

 COBOURG	THE CORPORATION OF THE TOWN OF COBOURG	
	STAFF REPORT	
TO:	Mayor and Council Members	
FROM: TITLE:	Melissa Henke Human Resources Manager	
DATE OF MEETING:	January 6, 2020	
TITLE / SUBJECT:	Job Evaluation/Pay Equity/ Compensation Review	
REPORT DATE:	December 18, 2019	File #:

1.0 STRATEGIC PLAN

Not Applicable

2.0 PUBLIC ENGAGEMENT

Not Applicable

3.0 RECOMMENDATION

THAT Council receive the report for information purposes; and

FURTHER THAT Council directs staff to move forward with the recommended option # ___2020 job rates and Salary Structure for the Town of Cobourg Non-Union Positions as identified in this report;

AND THAT Council directs staff to move forward with an implementation date of January 1, 2020 for the increase to non-union base salaries for the Town of Cobourg as identified in this report including amending the appropriate policies.

4.0 ORIGIN

In May of 2019 the services of ML Consulting "Consultant" were acquired to facilitate the completion of a compensation update for Management/Non-union positions in 2019 for implementation in 2020. The services included a review of the current compensation program in 2019; specifically, to assess internal equity, ensure compliance with the maintenance provisions of the Pay Equity

Act, assess the competitive pay market and the Town's current pay policy (percentile targets) and develop a revised salary grid for implementation in 2020. Presentation is attached Appendix "A"

5.0 BACKGROUND

There are 36 Non-Union Full Time positions in the Town of Cobourg. The wages and salaries for these positions are set and managed by the Council approved Non-Union – Compensation- Salary Structure Policy # HR-NU-C1. Each position is placed within a salary band on the salary grid.

The Policy is to ensure a fair and equitable salary schedule for non- union personnel that is competitive with like municipalities and the local labour market. Offering competitive compensation is integral for attracting and retaining talent. The compensation policy also includes a external market review to be conducted every third year to ensure the Town compensation plan remains relevant and competitive.

The Town of Cobourg completed a comprehensive compensation review for the management/non-union employee group in 2004/2005 using a point factor Job Evaluation System and conducted a customized market survey. The review produced a revised compensation philosophy, an updated salary grid and a deemed approved pay equity plan. Elements of pay equity (i.e., comparator sequencing) were further reviewed in 2010 with the assistance of a Review Officer.

An external market review was conducted in 2017 by Krecklo & Associates which showed some positions quite low to the competitive pay market; the Town is challenged to attract and retain top talent in some positions. The results of the review have not been adopted, as yet.

Changes in organizational design and job content have been captured periodically since 2005 using subsisting tools and systems (i.e., the McDowall Job Evaluation System) to ensure job equity is maintained. The salary grid has been adjusted annually having regard to market conditions, negotiated increases and ability to pay.

During the compensation review the following items were completed:

1. Current job descriptions were provided to ensure information was accurate and reflected current and qualifications and scope of the position. The Consultant reviews the job information to ensure the Town's jobs are equitably placed in the salary bands to insure internal equity is achieved.

2. The current banding framework was tested to ensure that the salary grid can support current organization design and future growth.
3. A pay equity analysis was completed using 2019 job rates and updated job evaluation results.
4. The Krecklo 2017 market survey results were updated and a 2019 custom market study was completed using 11 municipal comparator organizations.
5. Proposed 2019 job rates were prepared and tested for pay equity compliance.

6.0 ANALYSIS

For this market review the 50th percentile pay target was determined to be appropriate because it is representative and reasonable having regard to scope, size and composition of the comparator group in relation to the Town of Cobourg. The results of reviews showed that on aggregate, Cobourg pays below the 50th percentile of the defined comparator group; with greater deviation in some positions.

The 2004/2005 Non-Union Salary structure provided 12 pay bands. The current Non-Union Salary Structure approved in 2010 is comprised is 16 pay bands. The Consultant has proposed a structure with 13. The banding framework was tested and an additional pay band was introduced to support organization growth, job design and internal equity.

The revised compensation framework addresses:

- Internal equity for all positions
- All positions were reviewed using consistent interpretation and application of the Job Evaluation tool and hourly/annual job rates were harmonized.
- Pay equity compliance
- Pay equity impacts have been identified and are addressed by revised band placement and new job rates
- Pay policy with job rates (i.e., maximum rate in the range for each pay band) that reflect the 50th percentile of the defined pay market.

Staff support the recommended amendments to the Town of Cobourg Non-Union Salary Structure and Pay Equity Plan from ML Consulting. The recommended 2020 Salary Structure is attach as Appendix "B"

The recommended amendments support internal equity, pay equity and market competitiveness. Maintaining these strategies will also improve attraction and staff retention by ensuring our compensation structure is and remains competitive in the labour market.

7.0 FINANCIAL IMPLICATIONS/BUDGET IMPACT

There are three options to consider for implementation of the recommended Town of Cobourg Non-Union Compensation Structure.

Option # 1

Place all adjusted positions at their new pay band and at the current step the incumbent in that position is.

This option would cost \$140,573.27 for salaries and a \$19,680.26 increase to OMERS contributions. Total \$160,253.53.

Option # 2

Place all adjusted positions in their new pay band at the nearest rate above what the current incumbent is currently receiving. This option also places incumbents at Step 4 in their new pay band who have at least 10 years' experience in their current position.

This option would cost \$92,206.56 for salaries and a \$13,462.14 increase to OMERS contributions allocated to 2020 budget. Total cost is \$105,668.71 and would result in 4% increase to personnel lines in the applicable departmental budgets in future budget years as the current incumbent's moves through the steps in the pay band annually.

Option # 3

Place all adjusted positions in their new pay band at the nearest rate above what the current incumbent is currently receiving and place all other position at the nearest rate in their approved salary band above what the current incumbent is currently receiving.

This option would cost \$45,127.09 for salaries and a \$6,626.58 increase to OMERS contributions. Total \$51,753.67.

Options # 2 and # 3 will also result in future personnel budget costs as the affected position continue to move through the steps in the salary band.

Each option is to be funded by the Human Resources 2020 budget. This budget item is listed as Non-Union Compensation/Job Evaluation Review.

8.0 CONCLUSION

It is recommended that Council approve the recommended amendments to the Non-Union Salary Structure and Pay Equity Plan. It also recommended that Council provide Direction to the Chief Administrative Officer on what implementation option to proceed with effective January 1, 2020.

9.0 POLICIES AFFECTING THE PROPOSAL

N/A

10.0 COMMUNICATION RESULTS

N/A

12.0 AUTHORIZATION/SIGNATURES