

2019 Compensation Update for the Management/Non-union Group

Town of Cobourg Summary Report

Committee of the Whole Meeting

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Background

- ▶ 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 which showed some positions quite low to the competitive pay market; the results of the 2017 market review were not adopted. The Town is challenged to attract and retain top talent in some positions.
- ▶ Changes in organization 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 evaluation is maintained. The salary grid has been adjusted annually having regard to market conditions, negotiated increases and ability to pay.
- ▶ The Consultant was retained to ensure that compensation policies and practices continue to meet legislative standards and best practices in the sector relating to pay equity and competitive pay; specifically, to assess the competitive pay market and the Town's current pay policy (percentile target), assess internal equity, assess Pay Equity compliance and develop a revised salary grid for implementation in 2020.

Project Overview

- ▶ The Consultant reviewed updated job descriptions and evaluated all Management/non-union positions at the Town using the current job evaluation system.
- ▶ The current banding framework was tested to ensure that the salary grid can support current organization design and future growth.
- ▶ A pay equity analysis was completed using 2019 job rates and updated job evaluation results.
- ▶ The Krecklo 2017 market survey results were updated and a 2019 custom market study was completed using 11 municipal comparator organizations.
- ▶ Proposed 2019 job rates were prepared and tested for pay equity compliance.
- ▶ A 2020 salary grid can be prepared for costing implementation by applying a proposed cost of living wage increase.

Executive Summary

- ▶ The 50th percentile pay target is representative and reasonable having regard to scope, size and composition of the comparator group in relation to the Town of Cobourg.
- ▶ On aggregate, Cobourg pays below the 50th percentile of the defined comparator group; with greater deviation in some positions.
- ▶ 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

Compensation Philosophy

The following principles were considered during this Review:

- ▶ Fairness
 - ▶ Internal equity is achieved through job evaluation and banding similar value positions with a common Job Rate
- ▶ Compliance
 - ▶ Pay equity maintenance is achieved through analysis and preparing an updated Pay Equity Plan
- ▶ Competitiveness
 - ▶ Addresses attraction and retention issues; achieved by paying at a competitive percentile of the defined pay market
- ▶ Affordability
 - ▶ Determined by Council taking into account budget implications and projections

Internal Equity

- ▶ Job evaluation has been maintained periodically using the McDowall Job Evaluation System; a weighted point factor system that measures skill, effort, responsibility and working conditions.
- ▶ All full time positions were evaluated based on updated job content and placed in similar value groups using the banding methodology that supports the Pay Equity Plan. Bands are differentiated by a consistent increasing 10-point spread.
- ▶ An additional pay band (Band 13) was added to allow for better differentiation in job value, band placement, internal equity and market alignment.
- ▶ 12 positions increased in band placement due to changes in job content and to better reflect internal equity:

Pay Equity Obligations

- ▶ Pay equity is achieved with production of a deemed approved pay equity plan for full-time and part-time positions in the employee group
 - ▶ when it can be demonstrated that all female job classes have the same job rate as the male comparator job class within the same band
 - ▶ where there is no male comparator in the employee group for female job classes in a band, pay equity must be achieved using proportional value (i.e., a regression line that plots the values/job rates of representative male jobs and derives a proportional rate for pay equity purposes)
 - ▶ obligations for public sector employers span back to 1990
- ▶ Pay equity is often maintained using the same gender-neutral job evaluation comparison system that generated the deemed approved pay equity plan for new/changed job classes
 - ▶ new job classes are evaluated when created, and changed job classes are re-evaluated when there is significant change in job function
 - ▶ there is no exemption for market impacts on job rate

Pay Equity Assessment

- ▶ An analysis was prepared using the updated job evaluation results, 2019 job rates and the banding framework.
- ▶ The 2019 Pay Equity Analysis
 - ▶ There are 19 female job classes; male comparators were found for female job classes in 5 Bands holding 9 female job classes; a male cross comparator from the union was identified for female job classes in Band 3. A proportional value analysis was prepared to provide a proportionate pay equity rate for 2 female job classes in Band 6.
 - ▶ The analysis shows that there are no adjustments required.
- ▶ Pay Equity should be tested each year to incorporate any new/changed positions, any changes to comparators and revised job rates.

Market Survey

- ▶ The Krecklo 2017 Market Survey data was aged to 2019 for comparison purposes.
- ▶ A custom market survey was conducted using 11 municipal comparator organizations
- ▶ Comparator selection criteria includes the following considerations:
 - ▶ Historic comparators
 - ▶ Measures of size (e.g., population, operating budget)
 - ▶ Geographic placement, reflective of local/regional economy and recruitment
 - ▶ Scope of service (i.e., local area municipalities)

2019 Municipal Comparator Group

Municipality	County/District	Population*
Cobourg	Northumberland	19,440
Port Hope	Northumberland	16,753
Amherstburg	Essex	21,936
Collingwood	Simcoe	21,793
Greater Napanee	Lennox and Addington	15,893
Midland	Simcoe	16,864
North Grenville	Leeds and Grenville	16,451
Oro Medonte	Simcoe	21,036
Port Colborne	Niagara	18,306
Quinte West	Hastings	43,577
Springwater	Simcoe	19,057
Thorold	Niagara	18,801

**2016 Census data*

The County of Northumberland was used as a comparator for select positions where it was determined not to be an Outlier

Clarington data was collected and used as a point of reference only.

Market Competitiveness

- ▶ Positions at Cobourg were matched by the Consultant to similar positions in comparator organizations having regard to job title, job information, organizational charts, and 2019 annual job rates.
- ▶ Market statistics were calculated for benchmark positions to determine market competitiveness using median/50th percentile values.
- ▶ Market data from both surveys were reviewed and provided sufficient data to support a percentile analysis and job rate comparison for positions in each pay band.
- ▶ Analysis indicates that on aggregate, Cobourg is less competitive to the defined market with greater deviation in some positions; specifically when comparing mid to senior level management positions

*Aggregate Comparison—
Cobourg Job Rates compared to the
50th percentile Market Percentile
Targets (positive values show %
deviation below market target)*

*Municipal
Survey
P50*

*Krecklo
Survey
p50*

Annual Job Rate

5.2%

5.0%

Recommended 2019/2020 Salary Grids

- ▶ The updated job evaluation results and band placement allow for differentiation of positions based on job value and internal equity, and better alignment with market competitive rates.
- ▶ A job rate has been prepared and is recommended for each band that approaches the market 50th percentile using an averaging approach of the p50 values for positions in each Band.
- ▶ Job Rates and the Salary Grid framework will provide internal equity in each band (i.e employees in positions in Bands 5 and below will have an annual salary based on a common hourly job rate multiplied by the annual hours of work -1820 or 2080).
- ▶ A 2019 Salary Grid was prepared that includes a 5-step progression, Step 5 being Job Rate; and a 4% differential between each Step
- ▶ The 2019 salary grid has been adjusted by 1.50% for 2020 implementation having regard to published survey salary projections for 2020, CPI, the average projected increase for the comparator group and locally negotiated increases. Staff have prepared an implementation costing for Council for positions moving in band placement.

Future Considerations

- ▶ It is recommended that the Town of Cobourg continue to maintain internal equity and pay equity compliance by evaluating new and changed positions periodically and adjust the salary grid annually having regard to average projected adjustments provided by the comparator group, negotiated increases, published survey projections, and ability to pay.
- ▶ Pay equity should also be tested for all regular and recurring part time positions.
- ▶ Job rates for senior management and market sensitive positions should be monitored annually to ensure competitiveness with the external pay market with a view to reviewing the market comparator group and/or adjusting the target market percentile in future years.
- ▶ A cyclical market review (every 3 to 5 years) will mitigate large market adjustments to the salary grid in any one year to achieve competitive rates.