

**REPORT TO:** Mayor and Members of Council

**PREPARED BY:** Donna VanHooydonk, Executive Assistant/HR Coordinator

**DEPARTMENT:** Administration & Finance

**DIVISION:** Administration

**MEETING DATE:** Wednesday, June-02-21

**SUBJECT:** Salary Administration Policy

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### **RECOMMENDATION**

That Council adopt the “Salary Administration Policy” and repeal the Acting Pay Policy (CBL.01) and the Pay Equity Policy (CBL.09) which content is now covered by the proposed Salary Administration Policy.

### **EXECUTIVE SUMMARY**

This policy is for the salary administration of non-unionized employees of North Middlesex (compensation and wage administration for bargaining unit employees will be covered by the Collective Agreement). North Middlesex is committed to providing a work environment where all individuals are treated in a fair and consistent manner as it relates to the administration of pay. The policy provides a framework for ongoing and renewable salary administration.

### **LINK TO STRATEGIC PRIORITIES**

**Recruit, retain and support highly skilled, dedicated and engaged staff**

### **BACKGROUND**

At the March 17, 2021 Regular meeting, Council was presented, and approved the Compensation Management – Job Evaluation Maintenance Program Policy (EP.14 V.1) which provides as a guiding document for evaluating positions to ensure internal and external equity and that the Municipality is in compliance with applicable legislation. The

Salary Administration Policy provides a framework for an ongoing and renewable salary administration. It is intended to support and acknowledge the dignity and worth of each employee covered by this policy and to support retention of employees through a competitive compensation program. The procedures covered by the policy are Pay Equity and Job Evaluation, Market Competitiveness, Salary Grid & Movement Through the Grid, Acting Pay, Red Circled Incumbents and Compression. Since the proposed Salary Administration Policy encompasses sections that speak to the Acting Pay and Pay Equity, Policy CBL.01 “Acting Pay Policy” and CBL.09 “Pay Equity Policy” both dated October 2017 would be repealed by the passing of this policy.

**DISCUSSION**

Both the Salary Administration Policy and the Compensation Management Policy provide as a guiding documents, ensuring that the job evaluation process is consistent and unbiased by evaluating positions, ensuring internal equity and compliant with applicable legislation. Movement on the grid is performance based, pay equity and market competitiveness are monitored, as well as a procedure outlined for red circling, acting pay and compression. Further it shows North Middlesex is committed to providing a work environment where all individuals are treated in a fair and consistent manner as it relates to among other items, the administration of pay.

**FINANCIAL**

*Not Applicable*

**ATTACHMENT**

Salary Administration Policy

Prepared By: Donna VanHooydonk, Executive Assistant/HR Coordinator

Reviewed By: Jonathon Graham, CAO/Director of Operations

Approved By: Jonathon Graham, CAO/Director of Operations

## Municipality of North Middlesex Human Resources Policy Manual

<b>Section:</b>	<b>Employment Policies</b>
<b>Subject:</b>	<b>Compensation Management – Salary Administration</b>
<b>Policy Number:</b>	<b>EP.XX.Salary Administration</b>
<b>Version:</b>	<b>V1</b>
<b>Review Frequency:</b>	<b>Annually</b>
<b>Approved by:</b>	
<b>Approval Date:</b>	<b>TBD</b>
<b>Application:</b>	
<b>Notes:</b>	Content in this policy speaks to Acting Pay and Pay Equity. Policy CBL.01 Acting Pay Policy and CBL.09 Pay Equity Policy both dated October, 2017 are repealed.

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**Legislative Authority:** Pay Equity Act

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### Intent

The Municipality of North Middlesex is committed to providing a work environment where all individuals are treated in a fair and consistent manner as it relates to, among other items, the administration of pay. The Municipality of North Middlesex will maintain a pay policy that is internally equitable, externally competitive and pay equity compliant. The following policy provides a framework for an ongoing and renewable salary administration. It is intended to support and acknowledge the dignity and worth of each individual working with and for the Municipality of North Middlesex and to support retention of employees through a competitive compensation program.

### Scope:

Non-unionized employees of North Middlesex. Compensation and wage administration for bargaining unit employees will be covered by the Collective Agreement.

### Procedure:

#### 1. Pay Equity and Job Evaluation

- a) The Municipality has established and will maintain a job evaluation system which will be applied in a manner that maintains internal equity and pay equity compliance. Job evaluation and pay equity will be reviewed annually following

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market review to capture any impacts as a result of the market review on pay equity and job evaluation.

- b) New positions will be evaluated and assessed immediately following their approval.
- c) The CAO will ensure a set procedure for the annual review process is followed to ensure that affected employees are aware of the opportunity and the timelines for such a review.
- d) Periodically, the CAO or designate will undertake a full and thorough review of all positions across the organization to ensure that integrity of the system has been maintained and will provide a comprehensive report to Council. An interval of no more than five (5) years will take place between full reviews.

### **2. Market Competitiveness:**

- a) External competitiveness will be determined by Council who will set the pay philosophy. (i.e., the external market comparators and the desired percentile) by amending this policy from time to time.
- b) Council will periodically review the market comparator group having regard to criteria, including size (operating budget, employee/population), scope of services, geographic placement and rural/urban settlement mix.
- c) The job rate for each pay grade in the salary grid will reflect the 50<sup>th</sup> percentile of the comparator group. In other words, the Municipality will pay at or about the midpoint of the salaries for comparable positions within the comparator municipal group.
- d) Cost of Living Adjustment (COLA) is determined by having regard to average annual adjustments for the comparator group (i.e. their COLA) and published data. An assessment to determine COLA will be visited annually to determine the appropriate amount to budget through the budget process for salary grid increases and then presented to Council for approval.
- e) Council will determine the market adjustment to be provided to the salary grid having regard to market competitiveness, the pay philosophy, compression issues and ability to pay.

### Salary Grid & Movement Through the Grid:

The salary grid is comprised of 5 steps for each salary band, with 4% step intervals. Job Rate is defined as Step 5 on the salary grid.

- a) **Existing Employees:** Movement through the salary grid by an employee will be based on delivery of successful performance for the year prior as evaluated in the Performance Management program. Successful performance will enable an employee to progress one step annually through the salary range towards Job Rate. Successful performance shall be defined through the performance tool.

**New Employees:** New employees will be placed at an appropriate step within the salary grid based upon experience, skills and market competitiveness. An assessment of each individual's skills and abilities will be completed before the date of hire to ensure that the individual is placed at an appropriate step on the grid. Progression through the salary grid is to accommodate a learning curve for the job.

- b) Transfers, promotions, demotions: When an employee is permanently transferred or promoted to a position in a higher pay range, the new rate of pay will provide for an appropriate increase. The percentage differentials that exist between salary levels will allow for a meaningful adjustment based upon being placed on the grid, and will provide for at a minimum, placement to the next closest step in the new salary pay range. If an employee is permanently demoted or transferred to a position in a lower pay grade, the present salary level will be continued, (red-circled) unless there is a compelling reason for not doing so. Subsequently, the current salary will increase only when it is within the salary range of the new lower level position.

### 3. Acting Pay

- a) "Acting Pay" shall mean remuneration for the period of time that an employee actually performs the essential core duties of a more responsible position as authorized within this policy.
- b) An employee performing the essential core duties of a position in a higher job classification, and for a period of more than fifteen (15) continuous working days, may be considered for payment of Acting Pay, on the recommendation of their Department Head. Movement into an Acting Pay position must be approved by

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the Department Head or the CAO and, if approved, shall be retroactive to the first day of work in the more responsible position or higher classification. In the case of an employee assuming an acting management position for more than fifteen (15) continuous working days, the approval of the CAO is required. Council approval will be required for 'Acting Pay' for the CAO position beyond fifteen (15) days.

- c) Where an employee assumes the essential core duties of an approved position, he or she shall receive a salary increase of up to ten percent (10%) of their current salary for the duration of his or her appointment to the acting position. Where a 10% increase is determined not to be sufficient for the responsibilities, the incumbent will be placed at an appropriate step within the salary grid respective to the level for the position as approved by the CAO.
- d) Payment or entitlement to Acting Pay is not automatic. A request for Acting Pay must be made and approved before remuneration will be provided.

### 5. **Red Circled Incumbents**

- a) Red-circling occurs when an incumbent is in a position where the Job Rate of the salary range is less than the current pay of the incumbent. As a result, the pay of that person will be "red-circled".
- b) In general, the pay of incumbents who are red-circled will be frozen with no step movement or market adjustments, until such time as the pay range "catches up" to the pay of the red-circled incumbent, but will continue to receive the COLA adjustments.

### 6. **Compression**

The pay of employees in supervisory positions in relation to the pay of employees supervised will be considered in grid step placement to the extent that supervisory employee base salary will be at least 12% higher more than the employees supervised.