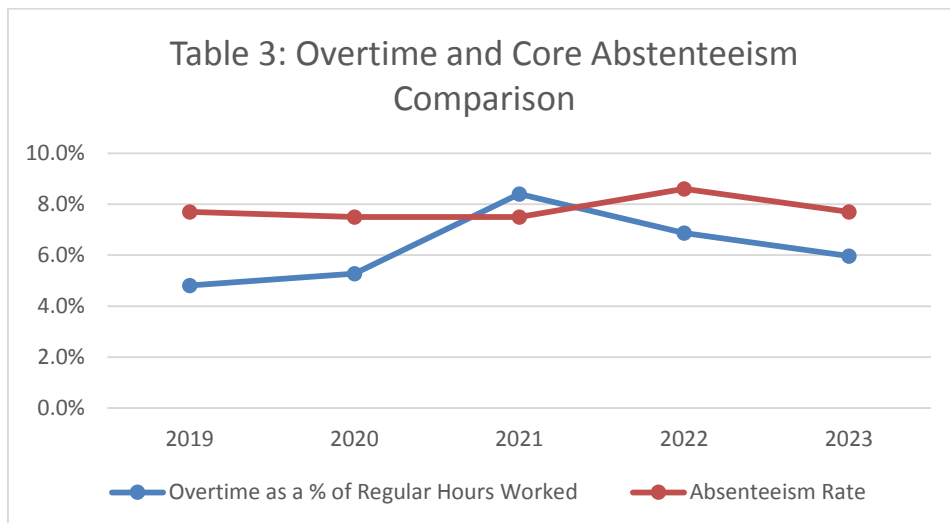
The table above demonstrates that the need for overtime generally follows the same trends as absenteeism, with the exception of 2021 where overtime was exceptionally high staffing COVID-19 vaccination clinics.

Conclusion

The City's use of overtime is generally to address gaps in permanent staff and has historically remained at manageable levels. Budget staff will continue to review the overtime requirements with operating departments and adjust the budgeted hours and costs where necessary.