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City of Saskatoon: Disability Assistance Program Assessment

August 2019 Internal Audit Report

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for SPC Finance

pwc

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Abstract

In 2018, Canadian annual absence rates averaged 14.6 lost days per employee in the Public Sector compared to an average of 8.6 in the Private Sector.

Statistics Canada, 2018.

Over the last decade Canadian absence through sickness or disability[1] has increased 900%. Canada is now the Country with the highest absentee rate globally due to sickness or disability. With averages ranging between 4% and 12% of total payroll costs being paid to employees on sick or disability leave - it is unsurprising that "two of the top five priorities for cost reduction in Canadian human resource offices were reducing short-term disability costs (40%) and long-term disability costs (38%)".[2]

As absenteeism through mental and physical illness has skyrocketed in Canadian organizations, more and more organizations are looking to reform ways of working that are no longer fit for purpose.[3]

31% of open disability claims are mental health related & 33% of total disability costs are due to mental health issues.

Great-West Life 2017 data, long-term claims[4]

An effective disability management program provides both tangible and intangible benefits. Tangible benefits are measured as operational cost savings and can be realized by reallocation of those savings to fund service delivery programs and other strategic investments.

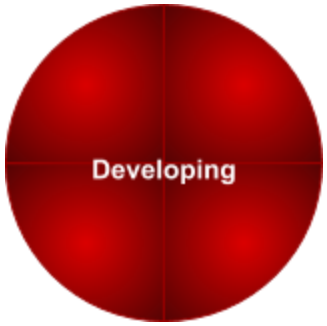
Typically the most 'tangible' benefit is realized in direct payroll savings - with in excess of 4% of total payroll costs coming as a result of employees on long term disability.[5]

Intangible, or social, benefits typically include higher employee engagement, reduced absenteeism, reduced duration of a disability claim, more efficient return to work accommodation/workplace reintegration and ultimately a boost in workplace productivity.

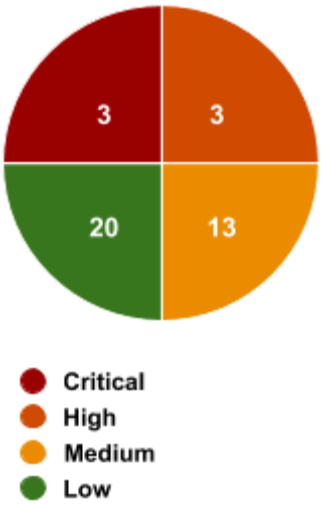
[1] A disability is commonly defined as a state of incapacity preventing an employee from doing their job due to illness or bodily injury.
[2] Morneau Shepell, *Annual Trends in Human Resources*, (2018).
[3] Statistics Canada. Table 14-10-0196-01 Work absence of full-time employees by public and private sector, annual
[4] Great West Life Disability Solutions, Early Referral Services
[5] As above. Data also taken from PwC Absence Survey 2013 for comparison purposes with Associated Workplace Compensation Boards of Canada & Statistics Canada

Executive Summary

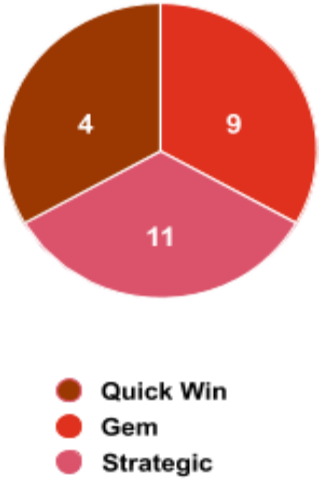
Maturity Assessment



Total observations



Total recommendations



Following a thorough assessment of current state policy and working practices against organizational insights and common good practice, PwC recommends substantial changes to the City of Saskatoon's (the "City") Disability Assistance Program (DAP).

We recommend that the City increase the capacity of current staff to improve centre-led activities through technology enablement and reallocation of non-value add activities to a third party administrator. By implementing a holistic DAP that allows staff to focus on ability management and return to work support, the City can position itself as a more progressive employer. A holistic DAP can improve employee engagement, enhance citizen service delivery, and positively impact value-for-money initiatives through reduced absenteeism. We have presented **24 recommendations** to improve program maturity in our detailed report. These recommendations focus on initiatives to provide better support to employees, reduce risks associated with the current service delivery model and enable performance through updated policy, investment in technology, and increased capacity. Please refer to Appendix C for recommendation rating criteria.

We have concluded that the City's overall DAP is rated at the lowest level of maturity on a scale of 'Developing to Market Leading' (Appendix A). In total PwC compiled **39 observations** that led us to this conclusion. We have highlighted the key observations across five pillars of service delivery below. Please refer to Appendix B for observation rating criteria.

Key observations

1. The current state of **Policies and Practices** is causing significant compliance and quality risks - creating the need to develop, implement and embed policies and practices that are standard in most other organizations.
2. Confusion in roles and purpose of program, as well as inefficient resource allocation is putting additional strain on the **People** involved in the process. There is a critical quality and compliance risk in having case assessment and case adjudication decisions performed by non - medical professionals. The City needs to explore ways to reduce this risk through co-sourcing and by tackling the resource allocation challenges affecting process quality and cost.
3. People are not enabled to achieve performance objectives due to a lack of **Capability** and program awareness within the supervisory roles and the broader employee population. This has led to an underutilization of supervisors and employees within the process, increasing the burden on the central disability management team.
4. Absence of any enabling **Technology** drastically increases the risk of delayed or inaccurate reporting, ineffective case management/return to work support, prolonged absenteeism and increased financial costs.
5. Limited to no **Performance Measurement** capability makes proactive intervention and continuous improvement almost impossible.

Overview

Background

The City is committed to accommodating employee needs

In Canada, an employer has a legal duty to take reasonable steps to accommodate an employee's individual needs that fall under prohibited grounds of discrimination as indication by Human Rights legislation. This is usually accomplished through policies and conditions of work. Of note, is that this legal duty does not apply if the only way to resolve the problem will cause the employer undue hardship

Employee absenteeism for which the City takes reasonable steps to accommodate is classified into three categories: periodic absences, short-term ongoing medical conditions, and long-term disability. Periodic absences are defined as less than 10 days per occurrence. The DAP supports all employees experiencing occupational or non-occupational medical conditions that are considered short-term and ongoing. DAP is centrally administered by two Health and Wellness Coordinators (HWCs) within Human Resources (HR).

In 2017, direct costs of absenteeism due to periodic absences and short-term ongoing medical conditions was estimated at $3.9 million and $1.7 million, respectively[6]. In addition, the City makes an annual funding contribution of approximately $1.9 million to various sick leave benefit plans[7].

The City is committed to a culture of continuous improvement

A desired outcome of the City's Strategic Goal of Continuous Improvement is "a workforce that is engaged, healthy, and safe". The HR department has established a People Strategy to support performance achievement of this Strategic Outcome. Key to that strategy is the design and implementation of an HR service delivery model that will support the City's Values:

- People Matter
- Respect One Another
- Act and Communicate with Integrity
- Safety in All We Do
- Trust Makes Us Stronger
- Courage to Move Forward

DAP aims to support a workforce that is engaged, healthy, and safe through five key activities

Diagram 1: DAP Process

[6] City of Saskatoon | April 2018 Absenteeism Report
[7] City of Saskatoon | December 2017 Annual Report & Audited Financial Statements

Objectives

Our services were performed and this Report was developed in accordance with the Statement of Work approved by the Standing Policy Committee (SPC) on Finance on May 13, 2019. Our work was limited to the specific approach described herein and was based primarily on documented evidence related to current strategy, procedure and outcome reporting, as well as evidence obtained from interviews and emails through July 16, 2019.

The objective of this internal audit advisory project was to provide stakeholders with an understanding of the DAP's current state in comparison to leading practice, identify the future state service delivery model and drive transformation to bridge the gap between current and future state to achieve the Strategic Outcome.

Our recommendations are designed to support HR in implementing their People Strategy by improving the maturity of the DAP and improving baseline metrics, such as those depicted to the right.

Diagram 2: Selected Current State Performance Metrics

Total employee engagement score of **49%**	Total lost time injury frequency is **3.35**	More than **85%** of dedicated DAP staff time spent on compliance activities
A high of **84.2** average hours of sick leave used per employee for a customer-facing division	Total mental health related cases are **36%** of DAP	Less than **5%** of dedicated DAP staff time spent on ability management & return to work support

Overall conclusion

Our overall conclusion is based on the maturity level of the DAP service delivery model and the capacity of the current team to conduct the five key activities within the DAP process, as depicted below.

Diagram 3: Current state DAP maturity by service delivery pillar

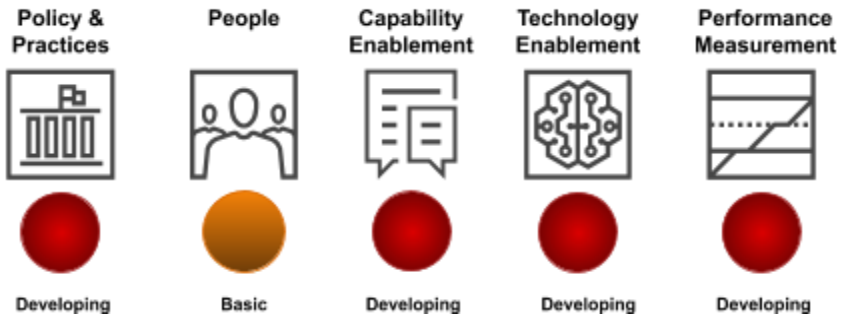
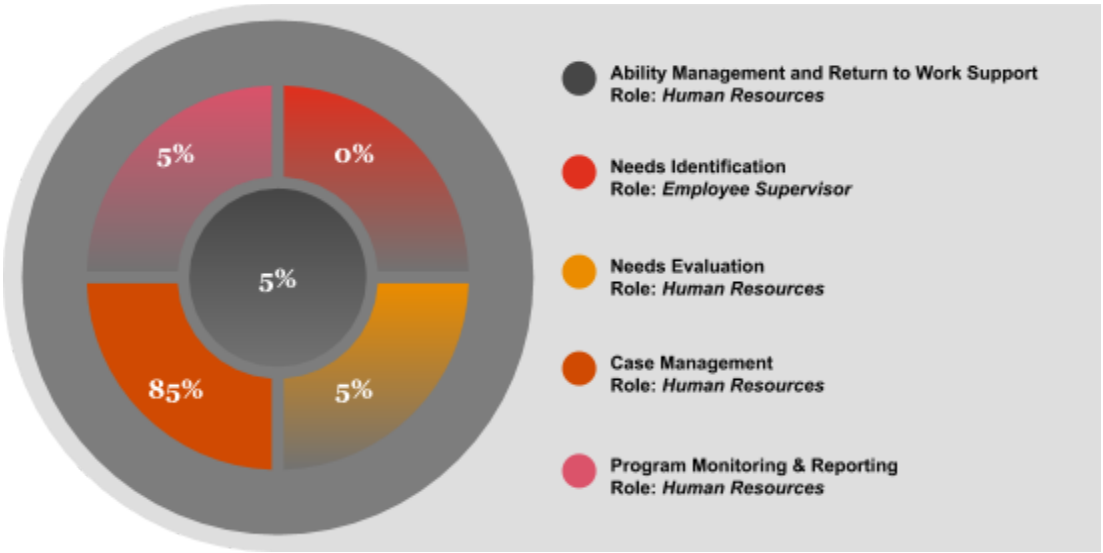


Diagram 4: Current state HR level of effort for each of the five key activities



Issue identification and analysis

We identified two primary issues within the DAP process that are currently preventing performance achievement in support of a workforce that is engaged, healthy, and safe:

1. Lack of an overarching framework, policy and awareness of procedure to clearly distinguish between attendance management and ability management practices.
2. Insufficient capacity for current HR resources to provide ability management and return to work support through DAP.

We examined four alternative solutions, leveraging insights from City staff and comparison organizations:

1. **Status Quo** (with implementation of low effort improvement opportunities): while low effort improvement activities form part of our recommendations, *a status quo service delivery model is not recommended as desired outcomes cannot be achieved due to current capacity constraints.*
2. **Invest in additional resources** to provide necessary capacity: *not recommended as cost/benefit analysis suggests outsourcing can achieve desired outcomes at similar cost with additional benefits.*
3. **Invest in technology** to enable consistent and efficient practices, as well as improved performance measurement: *recommended to relieve current capacity constraints and support continuous improvement initiatives.*
4. **Outsource compliance activities** (assessment and case adjudication decisions) **and refocus current resources** to provide value-added support: *recommended to relieve current capacity constraints and improve program performance.*

Overall recommendations

We recommend that the City redefine the DAP service delivery model to approach ability management and return to work support from a strategic viewpoint by implementing key strategic solutions to enable a holistic change in DAP service delivery, as follows:

Alternative 3: Invest in technology

Recommendation: Implement a case management system to improve information and align with leading industry practices in both the public and private sectors at an estimated one-time cost ranging from $72,000 to $190,000, with an ongoing annual cost estimated at a maximum of $39,000.	Recommendation: Develop and implement leading and lagging performance indicators to improve accountability, performance measurement and business planning. Consider which data is missing to measure the key performance indicators and create business requirements to capture this data within any new HR systems.
Expected Benefit: By implementing a modest case management system - the City would be able to maintain a full digital audit trail of employees and sickness records - in addition to allowing supervisors to flag 'at risk' employees immediately to HWCs and/or HR business partners (HRBPs).	Expected Benefit: The introduction of consistent and timely key performance measures will allow senior levels of the organization to spot trends in overall employee absenteeism, disability and wellness. By using a combination of leading and lagging indicators, strategic decisions will be well-supported.

Alternative 4: Outsource compliance activities and refocus current resources

Recommendation: Outsource the Needs Evaluation and Case Management compliance adjudication activities to a third party at an estimated annual cost of $112,000 vs. investing in 2 additional resources at an estimated annual cost of $200,000.	Recommendation: Refocus the role of HWCs to provide additional support to supervisors beyond communicating return to work restrictions by reallocating current workload.	Recommendation: Establish a framework to clearly outline a common taxonomy, roles & responsibilities, processes and governance & reporting standards for the overall management of absenteeism.
Expected Benefit: The assessment of cases should be performed by medically trained individuals to help mitigate the risk of liability that could result from non-compliance. Outsourcing of assessment, adjudication and case management practices to trained medical staff may shift the liability away from the City and increase the number of employees at work through proper diagnosis and professional help. Note that the City would be responsible to manage it's third party risks appropriately.	Expected Benefit: HR support is required to enable managers to identify potential situations that may result in a DAP referral. By reallocating responsibility for compliance and administration away from the HWCs, increased capacity will be available to support managers. An organizational training plan is also required to support early identification and ongoing intervention.	Expected Benefit: A broad governance framework and policy is required to govern the current accommodation process manual and improve consistency in practice. The framework should be designed to align processes with strategic policy and identify risk mitigation activities required to ensure compliance.

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Detailed Report

Scope and approach

Overall, our project scope included an examination of **five service delivery categories** for the **four key practice areas of DAP** that support ability management and return to work support. We approached this project by designing a **workplan** that included a combination of interviews, workshops, surveys and document assessment. For each area of practice, we involved key stakeholders[8] in activities to gain an understanding of the current state and identify gaps based on a **common definition of maturity**. We leveraged organizational and industry insights to work with key stakeholders to design a future state delivery model and action plan based on a **prioritization framework**.

Five Pillars of Service Delivery

The pillars establish the basis for the critical transformation activities necessary to produce an effective service delivery model to deliver value and enhanced stakeholder experience, and are referenced continuously throughout this report.

	Policy & Practices include monitoring and reviewing current state policies, procedure manuals, and daily activities with the aim of identifying gaps, and defining and implementing an action plan to address issues on a priority basis.
	People refers to defined roles and accountabilities for stakeholders to support clarity over activities to maximize employee support.
	Capability enablement is required to deliver the strategic outcomes into organizational units and to specify how they work together through reporting and lateral relationships.
	Technology is an enabler of efficient processes and drives continuous improvement through the production of evidence-based information to support timely decisions. Integrated software facilitates the operations of the team
	Performance Measurement includes effective reporting and investigation that aims to identify root causes, and establish corrective actions that are implemented and tracked to improve performance and achievement of desired outcomes.

[8] The City has a unique stakeholder environment compared to other municipalities in that there are 12 different collective agreements and sick bank committees. For example, City of Edmonton has six collective agreements and we were unable to identify another municipality that had Sick Bank Committees.

Key areas of practice to support a positive DAP outcome

At the City DAP supports all employees who may have been impacted by occupational or non- occupational illnesses or injuries. This program manages accommodations and return to work plans and is utilized when injuries or illnesses are greater than 10 days in length or for ongoing medical conditions requiring support in the workplace[9].

Return to work is the primary goal of the DAP. Discussions about plans to return to work should happen at the initial interaction with the employee. Reasonable accommodations or transitional jobs are necessary in some cases as part of the return to work process. An effective return to work program considers the employee's capabilities, skills and knowledge. The employee could either:

- Return to pre-disability position without restrictions, wherein the employee resumes regular pay and work activities;
- Return to pre-disability position with temporary modifications up to six months. The employee will return to work with graduated hours, reduced workload or modified tasks, and will gradually return to pre-disability position;
- Return to pre-disability position with permanent modification. The employee will have reduced work schedule for greater than six months; or
- Be unable to return to pre-disability position, but able to perform alternate work. The employee may receive permanent work accommodation, or a temporary work accommodation.

An ability management program focuses on ensuring employees not only take part in the benefits provided by the organization in case of need, but that sufficient support is provided by the organization to develop the competencies of the employees upon return to work. Illness, injury or a condition can limit the employee's capabilities. However, effective ability management focuses on what the employee can do.

Within the five pillars depicted above, we focused our assessment on four key areas of current DAP practice that support the desired program outcome of **Ability Management and Return to Work Support**:

1. **Needs Identification:** The ability management program starts with identification of an employee need for possible accommodation. Early identification of employee ongoing medical conditions, as well as identification of potential conditions or situations that could result in the need for City assistance through provision of sick leave benefits are crucial to the program.
2. **Needs Evaluation:** This compliance process includes case analysis/adjudication and identification of cases that will be actively managed within the DAP in accordance with legislation and policy.
3. **Case Management:** During the case management process, medical assessments and identification of possible need for accommodation are performed. Medical assessments may include functional capability evaluation, psychological assessment, multidisciplinary assessment or substance abuse professional assessment. The majority of the activities within this process are conducted by professional medical personnel with support from administrative staff to monitor compliance with policy.
4. **Program Monitoring & Reporting:** An effective ability management program should have a means to monitor and measure its outcome. The program should have a case data management system that collects comparable data to facilitate analysis. The program should also identify measurable key performance indicators to be able to measure the effectiveness of the program. Communicating results to the stakeholders is important. Gathering and analyzing the data is essential to assist in identifying the need to reassess the program and to use data to drive disability prevention program decisions.

[9] City employees are entitled to either internal or external long term disability benefit programs, in accordance with specific eligibility criteria. The administration of external long term disability programs was excluded from this project's scope.

Workplan

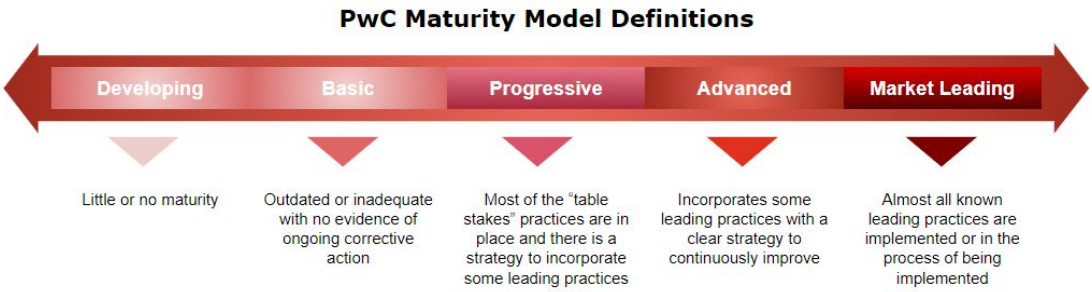
By conducting a recent related project with the City, we recognized that the 12 collective bargaining agreements (the "CBA(s)") could present a challenge due to inconsistency of terms and conditions across the various CBAs. To address this challenge, we worked closely with HR to find the right balance of organizational representation in the current state assessment and desired future state design to support benefits realization.

We primarily focused on acquiring information across the organization through focused workshops and surveys. City staff across divisions, positions and roles provided a broad perspective regarding the current DAP service delivery model. Approximately 12 individuals were involved in focus group workshops, and over 40 were given the opportunity to participate in a survey that realized a 54% response rate (Appendix D).

Phase 1: Understand the Current State	Phase 2: Leading Practice Analysis	Phase 3: Future State Design	Phase 4: Report & Action Plan
Objective: Obtain a thorough understanding of the business requirements and practices, stakeholder experiences, and enabling technology	**Objective:** Identify gaps within the current state through analysis against leading practice	**Objective:** Leverage leading practices to collaborate with stakeholders in the design of a service delivery model to deliver value and enhance experience	**Objective:** Formally report on our analysis and related recommendations for action
Activities: • Read current reports, policies and collective agreements • Conduct a Discovery workshop with key internal stakeholders to capture the steps involved in the delivery of the program, including practices that add value, and create pain points • Administer a survey to other internal stakeholders to capture additional information regarding stakeholder experience	**Activities:** • Identify leading practice standards by conducting desktop and interview research with 3-4 similar sized organizations • Assess current state practices against leading practice and PwC subject matter specialist experience • Identify gaps and quick wins (low effort, low impact)	**Activities:** • Identify and prioritize additional solutions by level of implementation effort and likely performance impact, including a high-level estimate of cost • Conduct a Validation workshop with key internal stakeholders to finalize and rank solutions • Prepare a detailed cost estimate for the highest ranked solution(s)	**Activities:** • Prepare a report that encompasses the deliverables of each phase, including: ○ Current state service delivery model ○ Gap analysis against leading practice ○ Future state service delivery model • Prepare an action plan for implementation and communication for each of the highest ranked solution(s)
Outcomes: Documented current state service delivery model, including identification of issues and root causes	**Outcomes:** Gap analysis against leading practice, including identification of quick wins	**Outcomes:** Documented future state service delivery model, including solutions to improve business practices, stakeholder experiences and enabling technology	**Outcomes:** Executive Summary, Detailed Report, and Action Plan

Defining maturity

The overall Maturity assessment referenced in this report comes from a more detailed PwC Maturity assessment tool used for Occupational Health & Safety, Workforce Environment & Disability Management (all frequently grouped together under employee wellness), and is depicted on the following page.



Below we have presented specific considerations in our assessment of the current state of maturity for each of the five pillars.

	Developing	Basic	Progressive	Advanced	Market Leading
Policy	Fragmented / missing policies & practices resulting in compliance issues	Core policies & practices covered but adoption may be patchy	Policies & practices reviewed on a periodic basis to ensure internal / external compliance	Central team continuously looking to use data & leading practice to improve	Analytics driven approach to information management with constant policy & process improvements
People	No overall ownership of program with significant regulatory & compliance risks	Some central ownership with limited knowledge still resulting in compliance risks	Centralized ownership ensures compliance is met but oversight is limited	Clear governance structures & co-sourcing ensures compliance is fully met and risk is reduced	Holistic & clear ownership with risks minimized by co-sourcing & strong governance
Capability	Limited central capability and lack of awareness or ability to manage cases within divisions	Central HWC team has capabilities however they are often overloaded due to workload from divisions	Strong central capability within HWC team and some support from wider HR and divisions	Integrated approach with managers, HWC's and other functional units	Division led case management and HWCs dealing with strategy & broader initiatives
Technology	Technology is non-existent or severely limited with no self-service reporting	There may be some technology but reporting is still predominantly manual	Limited reporting technology that may have some self-serve capability	Self-service reporting and ability to process complex transactions in a system	Holistic one-system for OHS, Disability & Wellness with self-serve and potential processing through machine learning
Performance	Performance data is non-existence, decentralized and there is a lack of reporting	Some central data is manually accessed with limited reporting capability	Central data repository but reporting is predominantly manual	Performance data is accurate with strong reporting capability allowing development of analytics	Highly developed performance reporting & analytics allows for predictive analysis to support ability management & people strategies

The maturity levels presented above are cumulative. Generally, an organization operating at the “Advanced” level for a given dimension also has achieved milestones listed under “Developing”, “Basic”, and “Progressing”. While the level of maturity increases from left to right, it should not be assumed that every organization should aspire to “Market Leading” in every dimension. Sometimes a lower level of maturity is expected or desired for a given organization in their current situation. The details for each stage of maturity are referenced below for each pillar of a service delivery model.

Prioritization framework

The prioritization framework presented in Appendix C was used to categorize our recommendations based on level of implementation effort and expected performance impact.

- **Quick wins** require very little time, budget and resource allocation. These are immediate steps which can move the dial for maturity, however implementation of the quick wins alone will not achieve the desired outcome. It is essential these are paired with longer term recommendations.
- **Gems** produce a higher impact than Quick wins, while implementation efforts remain low. These are generally medium-term solutions.
- The **Strategic** recommendations are the foundational elements upon which all transformation actions to reach the City’s desired future state are based. Successful implementation of the recommendations presented below will assist the City in achievement of the desired future state maturity level, whereas partial implementation may still move the dial towards the aspirational maturity level, if not attaining it in full.

Detailed observations & recommendations

The overall goal of a continuous improvement culture is to create an operating environment for improving baseline strategic performance metrics.

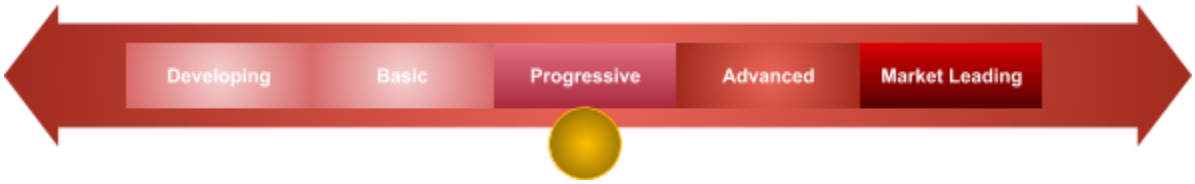
By working closely with key stakeholders to consider organizational appetite for change, we have provided detailed recommendations to address the risk-rated observations identified within each of the five pillars of service delivery.

Within each of the five pillars of service delivery, we have identified potential risk impacts related to the observation and provided a risk rating based on the criteria outlined in Appendix B.

We have categorized each recommendation based on the expected implementation effort and performance impact as discussed in Appendix C. The expected benefits and/or costs of implementing these recommendations has also been provided.

Service Delivery Pillar 1: Policy & Practices	
Policy & Practices	Monitoring and reviewing current state policies, procedure manuals, and daily activities with the aim of identifying gaps, and defining and implementing an action plan to address issues on a priority basis. Opportunities for the City include: ● Improve organizational understanding of current processes that have recently been updated in an accommodation process manual ● Integrate recommended improvements within daily practices to reduce risks of non-performance and non-compliance ● Create a governance framework and policy to provide clarity in expectations for achievement of strategic outcomes

Pillar 1: Current State Observations		
Current Maturity Assessment		
Observations	**Risk Rating**	**Risks/Impact**
1: No policy or principles to govern overall practices for the overall management of absenteeism.	Critical	Risk of non-performance and non-compliance is increased as a result of missing oversight and related process activities.
4: Processes lack consistency in application and monitoring of performance of duties is limited.	High	Risk of inconsistencies in the process damaging internal employee morale and risk of misdiagnoses through poor adjudication.
7: Employee is unaware of responsibilities.	Medium	Risk of incorrect identification and management of health issues, resulting in increased or prolonged absences.
20: Non-routine process for some supervisors.	Low	Risk of missing key process steps - causes compliance issues.
21: Forms intended for 0-10 day absence may not provide information to assess transition to 10 day +.	Low	Increases workarounds leading to potential for process violations and delays employee assessments.
22: Other organizations have consistent disability management terms across union agreements to facilitate ease of administration vs. inconsistent and specialized terms across the City of Saskatoon's union agreements (refer to page 43).	Low	Increases administrative effort, presents challenges in streamlining policies and practices and increases the risk of non-compliance due to specific knowledge required to support good practice.

Pillar 1: Future State Recommendations		
Desired Maturity Outcome		
		
Recommendations	**Priority**	**Expected Benefits/Costs**
1: Establish a communication process to advise supervisors and employees of policy & practice updates and training sessions.	Quick Win	Improve awareness of established processes, resulting in more efficient practices with no additional costs.
2: Establish a framework to clearly outline a common taxonomy, roles & responsibilities, processes and governance & reporting standards for the overall management of absenteeism.	Gem	Can be implemented with current resource capacity in a reasonable time period resulting in an immediate shift in current state maturity to a Basic level. A common framework will provide guidance and rigour.
3: Establish principle-based policy to govern the establishment of processes and procedures to support achievement of strategic outcomes related to absenteeism and ensure compliance with legislation.	Gem	Can be implemented with current resource capacity in a reasonable time period resulting in an immediate shift in current state maturity to a Basic level. Principle based policy will support consistency in ways of working.
4: Update processes and forms to support framework and policy. Align processes included within the accommodation process manual with any process mapping conducted as part of the ERP business requirements identification.	Strategic	Alignment of the framework and policy to the ERP process mapping will further improve maturity, particularly with respect to data requirements necessary to support performance reporting expectations. Additional unbudgeted costs are not expected, however time-frame to implement may be longer in nature.
5: Collaborate with employees and unions to work towards “one approach” to absenteeism across the organization to improve consistency in collective agreement terms.	Strategic	Effort to negotiate with unions to achieve consistency in collective agreement terms will be high. However, consistency in terms will align the City with peers and improve efficiencies in practices by reducing duplication of effort and providing improved clarity for all stakeholders.

Service Delivery Pillar 2: People	
People	Defined roles and accountabilities for stakeholders support clarity over activities to maximize employee support. Opportunities for the City include: • Improve awareness of responsibilities with respect to compliance and performance objectives • Improve accuracy and timeliness of referral to the DAP • Improve transparency over adjudication process to reduce perceived independence conflicts • Reduce the risk of non-medical professionals making claim decisions on information they don't understand

Pillar 2: Current State Observations

Current Maturity Assessment

Observations	Risk Rating	Risks/Impact
2: Unqualified personnel performing assessment of illness in needs evaluation and case management stages.	Critical	Risk of unreasonable claim decisions causing reputational damage, compliance violations and exacerbation of employee health problems through incorrect prescription of treatment
3: Union involvement in adjudication of claims through role on sick bank committee.	Critical	Risk of employees not receiving adequate medical attention, as well as declining employee relations from perceived unfairness of sick bank committee process.
8: Unions may dissuade employees from divulging personal information to HWC or for the purpose of third party assessments.	Medium	Inability to diagnose employee illness increases the risk of incorrect treatment, exacerbation of illness or falsification of illness. Financial costs of increased number of false sickness may occur as sickness cannot be evaluated correctly.
9: Case assessment and case management process has significant reliance on health professional to complete required information in an ethical and accurate manner.	Medium	City has no control over the medical professionals conducting assessments, therefore risk of falsified sickness is increased.
10: Medical professionals are not completing return to work forms sufficiently.	Medium	Process delays and time inefficiencies as well as limiting the support that can be offered through DAP.
11: EFAP and workplace conflict information is restricted, resulting in a lack of information by City staff for assessment of non-physical claims.	Medium	Risk of incorrect assessment or treatment decisions in mental health cases.

Pillar 2: Future State Recommendations		
Desired Maturity Outcome		
Recommendations	**Priority**	**Expected Benefits/Costs**
6: Include a Responsibility Assignment Matrix[10] within the Accommodation Processes manual as a quick reference and learning tool. Clearly identify responsibilities by each stage of the overall absenteeism process: ● attendance management ● ongoing medical condition needs identification ● needs evaluation ● case management ● performance monitoring & reporting ● ability management & return to work support	Gem	A quick one-page reference guide can improve awareness of employee and supervisor responsibilities at no additional cost. Benefits to the employees are expected to be realized through better support from direct supervisors and HR. HR will also benefit from relieved capacity as a result of improved supervisor awareness of responsibilities related to attendance management vs. DAP.
7: Investigate the benefit of establishing an approved medical professional program to support more accurate completion of forms by employees and medical professionals.	Strategic	Reliance on medical professionals to support needs identification and evaluation results in the need for the City to manage its third party risks related to incorrect assessments. Efforts to negotiate with unions and employees to use only City approved medical professionals are likely to be high. Benefits include: consistent needs identification and evaluation practices to support proper diagnosis in a timely manner, and improved oversight of third party performance to reduce financial costs associated with unnecessary absenteeism. This would primarily be applicable to support Needs Identification activities performed by employee supervisors with support from HR. It will also be beneficial for Needs Evaluation and Case Management activities to reduce the number of pending decisions and delayed to Return to Work plans that can result from delayed, incomplete or inaccurate information.

[10] Responsible, Accountable, Consulted, Informed (RACI)

8: Outsource the Needs Evaluation and Case Management compliance adjudication activities to a third party.	Strategic	Benefits: ● Focus of HR and Sick Bank committee discussions is shifted from compliance monitoring to improving employee engagement, accommodating returns to work, and supporting ability management. ● Employees and unions will have a higher trust that the program is meeting employee needs through third party evaluations by qualified professionals that maintain the appropriate level of confidentiality. ● Risk of non-compliance is reduced. However, third party risk management and effective oversight by City staff is still required. ● HR is seen as a business partner to support employees and supervisors in improving performance metrics. ● HR will have the opportunity to be more in touch with the needs of the business and have greater oversight of proper application of programs and policies while developing advanced ability management skills in their role as a HRBP. Costs: ● Based on current caseload, annual incremental third party costs are estimated to be $112,000[11]. ● This compares to an annual cost estimate of $139,500[11] for new FTE hires to fulfill current DAP responsibility gaps against common practice.

Service Delivery Pillar 3: Capability	
Capability Enablement	Capabilities and activities are required to deliver the strategic outcomes into organizational units and to specify how they work together through reporting and lateral relationships. Ultimately this allows the City to achieve the Strategic Goals of ensuring every employee is engaged, healthy & safe. Opportunities for the City include: ● Reduce periodic absenteeism occurrences (currently 2.7 times more than short-term ongoing medical condition occurrences) ● Inform and/or consult with HR before employee has been absent for 10 consecutive days to receive HRBP support ● Enhance supervisor skills and capabilities to support their responsibilities in accommodating employee periodic absenteeism ● Improve capacity of HWCs to provide support to supervisors during and after the return to work process

Pillar 3: Current State Observations

Current Maturity Assessment

Observations	Risk Rating	Risks/ Impacts
5: HWC resource (people and/or technology) constraints result in more compliance activities than support activities (i.e. more than 80% of time is spent in administration).	High	Compromises the capacity of the HWC to focus on return to work and other strategic initiatives. Reduces quality of support and increases the likelihood of repeat or prolonged absence through insufficient return to work support.
12: No communication between HWC, EFAP and other benefit providers (SGI & CPP).	Medium	Risk that employees are receiving duplicate benefits, or are being incentivized to delay return to work.
13: Culture and funding approach has prioritized employee needs over employer needs.	Medium	Mindset is not focused on ensuring employee health and rehabilitation - damaging engagement levels and increasing chances of repeat illness through insufficient investment in rehabilitation and accommodation.
14: Employees will sometimes refuse consent, limiting their access to the DAP.	Medium	Inability to support employees back into the workplace through correct treatment and greater risk of repeat illness.
15: Incomplete leave reports and return to work forms result in pending claims.	Medium	Delays return to work and increases the length and cost of absenteeism.
23: Accommodation can be difficult in safety sensitive jobs, across 12 unions, and for seasonal part-time employees, particularly if skillset has been significantly compromised.	Low	Results in increased absence lengths, employee relations issues and potential termination pay outs - all of which result in a direct financial cost to the City.

Pillar 3: Future State Recommendations		
Desired Maturity Outcome		
Recommendations	**Priority**	**Expected Benefits/Costs**
9: Develop a standard template for HWCs to communicate employee return to work restrictions to supervisors.	Quick Win	Improving consistency and completeness of communications through the use of templates requires low effort and demonstrates recognition of supervisor needs. Can result in improved information to support a more streamlined return to work process.
10: HWCs should conduct focused training sessions on a more regular basis. A process should be established to identify and include new supervisors. Consider implementing a leading performance indicator to measure and monitor training attendance by division.	Gem	Focused training sessions will increase skills and capabilities of supervisors in performing their responsibilities in accommodating employee periodic absenteeism, including completion of Needs Identification / DAP referral processes in an accurate and timely manner. An enhanced understanding of DAP provides consistency in delivery and service offerings. Supervisors from across the organization can be enabled to take over DAP roles and responsibilities from one another as needed, and work on teams or work independently with advanced ability management skills.
11: Require HR involvement when absences reach 5 consecutive days. HRBP supports supervisors to identify employees who may need to be referred to DAP at 10 days.	Gem	Recognizes the value of disability prevention and early intervention by creating an opportunity for HR to immediately assess abilities, provide early intervention and employee support. Proactively managing absenteeism improves organizational health and reduces disability claims. HR can support intervention at an earlier stage by HRBP involvement whilst still retaining the capacity of HWCs to focus on return to work accommodations.
12: Refocus the role of HWCs to provide additional support to supervisors beyond communicating return to work restrictions by reallocating current workload, as presented in Recommendation 8.	Strategic	Enable HWCs to provide value added support to supervisors beyond communicating return to work restrictions by reallocating current workload - this is all about quality improvement through capacity relief: Arguably the most crucial recommendation needed to shift the dial from the current state maturity to the desired maturity outcome.

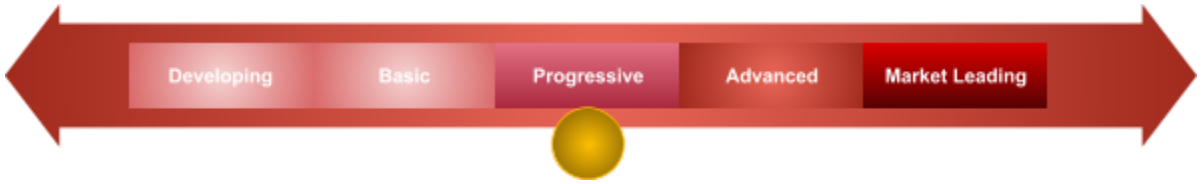
13: Implement a fit-for-purpose technology system, as presented in Recommendation 17, to increase the ability of the HR team to perform reporting and analytics responsibilities for measuring, monitoring and reporting on key HR performance indicators, including those related to absenteeism and ability management.	Strategic	Enable system tracking of data and performance in a flexible manner. Information to support people in performing roles and responsibilities is available in a complete and timely manner. See additional discussion is Pillar 4.
14: Explore opportunities to reduce annual funding contributions to the various sick leave benefit plans and reward divisions who successfully reduce absenteeism by reallocating funding to that division's service delivery programs.	Strategic	Divisions who have successfully reduced absenteeism will be appropriately rewarded. This will encourage and motivate City employees to continue to reduce absenteeism and promote a culture that is conducive to work attendance. Reduced absenteeism in turn reduces operational costs such as cost of hiring casual employees or overtime costs to cover employees away from work, additional administrative costs of tracking and managing absenteeism and cost of catch-up time after an employee returns to work.

Service Delivery Pillar 4: Technology	
Technology Enablement	Technology is an enabler of efficient processes and drives continuous improvement through the production of evidence-based information to support timely decisions. Integrated software facilitates the operations of the team from Needs Identification through Return to Work activities. Opportunities for the City include: ● Improve compilation tools to track case information received from employees, supervisors, medical professionals, HR and Payroll ● Improve ability management and return to work scheduling tools ● Improve timeliness and accuracy of data used for reporting and monitoring

Pillar 4: Current State Observations

Current Maturity Assessment

Observations	Risk Rating	Risks/Impact
6: Incomplete case analysis information and risk of non-compliance.	High	Lack of central repository of information to hold all case information leads to risk of poor policy/process oversight, duplication of work and critical rehabilitation steps being missed.
16: Lack of data to understand the root cause of increase in non-physical claims (EFAP and workplace conflict information is restricted, resulting lack of information for assessment of non-physical claims).	Medium	Increased risk of unreasonable decisions and process inefficiencies, length and number of absences, and ability of HWCs to support return to work.
17: Inconsistent scheduling tools can delay follow-up with employees on leave and increases “key person” risk.	Medium	Increases the risk of repeat absence through insufficient care and increases the time an employee spends on medical leave as process is too long and manual.
24: Batch entry results in lack of detailed data at the employee level in central pay system.	Low	Leads to difficulty in compiling and reporting total cost of absenteeism.
25: Tools used to compile data do not support data analytics or sharing amongst teams, and do not contain accuracy checks.	Low	Risk of manual data input error is high, and ability to rely on data for decisions is reduced.

Pillar 4: Future State Recommendations		
Desired Maturity Outcome		
		
Recommendations	**Priority**	**Expected Benefits/Costs**
15: Compile absenteeism reports within a spreadsheet on a monthly basis and implement data self-checks.	Quick Win	Reduce the risk of data input errors and improve frequency of reporting. Monthly reports in a spreadsheet format will improve accuracy of data. It will enable performance of data analytics, which will support direct supervisors in ability management decisions.
16: Implement standardized filing and information access practices in a central data repository (i.e. Sharepoint) to compile and analyze information across all DAP processes.	Gem	A central data repository allows for DAP information to be easily accessed, organized and analyzed. The DAP team will be better informed, resulting in uniform, effective and efficient decision-making processes across the organization. While tracking case information received from employees, supervisors, medical professionals, HR and Payroll will be enhanced, performance reporting capabilities will still be highly manual.
17: Implement a case management system to improve information and align with leading industry practices in both the public and private sectors.	Strategic	Benefits: ● Aligned with leading industry practices in both the public and private sectors, implementation will improve availability and sharing of DAP information across the organization. ● Technology will support auditable paperless case management - vastly reducing the risk of missing or inaccurate information and free-up HR employee time to focus on other priorities. ● There will be a single source of monthly case management data and information resulting in efficient and timely case management data processing and enhanced stakeholder experience ● Creation of baseline targets for strategic performance measures can be easily established.

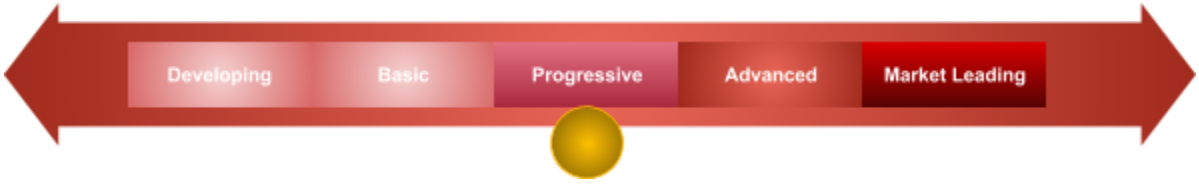
		Costs: ● One-time implementation costs are estimated at $72,000-$190,000[11]. ● Annual licensing fees for 3-5 centralized users is estimated at $20,000-$25,000. Consider if third party co-source provider would have access to enable proper oversight by City HWCs. ● An optional unlimited licensing fee of $14,000 provides employee access to their individual information. Consider if this will help employees be accountable for their absenteeism by providing self-assessment insights into their individual performance against any established targets.

Service Delivery Pillar 5: Performance Measurement	
Performance Measurement	Effective reporting and investigation aims to identify root causes, and establish corrective actions that are implemented and tracked to improve performance and achievement of desired outcomes. Opportunities for the City include: ● Reduce data quality challenges in measuring and reporting absenteeism by implementing consistent time and attendance tracking practices and recording in central systems at an appropriate level of detail to provide insights ● Improve data availability by implementing formal and consistent case management systems that integrate with reporting tools ● Improve proactive monitoring and preventative actions by implementing leading performance indicators

Pillar 5: Current State Observations

Current Maturity Assessment

Observations	Risk Rating	Risks/Impact
18: Lagging indicators are not available for action in a timely manner (time to report is higher than standard practice) and executive have limited insights into absenteeism and DAP information.	Medium	Risk that strategic decisions are not based on best available data, or made in a timely manner. Frequency of reporting does not meet stakeholder expectations.
19: Leading indicators do not currently exist	Medium	Initiatives occur in a reactive vs. proactive manner resulting in additional time and cost for corrective action vs. preventative actions.
26: Reporting of data is delayed with high chance of error due to manual processes. Trending and analytics is insufficient to support continuous improvement.	Low	Challenges to report at both micro and macro levels result in a lack of detailed or insightful information to act in a proactive manner. Basic performance metric dashboards are labour intensive to develop, detracting from monitoring and improvement activities.
27: Centralized data access and format constraints result in lack of analytics at division level.	Low	Makes analysis difficult and limits division/supervisor ability to make data driven decisions.

Pillar 5: Future State Recommendations		
Desired Maturity Outcome		
		
Recommendations	**Priority**	**Expected Benefits/Costs**
18: Support Divisions in analyzing monthly absenteeism impacts to determine root causes, and begin compiling baseline measures to support future development of performance indicators and reasonable targets	Quick Win	Analyzing monthly absenteeism enables identification and analysis of root causes of absence and trends and patterns among the employee base. This will enable Divisions to identify measures to address the causes of absenteeism and establish preventive measures.
19: Investigate ways to record and compile indirect costs associated with absenteeism in a more timely manner, including overtime related to reassigned duties.	Gem	Identification of all impacts will support improved decisions and action plans. It will facilitate tracking of costs, including program opportunity and impact costs.
20: Measure the total value/cost of absenteeism by including intangible/social impacts within the annual absenteeism report.	Gem	Improve organizational understanding of decision impacts. It will improve cost/benefit analysis by compiling and reporting indirect and intangible impacts of absenteeism, in addition to the direct payroll costs currently reported.
21: Create tiered reporting and dashboards appropriate for stakeholder use, dependent on organizational level. Such as Pay Cycle Supervisor Data Drill-downs, Monthly Director Dashboards, and Quarterly Executive Reports. It may be beneficial to design reports and identify user needs prior to finalizing performance metrics to “begin with the end in mind” and improve effectiveness.	Strategic	If the appropriate system is in place to capture the information, reporting at the appropriate level to meet user needs is of low effort. Reporting is key to being able to monitor and mitigate the risk of non-compliance and non-performance of strategic outcomes.
22: Develop and implement leading and lagging performance indicators to improve accountability, performance measurement and business planning (see Appendix F).	Strategic	Developing and implementing performance indicators improves accountability, performance measurement and business planning. It facilitates identification of necessary changes or program adjustments. Itl cultivates an organizational change in perspective from tasks to results-based activities for continuous improvement.

23: Consider which data is missing to measure the key performance indicators and create business requirements to capture this data within any new HR systems, such as a case management system, as well as the new ERP system.	Strategic	Consideration of required absenteeism data inputs will facilitate identification of attributed system implementation and ongoing reporting costs. With respect to the ERP, consideration should be given to payroll leave codes (i.e. types of absenteeism) and payroll overtime codes (i.e. coverage of absent employee). Integrating HR systems, such as a case management system, with the new ERP will improve data availability and completeness and timeliness of DAP reporting. There will be reduced administrative time and consistent data for analysis.
24: Develop metrics to self-assess performance of internal activities completed to mature the program. Measure and report to key organizational stakeholders on an annual basis.	Strategic	As the City works to mature its performance measurement initiatives, such as the balanced scorecard, HR has the opportunity to be a leader in the area of performance measurement.

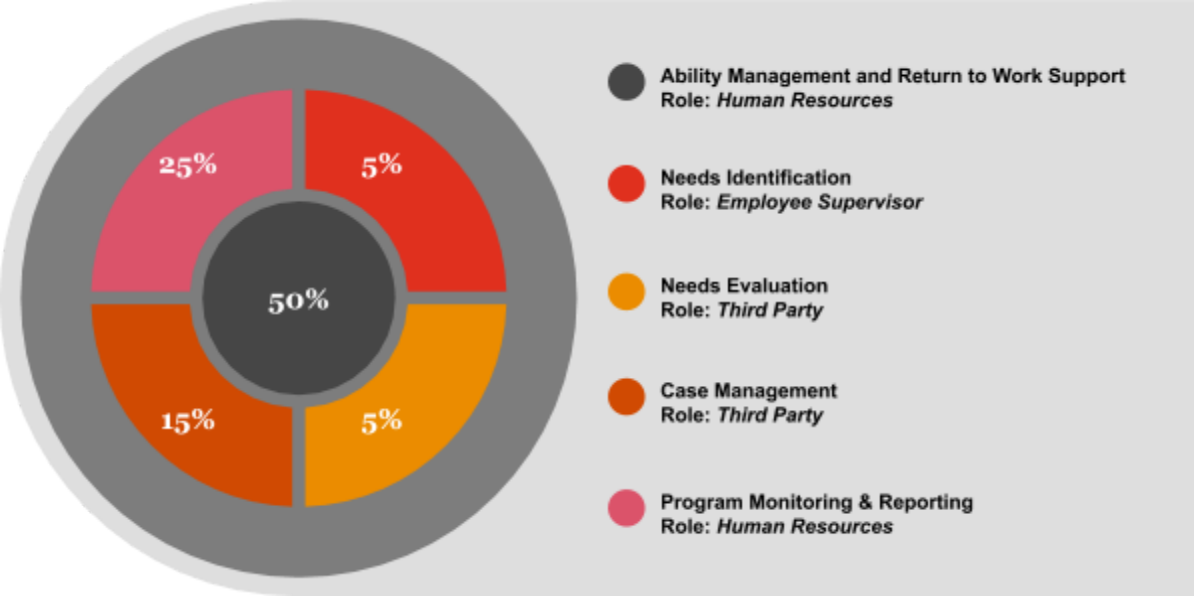
Anticipated outcomes of our key recommendations

Only by redefining the DAP current service delivery model - and embedding co-sourcing and technology; can the City move from Developing to Market Leading in its approach to ability management and return to work support.

In summary, we recommend that the City redefine the roles and accountabilities of the People involved in the DAP to improve Capabilities through co-sourcing of compliance and administrative practices, as depicted on the following page.

We believe this will provide sufficient capacity for current HR resources to provide improved ability management and return to work support, as depicted below.

Diagram 5: Future state HR level of effort for each of the five key activities

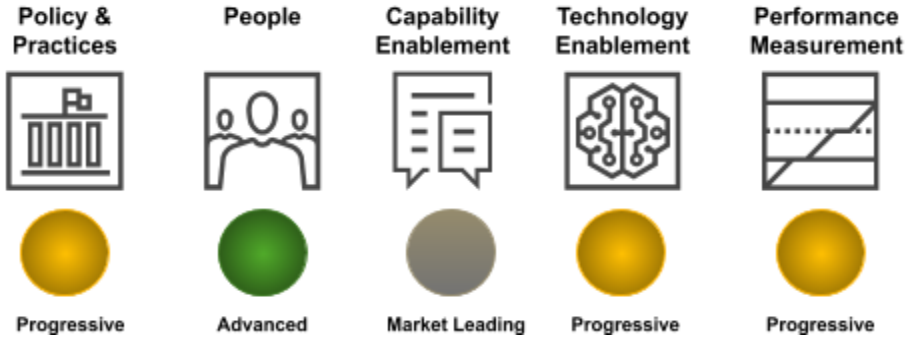


To further enable Capabilities, we recommend the following improvements to support continuous improvement initiatives:

- Development of an overarching framework, policy and awareness of procedure to clearly distinguish between attendance management and ability management practices.
- Implementation of a case management system to improve efficiency through Technology enablement.

The primary outcome of adoption of the aforementioned recommendations is a more effective service delivery model that reduces risk, improves service (through upskilling and quality improvement via capacity relief) and ultimately reduces cost through efficiency gains.

Diagram 6: Future state DAP maturity by service delivery pillar



Furthermore, HR has indicated an interest in developing performance metrics to assess their department's progress towards achieving the anticipated outcomes, which are discussed in further detail below.

1. **Greater Alignment to the HR Strategy - an engaged, healthy & safe workforce**

By implementing and embedding a governance framework to support policy and improved procedure, we would expect an increase in the speed, efficiency and accuracy of the cases triaged. Greater clarity in roles and procedures will help the City support employee needs more efficiently. With the addition of effective training for supervisors/HRBPs, and co-sourcing of complex diagnosis decisions to third party professionals - the City can be confident employees are being supported quickly, fairly and in a consistent manner. This shift in roles will allow HWCs to focus on supporting accommodations and return to work as the key priorities, resulting in an uptick in employee engagement scores, increased productivity, and ultimately a reduction in the amount of employees off through disability. A single source of truth system will allow for accurate, auditable and real time data which can allow for early intervention for individuals and achievement of strategic initiatives at the enterprise level - directly correlating to workforce productivity.

2. **Improved Compliance & Risk Management - reducing the City's exposure to legal or union challenges**

One of the primary reasons for the overall 'Developing' maturity rating is the amount of unnecessary risk the City is exposed to from a lack of clearly stated policy and practices and a lack of medical expertise in assessment and case adjudication decisions . In the first instance, driving consistency through internal policy/process compliance activities reduces the potential for union referrals or employee grievances through perceived injustices in the Sick Bank Committee decision making process. Furthermore, there is a greater risk in legal challenges arriving from medical decisions when critical judgement calls are taken by unqualified individuals. Examples of potential legal challenges could result from questions as to whether an absence is justified, a medical note is valid, or if an employee can feasibly return to work and what accommodations are required.

One key area of risk is the recent shift in legislation around mental health and the very definition of mental health as a disability/illness. This shift is evidenced by the significant increase in mental health cases and prescriptions at the City in the last three years. It is near to impossible for an untrained individual to assess or adjudicate a case based on an employee's mental state. By outsourcing assessment and adjudication decisions/recommendations to medically trained professionals; not only will the City meet a moral obligation of obtaining a reasonably correct diagnosis, but may reduce the risk of an incorrect decision based on that diagnosis. Clarity, rigour and consistency of policy application results in added value to employees through transparency and an improved perception of fairness. By outsourcing the diagnosis decisions to a third party, the City is expected to benefit from a reduction in exposure to internal grievances or union challenges, as well as potential risk of external litigation.

3. **Efficiency Benefits - delivering value to the citizens of Saskatoon through reduced absenteeism and related costs**

Finally, the very direct benefits of holistic operating model changes result from the fact that every single pillar in the proposed operating model is designed to reduce absenteeism - and therefore has the potential to deliver direct benefits through cost reductions of up to $5.6 million and indirect benefits as a result of recouping up to 167,630 lost man hours.[11]

By keeping employees healthy and at work the City will benefit from the internal expertise and capability of staff. In addition, benefits will be realized through reductions in a variety of costs, such as contingent labour staffing and funding of benefit obligations. By implementing an efficient, robust and technology enabled service delivery model designed to keep people healthy and at work, the City should expect to see concrete dollar savings and indirect productivity improvements within 18 months of the implementation of the recommendations contained within this report.

[11] Appendix G, 2017

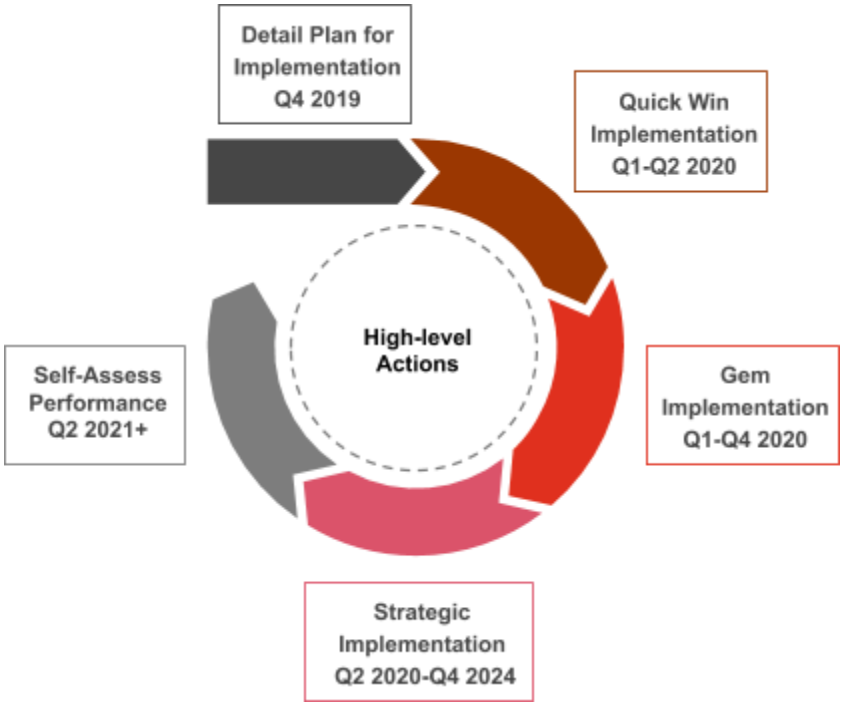
Suggested implementation actions

If the City should decide to adopt the recommendations outlined in this report - the initial step should be to convene a core project team, supported by a PMO (Project Management Office) and Steering Committee in conjunction with standard project management principles. The team should then begin to develop a concrete business case and implementation/communication plan; being mindful of capacity, internal capabilities, and ultimately a phased approach to implementation of recommendations.

In order to illustrate how a phased approach to implementation might work in practice - the diagram below shows, at a high level, how PwC believes the changes to DAP should be implemented. This approach will introduce manageable action plans/activities and will enable the City to achieve incremental successes with less interruption to the overall business processes. In addition, stakeholders can learn from the initial action plans/activities and use their new found knowledge for subsequent implementation steps.

The plan outlined below is only indicative and at a high level, if the City decides to adopt the recommended changes, a detailed implementation roadmap would need to be produced.

Diagram 7: High-Level Implementation Plan



Quick wins and gems can be implemented with minimal effort at an enterprise level. However, we recommend that, where applicable, the City consider a phased approach to rolling out the changes. This will allow the project team to manage change at a more reasonable level and incorporate lessons learned for the roll-out of future phases. Selecting a “pilot” division that would benefit more than most from the implementation would also allow the team to self-assess performance (qualitatively and quantitatively, where data is available) against expected benefits. It may also be beneficial if HR leads the organization “by example” in performance measurement initiatives.

Suggested implementation risk mitigation plans

As with any implementation project, there are a number of risks that should be mitigated to improve the likelihood of success. We have identified risks and mitigation considerations below:

Pillar	*Risks Identified*	*Mitigation Plan*
Policy & Practices	Lack of stakeholder buy-in on new policies, practices and ways of working. Future process design and ways of working fall below stakeholder expectations. New policies and ways of working are ignored by stakeholders.	Ensure iterative and collaborative approach to framework, policy & process design with broad representation across the City. Strong executive sponsorship and support for the change.
People	Stakeholder hostility to co-sourcing options or changes in ways of working. Poor performance management of third party provider.	Emphasise the importance of medical expertise and risks to City of status quo. Ensure strong Service Level Agreements and Operating Level Agreements with third party providers. Ensure strong contract management activities to monitor third party performance.
Capability	Resistance to change from Supervisors or HRBPs. Poor attendance at training and education sessions. Lack of internal skill set necessary to move from transactional to value-add in DAP team.	Establish effective feedback channels to address end-user concerns. Leadership emphasis and sponsorship on importance of change and training. Explore external advisory or co-sourcing support to either upskill internal team or shift some activities to an external provider.
Technology	Insufficient Budget to Implement Case Management System Poor User Adoption	Preparation and presentation of initiative business case for next budget cycle to secure funds. Change management & training Initiatives with leadership support.
Performance Measurement	Privacy or Information Security Risks.	Develop Organization-wide security and data privacy policy concerning disability data. Ensure strict governance on access rights. Data anonymized where possible in reporting.

Closing Statement

The current trends observed at the City of Saskatoon, and within the overall Canadian public sector, indicate that preventative action is required now. Increasing absenteeism hours from both mental and physical illness present a real risk to the City - with the potential to significantly impact the ability of the organization to deliver citizen services at a sustainable cost to the taxpayer.

The observations contained in this report are supported by HR data indicating absenteeism is on the rise. An increase in mental health drug prescriptions of 19.7% over the past three years[12], coupled with a lower than expected engagement score of 49% in comparison to other organizations [13] indicates a need to reform the DAP model across the five service delivery pillars.

An overall one-time investment in technology to support performance monitoring for continuous improvement and proactive initiatives is estimated to cost a minimum of $72,000. Dependent upon organizational capacity, an additional $118,000 could be required to support implementation and initial information gathering activities. This investment is necessary to align City case management activities with leading practice, relieve capacity constraints caused by manual processes, and provide timely and accurate data for analysis and decisions across all levels of the organization.

The City's DAP team, while capable and passionate, is currently unable to adequately support City employees and supervisors with respect to employee accommodation needs in a proactive manner. This is primarily due to inefficient processes/tools that increase workload in the wrong areas and a lack of access to qualified/trained medical professionals to support assessment decisions. An annual investment of approximately $150,000 will provide the capacity relief and qualified medical expertise required to reallocate daily tasks and improve the maturity of DAP service delivery model to align with other organizations. Furthermore, this annual investment is directly tied to the number of cases assessed and is expected to decrease as absences related to ongoing medical conditions decline.

A strong focus to improve policy & practices and outsource case assessment and case adjudication decisions to qualified third parties is required over the next 3-5 years to improve the maturity of this important service delivery program and reduce related absences. This focus, combined with a modest targeted investment, will enable the City to shift the dial from "Developing" to "Progressive/Advanced" with some areas of "Market Leading"[13].

In adoption of the recommendations put forward in this report, it is expected that the City of Saskatoon will reaffirm a commitment to its employee values, the strategic HR plan, and citizen service delivery. Finally, in addition to the immense indirect benefit such investment would provide, the City would reduce its risk exposure and pave the path to deliver substantial savings to the taxpayer.

[12] City of Saskatoon HR Strategic Objectives Presentation, City EE's are Engaged, Healthy & Safe, (June 2019).
[13] As discussed at a high-level in Appendix A, and in further detail by pillar within the report.

Appendices

Appendix A: Maturity Scale

Rating criteria: used to assess maturity of overall service delivery model for a program

Rating	*Rating rationale*
	Market Leading – Clearly defined and enforced process, policy and responsibility framework assessed through leading and lagging key performance indicators. Minimal risk exposure through co-sourcing and high degree of technology enablement (with instances of Robotic Process Automation) allows for a small, central centre of excellence to focus on strategic priorities. Well known and high priority enterprise strategy for Disability Management with awareness and sponsorship at an executive level.
	Advanced – Process, policy and responsibility framework is well known and enforced. Co-sourcing negates most risk exposure and technology enablement and process efficiency allows the Centre of Excellence to have capacity for value add strategic activities. Existence of an enterprise strategy for Disability Management and some awareness at an executive level.
	Progressive – All key processes, policies and roles/responsibilities are communicated and largely adhered to. Some elements of co-sourcing reduce risk exposure and organization is exploring the potential for technology enablement. Centre of Excellence is highly involved in process administration and therefore largely lacks the capacity for strategic activities. No enterprise strategy for Disability Management and lack of awareness at an executive level.
	Basic – Some processes and policies exist however there are gaps; whereas roles and responsibilities remain unclear. High risk exposure in processes and policies with no co-sourcing options to reduce exposure. Centre of Excellence is heavily transactional and lacking capacity for value add. Lack of strategy at more senior levels, however some awareness in the managerial/supervisory population.
	Developing – Limited critical processes or policies with undefined roles and responsibilities, combined with total organizational exposure (through no co-sourcing) presents unacceptable risk levels to an organization. Lack of technology creates further data risks and creates process inefficiencies leading to duplication of work, process gaps and no defined approach in the Centre of Excellence. Limited strategy or awareness at any organizational level outside of the core team.

Categories of service delivery models

At the highest possible level, a service delivery model is the way a set of activities, resources and capabilities are structured to deliver service to either internal or external stakeholders. Service Delivery Models at an enterprise level typically fall into three categories: Decentralized, Centre-Led/Hybrid or Centralized.

1. A decentralized disability management team may be responsible for developing programs, policies, and directives however most resources report into the departments, with little to no accountability to the Centre of Excellence (CoE). Health and Wellness Coordinators (HWCs) or Supervisors would be responsible for the application, documentation, and implementation of case management, policies, programs, processes, & procedures, as per the direction and mandate set forth in their respective departments.
2. In a centre-led/hybrid model, there is a disability management CoE wherein reporting is to one single point of contact. Based on the strategic direction set forth by leadership and the provincial regulatory bodies, the CoE is responsible for developing programs, policies, and directives. Reporting into the CoE and with dotted lines into the departments (or vice-versa), operational HWCs would support supervisors on cases and be responsible for the proper application, documentation, and reporting of policies, programs, processes, & procedures within the departments.
3. The disability management CoE for a centralized service delivery model, has a single point of contact for reporting. It is responsible for developing programs, policies, and directives, by capturing and reviewing requirements, conducting research, and gathering and analyzing data. Reporting into the CoE, Operational HWCs would be responsible for the proper application, documentation, and reporting of disability management cases, policies, programs, processes, & procedures enterprise wide.

The table presented below provides comparative information for the three types of service delivery models:

	Decentralized Model	Centre-led or Hybrid Model	Centralized Model
Description	Each department is responsible for its own processes and has separate team.	Central group focuses on functional strategies, policies, process definitions & optimizations, leading practices and knowledge sharing	All functions are managed through a single, centralized organization.
Tasks & Targets	• Business partner to the department/ community service leader • Provide strategic insight to make business decision • Link to corporate to ensure policies and standards are followed	• Planning and corporate leadership • Set policy, process standards and guidance for accounting and operational services • Define key governance points and leadership roles	• Rule-based operational and accounting services • Process focused, technology leveraged • Driving to lower cost of service and consistency with clear service levels • Critical number of tasks required for verification
Pros	• Full autonomy for each department • High flexibility and mobility for the function to operate without central oversight.	• Balance between centralized and decentralized allowing to leverage corporate standards while providing flexibility • Greater ability to serve stakeholders and understand the business • Greater sharing of leading practices	• Corporate departments fully leveraged • Functions derive economies of scale in transactional / operational activities • Strong risk management across the organization
Cons	• Under-leveraging of spend to drive value of services performed. • No standardization of processes • Harder to scale and grow the function over the long-run.	• Balancing preferences and expectations of different stakeholders / departments • Compliance can be a challenge • Higher risk from a control perspective	• Balancing preferences and expectations of different stakeholders / departments • Risk of “one think” and not being close to the business

Appendix B: Observation Ratings

Rating Criteria: used to assess impact and risk of individual observations

Critical

An observation for which the exposure arising could have a:

- Highly significant impact on operational performance [e.g. resulting in inability to continue core activities for more than two days]; or
- Highly significant monetary or financial statement impact; or
- Highly significant breach in laws and regulations that could result in material fines or consequences; or
- Highly significant impact on the reputation or brand of the organization which could threaten its future viability [e.g. high-profile and media scrutiny i.e. front-page headlines in national press].

High

An observation for which the exposure arising could have a:

- Significant impact on operational performance [e.g. resulting in significant disruption to core activities]; or
- Significant monetary or financial statement impact; or
- Significant breach in laws and regulations resulting in significant fines and consequences; or
- Significant impact on the reputation or brand of the organization [e.g. resulting in unfavorable national media coverage].

Medium

An observation for which the exposure arising could have a:

- Moderate impact on operational performance [e.g. resulting in moderate disruption of core activities or significant disruption of discrete non-core activities]; or
- Moderate monetary or financial statement impact; or
- Moderate breach in laws and regulations resulting in fines and consequences; or
- Moderate impact on the reputation or brand of the organization [e.g. resulting in limited unfavorable media coverage]

Low

An observation for which the exposure arising could have a:

- Minor impact on operational performance [e.g. resulting in moderate disruption of discrete non-core activities]; or
- Minor monetary or financial statement impact; or
- Minor breach in laws and regulations with limited consequences; or
- Minor impact on the reputation of the organization [e.g. resulting in limited unfavorable media coverage restricted to the local press].

Risk rated observations

Rating:	*Observation(s):*
Critical	1. No policy or principles to govern overall practices for the overall management of absenteeism. 2. Unqualified personnel performing assessment of illness in needs evaluation and case management stages. 3. Union involvement in adjudication of claims through role on sick bank committee.
High	4. Processes lack consistency in application and monitoring of performance of duties is limited. 5. HWC resource (people and/or technology) constraints result in more compliance activities than support activities (i.e. more than 80% of time is spent in administration). 6. Incomplete case analysis information and risk of non-compliance.
Medium	7. Employee is unaware of responsibilities. 8. Unions may dissuade employees from divulging personal information to HWC or for the purpose of third party assessments. 9. Case assessment and case management process has significant reliance on health professional to complete required information in an ethical and accurate manner. 10. Medical professionals are not completing return to work forms sufficiently. 11. EFAP and workplace conflict information is restricted, resulting lack of information by City staff for assessment of non-physical claims. 12. No communication between HWC, EFAP and other benefit providers (SGI & CPP). 13. Culture and funding approach has prioritized employee needs over employer needs. 14. Employees will sometimes refuse consent, limiting their access to the DAP. 15. Incomplete leave reports and return to work forms result in pending claims. 16. Lack of data to understand the root cause of increase in non-physical claims (EFAP and workplace conflict information is restricted, resulting lack of information for assessment of non-physical claims). 17. Inconsistent scheduling tools can delay follow-up with employees on leave and increases “key person” risk. 18. Lagging indicators are not available for action in a timely manner (time to report is higher than standard practice) and executive have limited insights into absenteeism and DAP information. 19. Leading indicators do not currently exist.
Low	20. Non-routine process for some supervisors. 21. Forms intended for 0-10 day absence may not provide information to assess transition to 10 day +. 22. Other organizations have consistent disability management terms across union agreements to facilitate ease of administration vs. inconsistent and specialized terms across the City of Saskatoon’s union agreements 23. Accommodation can be difficult in safety sensitive jobs, across 12 unions, and for seasonal part-time employees, particularly if skillset has been significantly compromised. 24. Batch entry results in lack of detailed data at the employee level in central pay system. 25. Tools used to compile data do not support data analytics or sharing amongst teams, and do not contain accuracy checks. 26. Reporting of data is delayed with high chance of error due to manual processes. Trending and analytics is insufficient to support continuous improvement.

	27. Centralized data access and format constraints result in lack of analytics at division level. 28. Non-routine process for some supervisors and lack of awareness 29. Permanent & temporary disability hard to accommodate, especially across unions or if skillset has been significantly compromised 30. Forms intended for 0-10 day absence may not provide information to assess transition to 10 day + 31. Inconsistent scheduling tools can delay follow-up with employees on leave and increases “key person” risk 32. Accommodation can be difficult in safety sensitive jobs, across 12 unions, and for seasonal part-time employees 33. Batch entry may result in lack of data at the employee level in central pay system requiring rework 34. No easy access for employees and supervisors to access vacation/sick pay balances 35. Reporting of data is delayed with high chance of error. Trending and analytics is insufficient to support continuous improvement 36. Time to report is higher than standard practice 37. Centralized data access and format constraints result in lack of analytics 38. Lagging indicators are not available for action in a timely manner 39. Leading indicators do not currently exist

Appendix C: Recommendation Ratings

Rating Criteria: used to assess performance impact and implementation effort

Quick wins require very little time, budget and resource allocation. These are immediate steps which can move the dial for maturity, however implementation of the quick wins alone will not achieve the desired outcome. It is essential these are paired with longer term recommendations.

Gems produce a higher impact than Quick wins, while implementation efforts remain low. These are generally medium-term solutions.

The **Strategic** recommendations are the foundational elements upon which all transformation actions to reach the desired future state are based.

Rating:	*Recommendations:*
Quick Win	1: Establish a communication process to advise supervisors and employees of policy & practice updates and training sessions. 9: Develop a standard template for HWCs to communicate employee return to work restrictions to supervisors. 15: Compile absenteeism reports within a spreadsheet on a monthly basis and implement data self-checks. 18: Support Divisions in analyzing monthly absenteeism impacts to determine root causes, and begin compiling baseline measures to support future development of performance indicators and reasonable targets.
Gem	2: Establish a framework to clearly outline a common taxonomy, roles & responsibilities, processes and governance & reporting standards for the overall management of absenteeism. 3: Establish principle-based policy to govern the establishment of processes and procedures to support achievement of strategic outcomes related to absenteeism and ensure compliance with legislation. 6: Include a Responsibility Assignment Matrix[14] within the Accommodation Processes manual as a quick reference and learning tool. Clearly identify responsibilities by each stage of the overall absenteeism process: attendance management | ongoing medical condition needs identification | needs evaluation | case management | performance monitoring & reporting | ability management & return to work support 10: HWCs should conduct focused training sessions on a more regular basis. A process should be established to identify and include new supervisors. Consider implementing a leading performance indicator to measure and monitor training attendance by division.

[14] Responsible, Accountable, Consulted, Informed (RACI)

	11: Require HR involvement when absences reach 5 consecutive days. HRBP supports supervisors to identify employees who may need to be referred to DAP at 10 days. 16: Implement standardized filing and information access practices in a central data repository (i.e. Sharepoint) to compile and analyze information across all DAP processes. 19: Investigate ways to record and compile indirect costs associated with absenteeism in a more timely manner, including overtime related to reassigned duties. 20: Measure the total value/cost of absenteeism by including intangible/social impacts within the annual absenteeism report.
Strategic	4: Update processes and forms to support framework and policy. Align processes included within the accommodation process manual with any process mapping conducted as part of the ERP business requirements identification. 5: Collaborate with employees and unions to work towards “one approach” to absenteeism across the organization to improve consistency in collective agreement terms. 7: Investigate the benefit of establishing an approved medical professional program to support more accurate completion of forms by employees and medical professionals. 8: Outsource the Needs Evaluation and Case Management compliance adjudication activities to a third party. 12: Refocus the role of HWCs to provide additional support to supervisors beyond communicating return to work restrictions by reallocating current workload, as presented in Recommendation 8. 13: Implement a fit-for-purpose technology system, as presented in Recommendation 17, to increase ability of HR team to perform reporting and analytics responsibilities for measuring, monitoring and reporting on key HR performance indicators, including those related to absenteeism and ability management. 14: Explore opportunities to reduce annual funding contributions to the various sick leave benefit plans and reward divisions who successfully reduce absenteeism by reallocating funding to that division’s service delivery programs. 17: Implement a case management system to improve information and align with leading industry practices in both the public and private sectors. 21: Create tiered reporting and dashboards appropriate for stakeholder use, dependent on organizational level. (i.e. Pay Cycle Supervisor Data Drill-downs, Monthly Director Dashboards, and Quarterly Executive Reports). It may be beneficial to design reports and identify user needs prior to finalizing performance metrics to “begin with the end in mind” and improve effectiveness. 22: Develop and implement leading and lagging performance indicators to improve accountability, performance measurement and business planning. 23: Consider which data is missing to measure the key performance indicators and create business requirements to capture this data within any new HR systems (i.e. case management system, ERP system). 24: Develop metrics to self-assess performance of internal activities completed to mature the program. Measure and report to key organizational stakeholders on an annual basis.

Appendix D: Key Stakeholders

In order to understand the current state we conducted a discovery workshop with key internal stakeholders to capture the steps involved in the delivery of the program, including practices that add value, and create pain points. During the discovery workshop we engaged key stakeholders across divisions, positions and roles to understand their needs. We created an interactive experience where participants were able to communicate the current state of the DAP and through this workshop, the participants collaborated with one another to identify issues and gaps in the current state. We also administered a survey to other internal stakeholders across all divisions to capture additional information regarding stakeholder experience. The results of our analysis and recommendations were shared and validated with stakeholders.

We would like to express our appreciation to the following individuals for their cooperation throughout the project:

Individuals who participated in one or both of the workshops	*Individuals provided with the opportunity to participate in the survey*	
Sarah Cameron	Lesley Anderson	Jay Magus
Alaina Gillespie-Meise	Trevor Bell	James McDonald
Trina Hordalr	Carla Blumers	Russ Munro
Sharon Leach	Christine Bogad	Paul Ottmann
Jackie Morley	Shellie Bryant	Teresa Quon
Rob St. Pierre	Reid Corbett	Jo-Anne Richter
Betty Rolleston	Darren Crilly	Andrew Roberts
David Smith	Deb Davies	Mark Rogsta
Michelle Tetreault	Gilles Dorval	Jeanna South
Dustin Truscott	Scott Eaton	Joanne Sproule
Brady Waldenberg	Kara Fagnou	Shelley Sutherland
Jason Wiebe	Rob Frank	Anthony Tataryn
	Angela Gardiner	Brodie Thompson
	Nicole Garman	Jason Turnbull
	Rob Gilhuly	Michael Voth
	Pamela Goulden-McLeod	Cindy Yelland
	Clae Hack	Stan Macala
	Morgan Hackl	Jim Yakubowski
	Matt Jurkiewicz	Morland Desmarais
	Diane Kanak	Troy Daw
	Lynne Lacroix	Mike Stefiuk
	Troy LaFreniere	Adam Pohler
	Brendan Lemke	Kari Smith
	Frank Long	Jackie Morley

Appendix E: Documented Current State & Issue Identification

Practices and issues by service delivery pillar

Below are the detailed outcomes from the focus workshops, document review and surveys that were shared with participants for validation and to support the future state design recommendations.

Policy & Practices	
Current state practice	*Identified issue (Gap)*
• Comprehensive (131 page) process document guides activities through process flows, decision trees, employee meetings, checklists, and form completion • With exception of the DAP referral decision, needs evaluation, case assessment and case management model is Centralized • With exception of communicating return to work restrictions, return to work plan is Decentralized • Reporting and monitoring is Centralized • Long term disability assessment and benefits administration is Outsourced • Short term benefits administration is Centralized	• Employees will sometimes refuse consent, limiting their access to the DAP • There is a bottleneck in the process at the stage of employees accurately and completing leave reports and return to work forms • Non-routine process for some supervisors and lack of awareness • Case assessment and case management process has significant reliance on health professional to complete required information in an ethical and accurate manner
People	
Current state practice	*Identified issue (Gap)*
• **Employee:** complete leave form, provides consent, obtains medical information • **Manager:** refer to HWC (limited adjudication), notifies employee • **Health & Wellness Consultant:** Employee intake, accommodation plan & communication with stakeholders • **OHS Manager:** reporting & analytics • **Sick Bank Committee:** claim adjudication • **Health Care Professional:** completes medical form for assessment and restrictions on return to work • **Union:** sick bank committee membership • **Payroll:** STD benefits pay administration, form for referral to LTD • **Carriers:** LTD benefits administration • Employees have access to Employee Family Assistance Program (EFAP) • Employees may have access to other insurance benefits	• Employee unaware of responsibilities • Discretion of supervisors results in inconsistency • Unclear adjudication process - manager, OHS superintendent, HWC, sick bank committee, medical professional • Sick bank committee members lack medical competencies to assess medical forms, union involvement in adjudication through committee • Medical professionals are not completing return to work forms sufficiently • Unions may dissuade employees from divulging personal information to HWC or for the purpose of third party assessments • Permanent disability hard to accommodate, especially across unions or if skillset has been significantly compromised by disability • Temporary disability also difficult as by the time accommodation is found, contract is complete • No communication between HWC, EFAP and other benefit providers (SGI & CPP).

Capability	
Current state practice	*Identified issue (Gap)*
• Average incidences of absenteeism was 3.13 per employee with an average days of absenteeism per employee at 7.2 days in 2017. • No financial incentives to reduce • Non-physical claims becoming more prevalent (50%) • Supervisors are challenged with less than 10 day periodic absences • Supervisors prioritize payroll cut-off deadlines over robust DAP referral assessment • Supervisors feel > 10 days flows smoothly • Stress related workplace conflict STD cases are challenging to assess • Standard forms, templates, letters, action logs used by HWC • Follow up with employee occurs in regular intervals • Supervisors responsible for finding accommodation upon communication from HWC • Transition from periodic absence to STD to LTD can be challenging with respect to assessments	• Culture and funding approach has prioritized employee needs over employer needs • Lack of data to understand the root cause of increase in non-physical claims • HWC resource (people and/or technology) constraints result in more compliance activities than support activities - CoS with caseload of 50 incidents/HWC (>10 days); • Forms intended for 0-10 day absence may not provide information to assess transition to 10 day + • EFAP and workplace conflict information is restricted, resulting lack of information for assessment of non-physical claims • Accommodation can be difficult in safety sensitive jobs, across 12 unions, and for seasonal part-time employees • Funding approach and inconsistent collective agreement terms
Technology	
Current state practice	*Identified issue (Gap)*
• Manual forms • Scheduling and employee information stored in Excel spreadsheets or in Outlook Calendar • Smartstream used to input payroll information by Corporate Payroll staff • Divisional Payroll manually tracks sick bank availability • Data is exported from payroll system to Microsoft Word for compilation and reporting	• Incomplete case analysis information and risk of non-compliance with policy • Inconsistent scheduling tools can delay follow-up with employees on leave and increases “key person” risk • Batch entry may result in lack of data at the employee level in central pay system • No easy access for employees and supervisors to access vacation/sick pay balances • Reporting of data is delayed with high chance of error. Trending and analytics is insufficient to support continuous improvement
Performance Measurement	
Current state practice	*Identified issue (Gap)*
• OHS Manager generates annual public absenteeism report for Council detailing short and long term metrics and costs. • All forms are manually completed and then stored in physical folders • Lost time injury frequency metric is publicly reported as on-track as a strategic performance metric	• Time to report is higher than standard practice • Centralized data access and format constraints result in lack of analytics • Lagging indicators are not available for action in a timely manner • Leading indicators do not currently exist

Sick leave comparison across unions[15]

The following information was obtained from the City's website and is dated October 1, 2016. All labour groups have 100% salary coverage from the City's self-insured plan for the benefit payment duration period specified below. The information contained in this table demonstrates the number of union agreements and inconsistency in terms that adds an awareness and administrative challenge.

Labour Group	*Sick Day Accrual*	*Benefit Payment Duration*
ESA/ Sr. Administration	N/A	12 months (365 days)
SCMMA	N/A	6 months (182.5 days)
CUPE 59	1.25 days per month for the first 10 years 1.5 days per month for each subsequent year	194 working days
CUPE 47	1.25 days per month for the first 10 years 1.5 days per month for each subsequent year	194 working days
CUPE 2669	N/A	120 working days
CUPE 859	1.25 days per month for the first 10 years 1.5 days per month for each subsequent year	194 working days
ATU 615	1.25 days per month for the first 10 years 1.5 days per month for each subsequent year	176 working days
IBEW 319	N/A	6 months (182.5 days)
IAFF 319	N/A	100 working days

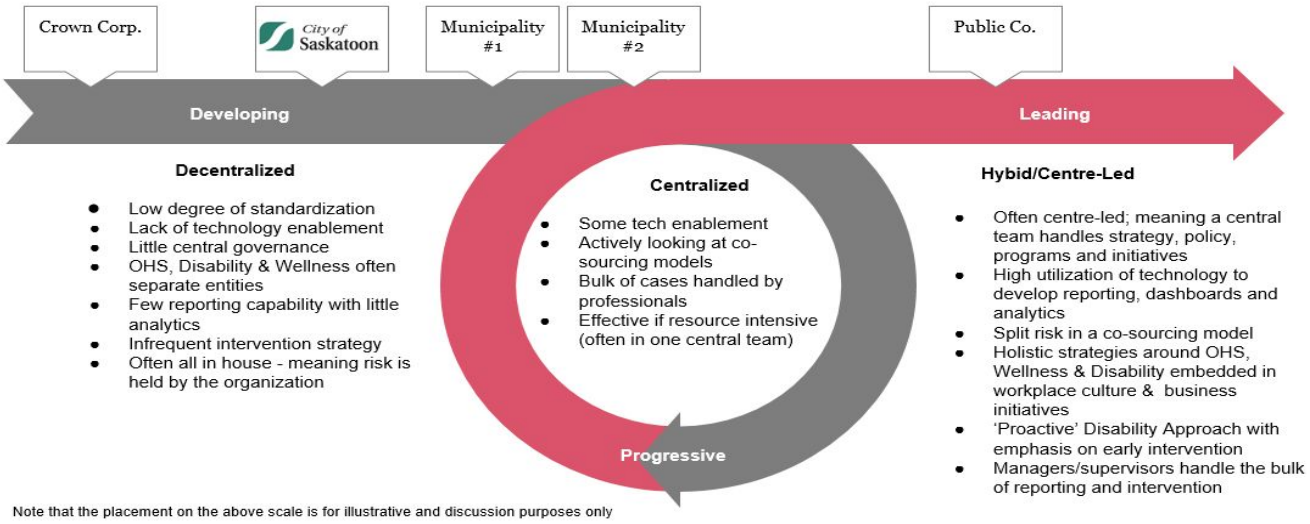
15 https://www.saskatoon.ca/sites/default/files/documents/corporate-performance/human-resources/benefits/sick_leave_comparison-05.01.19.pdf

Appendix F: Leading Practice Assessment Activities

Benchmarking

We conducted desktop and interview research with four similar sized organizations, two of which are municipalities. We were able to collect data and insights from organizations across decentralized, centralized and centre-led service delivery models at different OH&S maturity levels. This research has been incorporated into identified opportunities for improvement at the City.

Developing a truly effective service delivery model is an iterative process. Below we have presented common maturity considerations and have indicated where we believe the City is in comparison to peers from both private and government industry.



Maturity/continuous improvement insights

As depicted above, service delivery models are often transitional, and in order to truly enable effective service delivery there is often a scale of critical design choices required in order to advance towards a leading model. Although each organization is different, and each service delivery model can be effective in different ways, it is impossible to enable certain delivery models without sophistication in some core areas. Below we have identified key considerations for service delivery model improvement that can be leveraged as the City progresses in program maturity.

How Can Technology Enable Priorities?

All leading service delivery models are underpinned by effective reporting technology with analytic capability. It is almost impossible to establish an effective service delivery model without at least progressive technology - if we wish to get beyond basic - there needs to be some thought around the investment needed in enabling tech.

What Capabilities need to be developed?

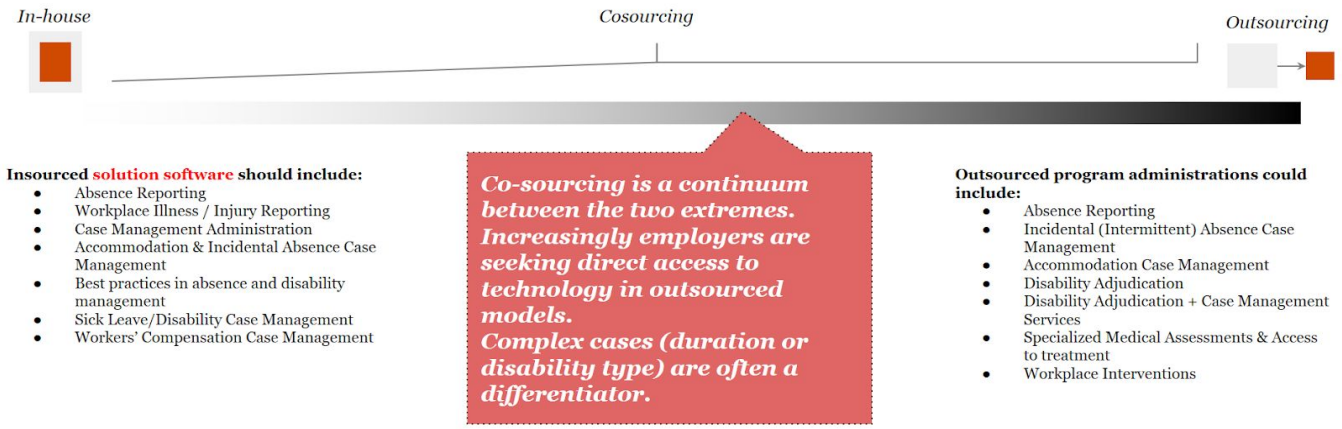
As Service Delivery Models change - so do the capabilities needed to stand them up. For example moving to centre-led model requires the development of a strong knowledge set within the wider organization. As we evaluate models, we need to think of the upskilling costs associated.

How Can Role Clarity Ensure Effectiveness?

Service Delivery Models are dependent on every component working in tandem. If one fails - the whole model fails. Therefore who is owning the overall delivery of Disability Management and are they the right person? How do we enforce compliance and how to we ensure the model doesn't break down? And how do we ensure performance?

Co-sourcing insights

Co-sourcing has replaced traditional outsourcing as the preferred approach of many organizations. Co-sourcing is combining the best of both worlds by reducing risk and exposure of organizations and saving money, whilst at the same time allowing organizations to retain control over mission critical or strategic activities. Therefore modern 'co-sourcing' looks like a spectrum or continuum. It is important to think about co-sourcing considerations in accessing the various options for delivery models, and our longer term recommendations include some options for the City to consider.



Appendix G: Detailed Costs & Performance Measures

Actual absenteeism costs

The following table of facts is presented to support the cost references contained within the report, including calculations of alternative solutions. Note that 2018 information is available internally at the date of this report but has not yet been made public.

Annual Payroll/ Employee Statistics	*2018*	*2017*	*2016*
Wages and benefits total costs[16]	$331,350,000	$327,544,000	$280,655,000
Periodic absenteeism costs[17]	Not available	$3,914,000	$3,911,000
Ongoing medical condition absenteeism costs[16]	Not available	$1,653,000	$1,608,000
Total short term absenteeism costs, excluding WCB[16]	Not available	$5,567,000	$5,519,000
Total short term absenteeism hours lost[16]	Not available	167,630	167,675
Full-time equivalent employees[18]	3,835	3,659	3,602
Number of employees eligible for sick leave[16]	Not available	3,237	3,151
Short term absenteeism costs as a % total cost	Not available	1.70%	1.68%
Cost per hour lost to short term absenteeism	Not available	$33.21	$32.91
Cost per full-time equivalent employee	Not available	$1,521	$1,532
Employees eligible for sick leave as a % of full-time equivalent employees	Not available	88.47%	87.48%

[16] City of Saskatoon 2018 & 2017 Annual Reports | Financial Section | 2018: Note 17 & 2017: Note 16

[17] City of Saskatoon Absenteeism Report (2017) | April 2018, page 3

[18] City of Saskatoon 2018, 2017 & 2016 Annual Reports, 2018: page 30, 2017: page 28, 2016: page 26

Sick leave benefits payable[19]

The City operates a number of Sick Leave Benefit Plans as stipulated within agreements with the various Unions and Associations of employees. These plans are based on the accumulation of sick leave credits to a specified maximum, or are guaranteed long-term disability plans. For those Unions with accumulated sick leave plans, the employee is entitled to a cash payment under specified circumstances, including retirements, based upon a formula stipulated in the union agreement. The employee benefits were based on medical and dental health care trends assumptions. The assumptions used represent the City's best estimates. The expected medical care trend rate is 8.85% and dental care trend rate is 6.75%.

Annual contribution to reserve	*2018*	*2017*	*2016*
Annual benefit obligation contribution	$1,595,000	$1,545,000	$1,496,000
Interest on accrued benefit obligation	$401,000	$378,000	$357,000
Less: Benefits paid	$(871,000)	$(599,000)	$(919,000)
Actuarial adjustment	$(2,776,000)	-	-
Cumulative accrued benefit obligation	$18,887,000	$20,538,000	$19,214,000

The total annual contribution to the sick leave "bank" averaged 0.50% of total payroll costs over each of the past three years.

Third Party Service/System Quotes

PwC contacted three third parties to obtain quotes for Needs Evaluation & Case Management Services. These have been shared with the Administration.

Needs Evaluation Services

In our analysis of the material provided, we determined that Needs Evaluation, or Early Referral Services, can be flexible depending upon an employer's need. Service can entail full management of all absences after a certain number of days, to ad hoc involvement at the City's request. The City will also have access to a full range of services during the salary continuance period, billed on a fee-for-service basis. Application forms should integrate seamlessly with any subsequent Long Term Disability (LTD) processes. For example, claim forms submitted electronically can also be used to initiate a LTD claim, should that be necessary.

For further clarity, Needs Evaluation would typically include the following service level activities, as agreed upon with each third party service provider:

- Review of claimant statement, medical information, employer information
- Functional Phone interview if required to claimant and employer to understand impact of disability on function, physical demands of the job and any other consideration impacting claim decision
- Documentation of the decision on a disability case management plan (note decisions will be based on the provisions of the specified plan provided by the plan sponsor)
- Communication in either email or letter to the plan sponsor of the claim recommendation.

[19] City of Saskatoon 2018 & 2017 Annual Reports | Financial Section | 2018: Note 13 & 2017: Note 21

- If claim is pended, provision in writing to the claimant either a form or a written request with specific questions to be taken to the medical professional for submission on his/her behalf. The cost of this information is the claimant's responsibility (as it is typically up to them to supply proof of total disability).

The outcome of the Needs Evaluation service would be one of the following, ensuring confidentiality of medical information obtained from eligible employees:

- an approval of the claim
- decline of the claim
- a pending of the claim due to insufficient information provided.

Case Management Services

Absence will be handled by a disability case manager, whose goal is to ensure the employee gets appropriate and timely medical treatment needed for a safe return to work. Early intervention and seamless management by a single case manager can mean help for the employee when they need it.

Case Management service level activities would typically include:

- Monitoring for medical recovery includes writing for additional medical information to determine recovery and any potential complications impacting recovery and return to work
- Ongoing phone communication with claimant to monitor function and readiness for return to work
- Communication with employer to understand ability to accommodate gradual return to work programs
- Development of a gradual return to work program
- Phone and written communication with plan sponsor to inform of claim recommendations and prognosis for return to work or gradual return to work
- Documentation of an individually tailored case management plan for each claimant (due to medical confidentiality this can not be shared with plan sponsor)

PwC also contacted one vendor to obtain a quote to support internal tracking of claims, root causes and absences for ability management and return to work support, as well as performance measurement and compliance reporting.

Some of the features of this system, as recommended by two of the organizations we benchmarked, include:

Occupational Health and Safety Software streamlines the tracking of injuries and illnesses, monitors and analyzes trends, mitigates absences, and manages regulatory requirements. Daily activities are supported by the following high-level software capabilities:

- Tracking Cases
- Tracking Absences
- Disability Guidelines (ODG/MD)
- To-Do List
- Case Management Reports
- Integration Points

These capabilities are designed to support the following outcomes:

- Standardize employee health data management across multiple sites
- Implement or streamline electronic medical record keeping, supporting accuracy and compliance.
- Measure and trend clinic utilization and employee health with robust reporting capabilities (this system is cloud-based and fully integrates with ERPs)
- Easily visualize key indicators and priority activities with a personalized medical dashboard.
- Increase clinic productivity with valuable features such as auto e-mail notifications, business rules, predictive text, note templates, interfaces with medical testing equipment, and more.

- Submit orders and print off prescriptions, and access and print drug profiles and data sheets during the order process.
- Gain one-stop access to an employee's complete medical history via the Medical Chart Module.
- Manage medical surveillance with an advanced scheduler that allows you to create the surveillance activity, set up exposure groups, and automatically notify the employee(s) being recalled as many times as required.
- Integrate medical, case management and safety data to eliminate redundant data entry, improve communications, and ensure data accuracy when an employee is sick, injured or absent.
- Mitigate absences and claims and be able to demonstrate ROI from your case management programs.

Cost estimates

The cost estimates included within the recommendations are based on the reallocation of HWC capacity necessary to support a holistic service delivery model

Allocation of Internal Resource Effort

DAP Practice Area	*Current State*	*Future State*	*Assumptions*
Needs Identification & Needs Evaluation	5% 192 hrs	10% 384 hrs	Assessments are outsourced, HWCs support managers in identifying needs and manage 3rd party risk through appropriate oversight activities
Case Management	85% 3,264 hrs	15% 576 hrs	Assessments are outsourced. HWCs support supervisor/team needs by assisting in reallocation of employee duties. HWCs perform 3rd party risk management through appropriate oversight activities.
Ability Management & Return to Work Support	5% 192 hrs	50% 1,920 hrs	HWCs support employee needs through ability management and return to work support. Case Management System is required to support ability management and return to work support activities.
Program Monitoring & Reporting	5% 192 hrs	25% 960 hrs	HWC's support directors in establishing baseline performance targets, measuring performance, monitoring improvements. Case Management System is required to support measurement, reporting and program monitoring activities..

Recommendation 8: Outsource the Needs Evaluation and Case Management compliance adjudication activities to a third party.	
Option 1 - Internal Hire creates capacity to achieve desired future state levels for Needs Identification/Evaluation (+192 hrs), Ability Management & Return to Work Support (+1,728 hrs), and Program Monitoring & Reporting (+768 hrs)	**Option 2** - Outsource creates the capacity to achieve desired future state levels across all DAP practice areas. **Recommended Option**
Additional hours required = 3,840 or 2 FTE (assuming 1,920 hrs per FTE) Cost = $51.90 per hour **Option 1 total annual cost = $200,000**, rounded ($51.90 x 3,840 = $199,296)	Current # of incidents to be outsourced = 193 Maximum cost per incident = $580 **Option 2 total annual cost = $112,000**, rounded ($580 x 193 = $111,940)

Case management system implementation

Recommendation 17: Implement a case management system to improve information and align with leading industry practices in both the public and private sectors.	
Incremental one-time costs Vendor quote: $40,000 to $70,000 Internal project management: 10 hours per week x 16 weeks x $50 = $8,000[20] External project management: 10 hours per week x 16 weeks x $150 = $24,000 Internal data entry: 200 cases x 4 hours per case x $50 = $40,000 External data entry: 200 cases x 4 hours per case x $100 = $80,000 **Total one-time costs**: $72,000 to $190,000	**Incremental ongoing annual costs** ● $20,000-$25,000, includes access for 3-5 named users. Consider if third party co-source provider would have access to enable proper oversight by City HWCs. ● An optional unlimited licensing fee of $14,000 provides employee access to their individual information. This will help employees be accountable for their absenteeism by providing insights into their individual performance against any established targets. **Total annual costs:** $20,000 to $39,000

Current Performance Measures

The following information on the City's current performance measures is presented to assist in identifying the gaps in leading and lagging performance indicators required to improve accountability, performance measurement and business planning.

Services provided by the City of Saskatoon's Corporate Performance Department | HR Division[21]

Provides general and specialized services to the civic department and boards, designed to maximize employee performance with primary focus placed on the following key areas relevant to this project:

Client Services: Occupational Health and Safety provides support for employees, supervisors and managers through the Health Management System for both occupational and non-occupational injuries and illnesses. Promotes a healthy workplace and wellness initiatives supporting work-life balance.

Total Rewards: Provides strategies to attract, motivate and retain employees. Delivers in-house expertise and administration related to employee recognition, work-life balance, succession planning, and benefit plans and entitlements.

Engagement: Provides direction and support to organization development initiatives. Assists departments to be effective and efficient through support in employee engagement, change management, training and development, conflict management and respectful workplace.

18 Joint Occupational Health and Safety Committees and 12 Unions and Associations within the City's organizational structure[22]

[20] Note that these are high-level estimates only, and would need to be refined as the detailed implementation plan is completed by the project team.
[21] City of Saskatoon 2018 Annual Report pages 64 & 65
[22] City of Saskatoon 2018 Annual report page 30

2018 Major Projects and Initiatives: Health and Safety[23]

Civic Health and Safety Management System is 90% complete; began development of an Employee Absence Management Policy.

Performance Measures	*Target*	*2018*	*2017*	*2016*
Lost Time Injury Frequency	Zero	3.26	2.28	2.43

Other Performance Measure Considerations

Examples of leading indicators for the DAP may include engagement scores, prescription trend analysis data, EFAP consultation rates, and periodic absenteeism rates.

It is useful to select a combination of indicators across categories, such as those provided below. We recommend no more than two indicators per category at the enterprise level (typically 1 leading and 1 lagging indicator). This will help keep reporting and monitoring at a manageable level and keep the organization focused on achieving strategic outcomes.

Focus on compliance

- Are action items being completed within defined timelines?
- Are workers assessed for knowledge of hazards specific to their job task?
- Are supervisors assess for knowledge of policy and process requirements?
- What percent of the workforce has completed organization-specific health and safety training?

Focus on improvement

- Per cent of leadership that is meeting job observation targets.
- Percent of job descriptions with specific health and safety accountabilities.
- Number of near misses reported compared with the total number of recorded incidents.
- Number of equipment inspections (including vehicles) completed vs. targeted.

Focus on continuous learning

- Percent of action items from health and safety perception surveys (e.g. safety culture or hazard surveys) that are completed.
- Percent of workers meeting peer-to-peer observation targets per month per 100 workers.
- Number (or per cent) of near miss findings communicated to organization.
- Percent of health and safety meetings led by management compared to target.
- Percent of near misses that have been scheduled for follow-up and have had responsibility assigned.

Case Management system

- Captures detailed case information including but not limited to:
  - Employee information and the onset date of the illness or injury
  - Assigned case manager and third-party adjusters, where applicable
  - The date the case was initially opened and the date the employee was first contacted
  - User-definable case types (STD, LTD, WCB, etc.) and case status (Pending, Open, Closed, etc.)
  - Unlimited medical conditions including start and end date
  - Provider that determined the diagnosis
  - Extensive case notes
  - Insurance claim details
- Determine work hours lost through automatic system-generated calculations

[23] City of Saskatoon 2018 Annual Report pages 32 & 33

- View an absence summary that tracks days taken and days remaining for STD
- Record continuous absences for the employee:
  - Details tracked include absence status, reason, start date, and percent full duty (to indicate that the employee worked part of the time on restricted duty)
  - Add multiple restrictions to the record in a single step for a restricted work days (RWD) absence
  - Indicate whether the absence should count against STD
  - The system regularly calculates lost time and restricted time, giving you the most current absence information
- Record intermittent absences for the employee:
  - Details tracked include start date, hours per day, whether it is an STD and any notes pertaining to the absence

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