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Town of Tillsonburg Compensation Update for the Management Non-union Group Council Meeting September 23, 2019

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Background

- ▶ The Town retained the Consultant in 2017 to conduct a review of the compensation program to assess the competitive pay market against the Town's current pay target and various other percentiles and ensure that internal equity and pay equity have been maintained
 - ▶ The output of the Review will be used to produce an updated salary grid for implementation January 1, 2020

Key Objectives

- ▶ Ensure all job descriptions and job evaluation results are current and defensible
- ▶ Update band placement for jobs of similar value to support the pay equity analysis and a revised salary grid
- ▶ Conduct a customized external market review of select municipal comparators, determine market positioning for benchmark positions using various percentile comparisons
- ▶ Develop a revised salary grid structure based on the competitive pay market and compliance requirements
- ▶ Review for pay equity compliance
- ▶ Prepare a Summary Report that includes methodology, findings, conclusions and recommendations

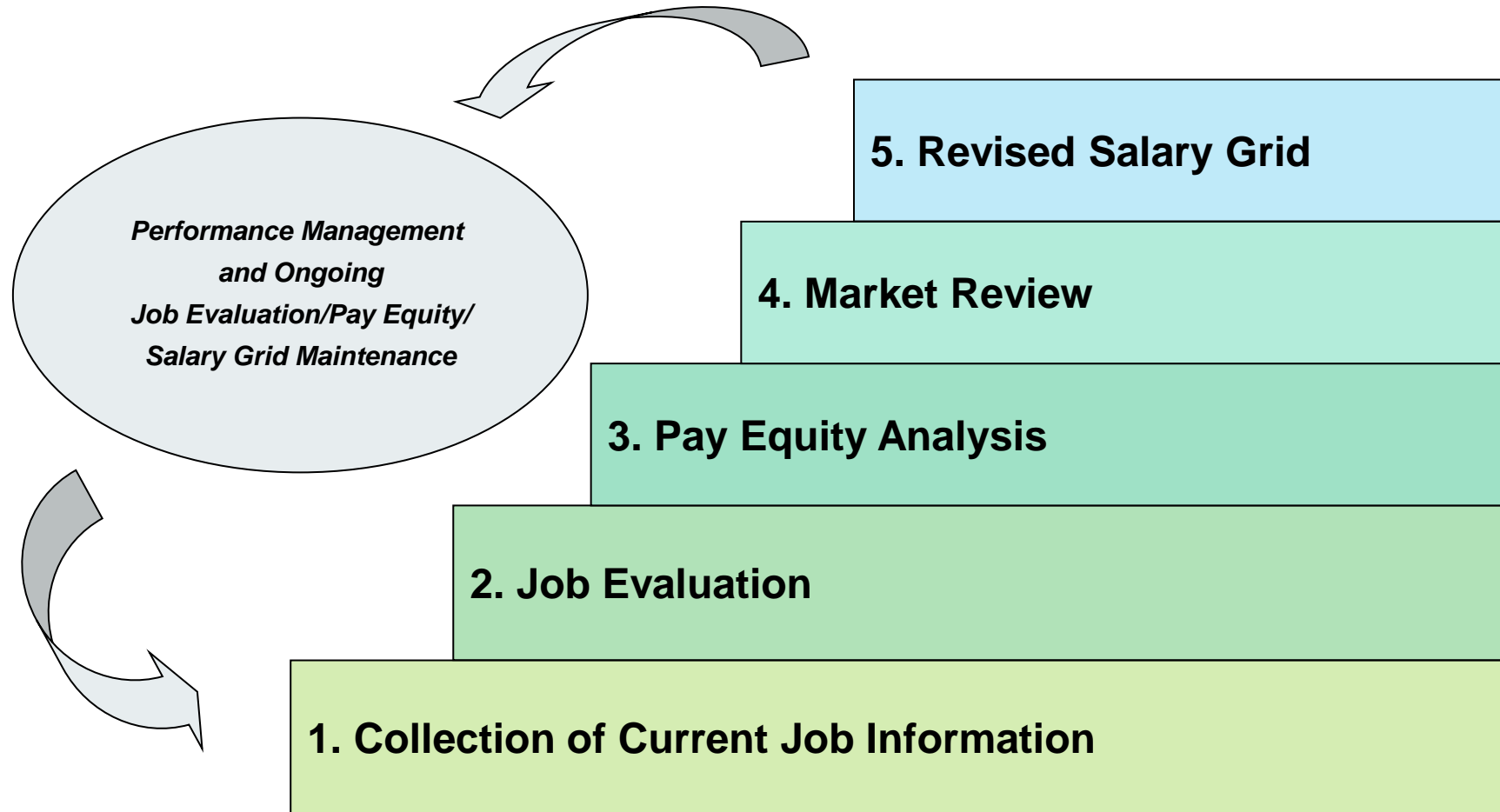
Compensation Philosophy

The following compensation principles were considered in this Review:

- ▶ Fairness/Equity
 - ▶ Internal equity; achieved through job evaluation and banding similar value positions with a common Job Rate
- ▶ Compliance
 - ▶ Pay Equity; 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

Compensation Program Components

The following elements are evident in Tillsonburg's salary administration program:



Internal Equity

- ▶ All positions and job evaluation ratings were reviewed and evaluated by the Consultant and HR using updated job description information and the Job Evaluation System that supports the current salary grid framework and the last pay equity analysis, using the subsisting job evaluation ratings/scores as a baseline.
- ▶ The positions are placed in the current banding framework that holds positions of similar value in 18 pay bands.
- ▶ The banding framework was tested to ensure that it can support all positions and future growth.

Pay Equity

- ▶ Purpose is to ensure that there is no pay discrimination between male and female jobs when comparing pay of female jobs to male jobs of similar value
- ▶ Pay equity is achieved 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 similar value group, a proportional rate is calculated using a regression analysis
- ▶ The last Pay Equity update was in 2010
- ▶ Pay equity was reviewed for all female job classes (49 positions) using 2017 job rates
- ▶ Male comparators were found for 44 Female job classes
- ▶ Proportional value was used to determine pay equity impacts for 5 female job classes in Band 5

Market Competitiveness — Custom Market Survey

- ▶ Municipal comparators were selected having regard to a defined set of criteria:
 - ▶ Comparable size (population/operating budget)
 - ▶ Similar employment markets (geographic placement) and economies
 - ▶ Equivalent scope of services
- ▶ Positions were matched to the external market having regard to position responsibilities, organization design and job rates (maximum rates of pay)
- ▶ Comparative statistical market analysis (50th, 55th and 60th percentiles) were produced and a Market Summary was prepared

Market Comparators

Municipality	County	Population
Central Elgin	Elgin	12,607
Essex	Essex	20,467
Kingsville	Essex	21,552
Lambton Shores	Lambton	10,631
Middlesex Centre	Middlesex	17,262
Strathroy Caradoc	Middlesex	20,867
Thames Centre	Middlesex	13,191
North Perth	Perth	13,130
South Huron	Huron	10,096
Ingersoll	Oxford	12,757
County of Brant		36,707
County of Oxford*		110,862
Tillsonburg	Oxford	15,872
*used as a comparator for select positions		

Market Competitiveness

- ▶ Market statistics based on 3 or more job matches were calculated for Tillsonburg positions to determine market competitiveness using average, 50th, 55th and 60th percentile values.
- ▶ The analysis indicates that on aggregate, Tillsonburg's job rates are slightly low to the p55 and p60 market target percentiles when comparing hourly job rates; with greater deviation in some positions.
 - ▶ 1.7% below p55 on aggregate
 - ▶ 3.4% below p60 on aggregate
- ▶ The following pay bands require adjustment to meet the p55 market target:
 - ▶ Band 18
 - ▶ Band 13
 - ▶ Band 9
 - ▶ Band 8
 - ▶ Band 6

Preparing a Market Competitive Salary Grid....that is internally equitable and pay equity compliant

- The banding framework allows for differentiation of positions based on job value and market pricing.
- The 55th percentile of the pay market is recommended having regard to the size and scope of comparators, a conservative approach to job matching and future challenges in attracting and retaining top talent in key positions given workforce demographics.
- 2017 Job Rates were prepared to show compliance with pay equity requirements and 55th percentile market targets. Job rates were adjusted for 5 of 18 pay bands to align with the 55th percentile target.
- A 2018 salary grid was prepared using pay equity adjusted rates and the 55th percentile pay targets with a 5-step progression with 4% step differential for each pay band; Step 5 being 'Job Rate'.

Preparing the 2020 Salary Grid

- The 2018 salary grid can be adjusted for implementation in 2020 and budget costing, and further tested for pay equity compliance.
- Tillsonburg staff will prepare an implementation costing for the 2020 Salary Grid using a next closest step methodology for positions in pay bands with increased job rates. This methodology aligns with the common approach used in the municipal public sector having regard to fiscal restraint, ability to pay and challenges with attraction and retention.

Next Steps and Future Considerations

- ▶ It is recommended that the Town 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.
- ▶ Job rates for senior management 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.