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The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Corporate Services
Report: #2023-A-9
Date: April 11, 2023

Subject:

Succession Management Bi-Annual Update

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

That this report be received for information.

Report:

1. Purpose

1.1 The purpose of this report is to provide the Finance and Administration Committee and Regional Council with the Council directed bi-annual update on the retirement forecast for the Region and corresponding succession management activities.

2. Background

2.1 Succession management is a critical organizational activity which requires the identification of key positions which may pose a significant loss to the corporation if left vacant. It requires tracking of projected talent retirements; identification of potential future leaders and corresponding employee feedback and development documentation inclusive of appropriate, personalized learning plans allowing for future people leaders to be in a state of readiness in the event of a key position becoming vacant.

- 2.2 The Region has a people strategy (Our People, Our Future) with corresponding policies and programs such as our succession management policy, performance management policy, learning and development policy, career management policy, knowledge transfer policy, and our Employee Feedback and Development Program. These policies and programs provide supports throughout the employee life cycle. The foundations of these policies allow the Region to identify key positions which require succession planning and potential future people leaders.
- 2.3 A leadership gap can threaten an organization's capacity to identify and meet strategic objectives now and into the future. Corporate memory, expertise and capacity erode in the absence of talent bench strength. Attracting staff into leadership positions is becoming increasingly difficult. Attracting talent into the municipal sector may become a challenge in the future if the municipal sector fails to be dynamic and fluid in its total compensation package, ensuring its workplace appeals to a multi-generational workforce. To date, the Region continues to conduct an environmental scan of its workforce to ensure policies and programs do not remain stagnant such as offering teleworking hybrid models (where operational feasible) and offering alternate work arrangements to support work-life integration and overall satisfaction with working conditions.
- 2.4 The Region's Talent Acquisition and Organization Development team has a history of proactive, progressive attraction efforts to generate interest in the Region as an employer. Faced with the labour shortage and the desire to ensure the attraction and retention of a diverse workforce, the team has increased its efforts to promote the Region such as employee referral bonuses, social media outreach, various online job boards, executive search firms, Mentorship Program, employee testimonials, attendance at career fairs, inclusive of Newcomer Expos and presentations such as the Hiring Immigrant Professional Talent. Additionally, the Region, through the Human Resources division, offers support at the senior leadership level to ensure helpful, robust, progressive learning plans are established with staff who show a demonstrated interest and potential in progressing within the organization.
- 2.5 The Region tracks the retirement demographics for its workforce which is sourced from OMERS, the Region's pension provider. The retirement demographics provide an opportunity to cross reference with the Region's succession data to ensure corporate readiness for the potential loss of knowledge with a viable talent pool, augmented by robust recruiting tools to allow for community outreach, thereby attracting a diverse, skilled workforce.
- 2.6 In late 2022 each divisional Director was provided with their five-year forecast for employee retirements, and previous succession documents to identify critical jobs within their division and to identify and make recommendations regarding learning opportunities for employees with the potential to fill critical positions which may become vacant at a future date. Additionally, a cross-reference of critical jobs and future people leaders is conducted to identify any opportunities for cross-departmental movement and learning opportunities.

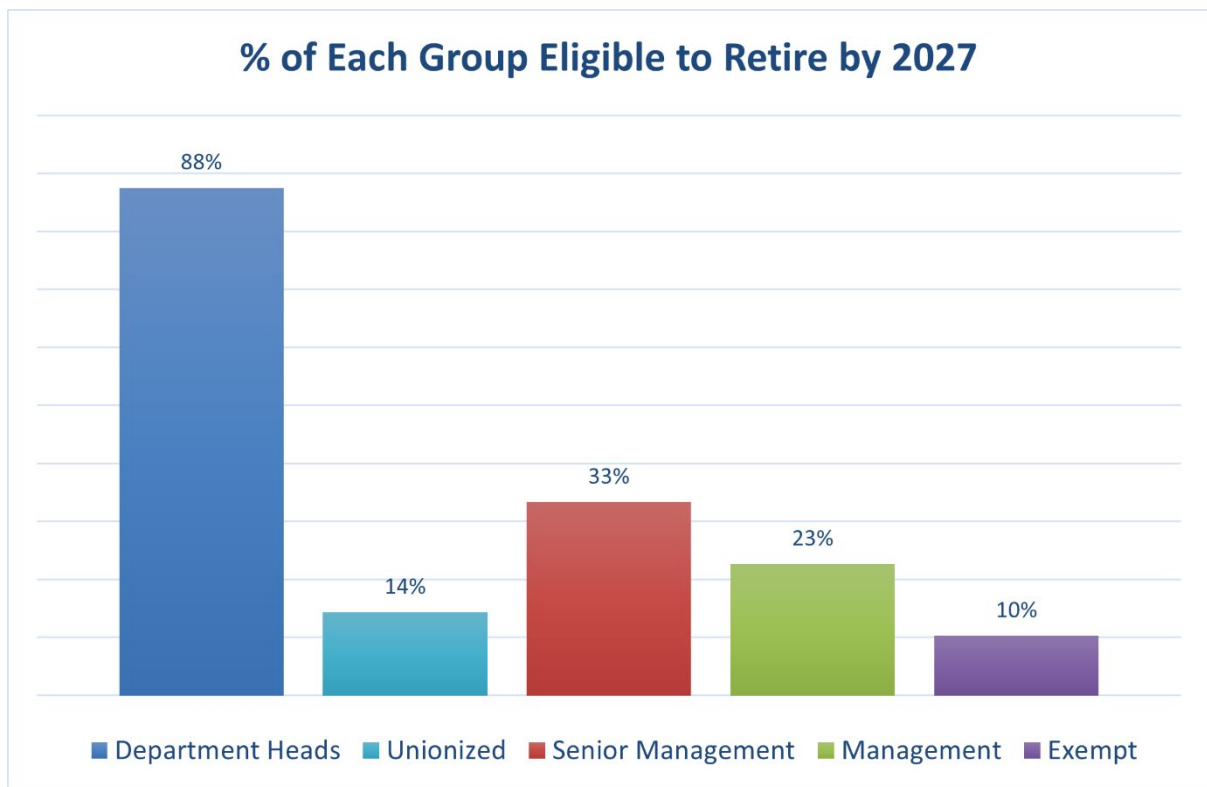
3. Previous Reports and Decisions

- 3.1 Report [#2021-A-12](#) Succession Management Bi-annual Update, dated June 8, 2021.

4. Region of Durham Retirement Forecast

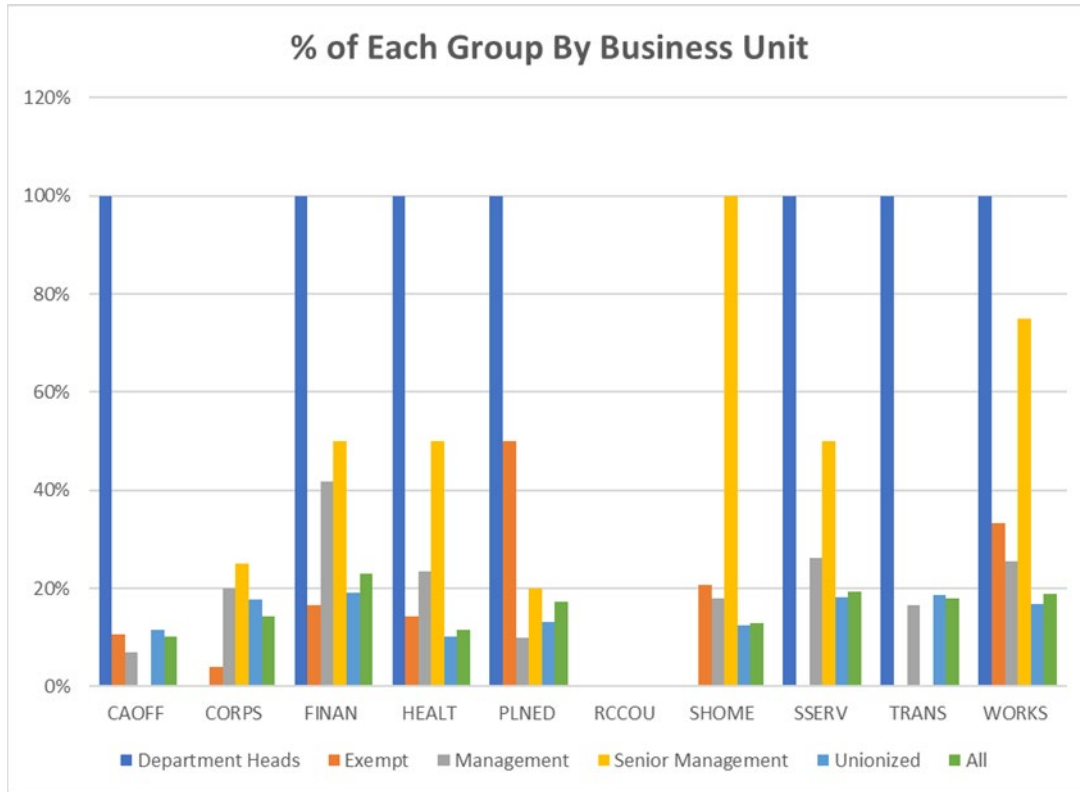
- 4.1 The following is a breakdown, and corresponding graphic, of employee groups eligible to retire within the next five years (by December 2027), as identified by OMERS, notable are the following demographics:

- a. 88% of Department Head employee group will be eligible to retire.
- b. 14% of the Region's unionized employee groups will be eligible to retire.
- c. 33% of the Senior Management employee group will be eligible to retire.
- d. 23% of Management employee group will be eligible to retire.
- e. 10% of the Exempt employee group will be eligible to retire.



- 4.2 Overall, approximately 15% of the Region's active workforce is currently eligible to retire within the next 5 years, with a substantive number of staff in both the Department Head and Senior Management employee groups.

4.3 The 15% mentioned in 4.2 is presented below by business unit:



CAO's Office	Corporate Services	Finance	Health	Planning & Economic Development	Regional Council	Social Services (Homes)	Social Services	Transit	Works
100%	0%	100%	100%	100%	0%	0%	100%	100%	100%
11%	4%	17%	14%	50%	0%	21%	0%	0%	33%
7%	20%	42%	23%	10%	0%	18%	26%	17%	26%
0%	25%	50%	50%	20%	0%	100%	50%	0%	75%
11%	18%	19%	10%	13%	0%	12%	18%	19%	17%
10%	14%	23%	11%	17%	0%	13%	19%	18%	19%

5. Implications

Department Heads and Senior Management

- 5.1 One of the most serious implications to Durham of the impending retirements is the number of Senior Management eligible to retire within the upcoming five years. This will result in a significant loss of subject matter expertise, experience, corporate memory, and ability at the senior leadership level. This supports the value and necessity in ensuring effective succession strategies are in place to ensure smooth transitions and business and service continuity. It is incumbent upon senior management to develop prospective successors. This involves exposing these employees with potential for progression to the issues, processes and structures in which department heads and senior management operate. Additionally, the Region's Human Resources Division has enhanced its professional development opportunities and learning for both members of management and the senior leadership team in 2023 to ensure the appropriate skill sets such as political acuity, being people-focused, strategic, change management, innovative and inclusive are prioritized.
- 5.2 The various programs and opportunities provided to develop existing staff will be of continued value across the board, with particular focus being encouraged in Finance, Health, SSERV and Works where there is a more of a risk of retirement at all levels of the management teams. Examples of such program include but are not limited to the Region's recently launched Mentorship Program, and a formalized secondment process which is currently being undertaken.

6. Other Impacts and Opportunities

- 6.1 While the impending retirements are a concern for the corporation it also represents an opportunity in several respects.
- 6.2 Firstly, retirements offer an opportunity to review and amend existing organizational structures to ensure that the Corporation is efficient, modernized, and reflective of best practices. Efficiencies can be achieved upon the retirement of Department Heads and/or senior management by way of attrition versus displacing staff and the costs that can be associated with such displacement.
- 6.3 Additionally, retirements present an opportunity for corporate renewal. Bringing new staff into the Corporation and/or promoting internal staff can encourage new ideas, perspectives and can imbue the workplace with energy, enthusiasm, and cultural diversity. In this regard, the emphasis upon ensuring adequate corporate learning and development of incoming staff will become more important as we begin to develop the next generation of regional staff and leaders.

7. Relationship to Strategic Plan

7.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Goal 5: Service Excellence. Objective: To provide exceptional value to Durham taxpayers through responsive, effective and fiscally sustainable service delivery.
 - 5.1 Optimize resources and partnerships to deliver exceptional quality services and value
 - 5.4 Drive organizational success through innovation, a skilled workforce, and modernized services

8. Conclusion

8.1 Succession planning serves as a critical strategic priority for the corporation to support the Region's people strategy, promote the Region as a progressive employer, ensure the protection and transfer of corporate knowledge and ensure there is not a leadership vacuum in the future.

8.2 The Human Resources Division of the Corporate Services Department will continue to support all divisions in ensuring succession and performance management planning activities, inclusive of learning plans, are undertaken and the necessary supports are accessible to protect corporate knowledge and meet the Region's future workforce needs.

8.3 For additional information, contact: Louise O'Dell, Director of Human Resources, at 905-668-4113, extension 2076.

Respectfully submitted,

Original signed by

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Commissioner of Corporate Services

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer