

# Human Resources

## Policy and Procedure Manual

<b>Title: Pay Administration</b>	
<b>Number:</b>	<b>Type: Policy</b>
<b>Effective Date:</b>	<b>Last Review Date:</b>
<b>Approval:</b>	<b>Review Frequency: 4 Years</b>
<b>Applies to: All Non-Union Staff</b>	

### **Purpose:**

The purpose of this policy is to:

- Attract and retain qualified employees a fair, consistent, and competitive pay program.
- Comply with the Ontario Pay Equity Act and promote the concept of equal pay for work of equal value.
- Achieve all three pay equities: internal, external (market check) and statutory.
- Interpret and apply the policy in a manner consistent with all applicable employment statutes including the Human Rights Code and Employment Standards Act.
- Establish and maintain annual pay bands.
- Outline how staff can earn pay increases through step movements and annual adjustment through performance reviews.
- Establish and maintain a consistent job evaluation process.
- Maintain updated job descriptions.
- Describe all significant pay administration procedures.

### **Application:**

This policy applies to all non-union employees of the Municipality of West Elgin immediately upon hire.

### **Responsibility:**

The CAO, under the direction from Council will

- Implement, administer and monitor this policy
- Recommend to Council, amendments to this policy, which must be approved by Council.
- Ensure all pay increases under this policy are appropriately budgeted for and subject to the finances of the Municipality of West Elgin.
- Conduct a formal review of this policy every four years and bring any recommendations to Council for approval.

**Policy:****Pay Band System**

- Most non-union Municipality of West Elgin positions are included in the pay band system. Certain Contract, Seasonal and Student positions are excluded.
- The Municipality uses a job evaluation methodology to score positions.
- When scoring positions, it is important to ensure that the position and not an employee in the position is being scored.
- All positions included in the pay band system are evaluated and scored based on a range from 250 to 1180.
- The score range is divided into 12 Pay Bands, with 1 being the lowest point range (250 to 299) and 12 being the highest point range (1075 to 1180).
- Based on the score out of 1180, each position is assigned to the corresponding pay band.
- Each pay band has six (6) steps. Each step increases by 4% over the previous step as illustrated below:
  - Step 1 – Base Rate (82.193% of the job rate)
  - Step 2 – 4% increase (85.480% of the job rate)
  - Step 3 – 4% increase (88.900% of the job rate)
  - Step 4 – 4% increase (92.456% of the job rate)
  - Step 5 – 4% increase (96.154% of the job rate)
  - Step 6 – 4% increase (100%) Job rate (highest rate)
- Each step on the pay grid is expressed as an hourly rate which excludes all benefits.
- All hourly paid staff are paid at the hourly rate at their assigned step.
- All salaried staff are paid an annual salary at their assigned step.
- All staff are at a certain full step at any time. Placement at partial steps or outside their pay band is not permitted.
- New staff will normally be hired at Step 1 (Base Rate). If the new hire has experience and/or qualifications for the position, the person can be hired at a higher rate subject to CAO approval. No staff should be hired at a rate below the base rate or above job rate for the position.
- Supervisors and Department Heads shall not promise any starting pay or pay increases to prospective staff or existing staff until approved by the CAO.

**The Job Evaluation Process for New Positions**

If a new position is created the following procedures are followed:

- A Job Description (JD) in the standard format is created by the Department Head.
- The new JD is then submitted to the CAO for consideration and approval.

- The job evaluation (score) of the position will be determined by the CAO (with assistance from an external consultant if needed) using the West Elgin Job Evaluation tool.
- The Job Description and wage grid placement for the position is submitted to Council for approval.
- The new position will be placed in the appropriate pay band based on the score from the job evaluation.
- Upon hiring, and at regular intervals, the incumbent and department head should review and sign the JD and the signed copy will be placed in the incumbent's personnel file.

### **The Job Evaluation Process for Existing Positions**

If the duties and/or responsibilities of an existing job change substantially the following procedures are followed:

- A Job Description (JD), in the standard format, is updated by the Department Head.
- The revised JD is then submitted to the CAO for consideration and approval.
- The job evaluation (score) of the position will be determined by the CAO (with assistance from an external consultant if needed) using the West Elgin Job Evaluation tool.
- The revised JD and pay grid placement is submitted to Council for approval.
- The incumbent in the existing job and the department head will sign the JD and the signed copy will be placed in the incumbent's personnel file.
- The revised position will be placed in the pay band based on the new score from the Job Evaluation process. The step placement will be dependent on the incumbent's experience and qualifications. Any position changes that result in reclassification in the pay grid should be reviewed and approved prior to budget approval.
- Every employee has the right to review the evaluation of their position and placement in the West Elgin Pay Grid. To initiate a review, the employee should contact the CAO.

### **The Job Description (JD) Ongoing Maintenance**

- A complete and accurate JD in the standard format will be maintained for all positions.
- The JD will be reviewed and updated each year during the annual performance review.
- All changes to a JD will be approved by the affected staff member, the appropriate supervisor, and the CAO. A copy of the approved job description will be kept in the staff member's personnel file.
- The current approved job descriptions will be used to evaluate all positions for statutory pay equity and pay banding purposes.

### **Performance Reviews**

- Performance reviews are conducted annually within 1 month of the Employee's anniversary date to determine eligibility for a potential anniversary date step increase and annual adjustment.
- Pay reviews are conducted at the same time as annual performance reviews.
- All pay increases (either a step movement or annual adjustment) require at least satisfactory performance.
- Employees with performance issues may have their pay increase (step movement and/or annual adjustment) held back and a performance improvement plan (PIP) implemented. PIPs are usually for three months. The affected employees will not receive their pay increase until their performance improves. Any subsequent pay increase will not be retroactive.

### **Pay Band Annual Adjustment**

- Each year on January 1 the entire pay grid may be adjusted by a % using an established formula. The formula used is the annual Statistics Canada Ontario CPI Ontario for all goods for the 12 months ended October 31 each year.
- The job rate will increase by the annual adjustment and the other five steps calculated as a % of the job rate.
- The annual adjustment is not automatic each year. It depends on the Municipalities finances and affordability and is subject to annual Council approval.
- If the formula each year results in a negative % the pay grid will remain the same as the previous year. In the following year, the negative % will be netted against a positive %.
- If Council approves an annual adjustment, all staff with at least satisfactory performance in the latest Performance Review will have their pay increase by the amount of the increase in their step.

### **Pay Band Step Movements**

- In addition to the annual pay band adjustments, staff are eligible for step movements (merit increases) through the pay band for their position based on satisfactory individual job performance and Council's overall budget approval.
- Satisfactory performance is defined as achieving annual goals and satisfactory performance of key measurables as arranged with the Department Head and/or CAO.
- New staff on probation are not eligible for a step movement. Once a new staff member successfully completes their probation, a step movement may be possible as set out in their employment agreement. All employment contracts are prepared by the CAO.
- Step movements take place on the anniversary date of their hire. After probation, to be eligible for the next step movement, the staff member must have at least six months employment in the old step.
- It is expected that the longer staff members work at their West Elgin job the more effective and efficient they become in their position. As a result, it is standard practice,

subject to Council overall budget approval and satisfactory individual job performance, to award one step movement per year of active employment until the staff member reaches the job rate in their pay band. If an individual has all active employment, they will normally reach the job rate in their pay band within five years of their start date.

- If a new staff member is hired at a rate higher than step 1, the number of years required to reach job rate is reduced accordingly.
- The pay rate for a position cannot exceed Step 6 (Job Rate) for a position.
- Part-time and casual staff members will earn a step movement in their pay band after accumulating the equivalent number of hour to a typical full-time position (ie. 2080 hours). For example, if a part time employee starts at step 1 on January 1, 2020, and works 1040 hours (50%) per year they will move to step 2 in their pay band on January 1, 2022, not January 1, 2021. This practice has been adopted to ensure consistency in step movements between full and part-time staff. Individual circumstances will be considered.
- Active employment is defined to mean working on the job. Time spent on any leave is deemed inactive employment and does not count towards qualifying for a pay band step movement. Examples of leaves are pregnancy, parental, short-term disability, or long-term disability. For example, an individual on a pregnancy and parental leave for one year (and no other leave) would achieve the job rate on their 5th Anniversary of employment with West Elgin, rather than on their 4th Anniversary. This rule of active employment may not apply to other West Elgin compensation entitlements such as vacation.
- Once a staff member has reached Step 6 (Job Rate) their pay rate is frozen at Step 6 (Job Rate), and they are eligible only for the approved annual adjustment and any approved market adjustment.
- All step movements require the approval of the CAO and the overall budget approval of Council.

### **Market Check**

- Every four years the entire pay band grid will be compared to "the market" to ensure the Municipality is paying employees fairly and achieving external equity.
- The external wage market will be continually monitored for changes to determine whether a comprehensive market check should be completed before the four-year mark.
- The median (50th percentile) of the job rate of the comparators will be used. This comparison may involve contracting an external consultant to perform an independent market check. The council will approve the selection of comparators.
- The overall pay band may increase, decrease, or remain the same as the result of this comparison.
- No employee's pay will be reduced because of this exercise. However individual pay may be red circled until the pay band for their position catches up to their current pay.

Employees in this situation will not be eligible for the annual pay adjustment until their pay is equal to or exceeds the job rate in their band.

- Since West Elgin is achieving the three pay equities (external, internal and statutory) the job rate of individual pay bands will be close to market but may end up slightly above or slightly below the 50th percentile of the job rate of the comparators.
- The council will approve the market check and the implementation of the results.
- If the market check results in substantial pay increases these may be phased in over more than one year.

### **Temporary Market Adjustments**

- Occasionally, due to extraordinary labour market conditions for certain skilled positions, a temporary market adjustment in addition to the pay at the appropriate step may be required.
- Temporary market adjustments will be awarded for a period of up to one year. All temporary market adjustments will be reviewed annually to see if they are still appropriate. The Statutory pay equity requirements of such an adjustment will be researched before proceeding.
- The temporary nature and related procedures of these market adjustments will be clearly communicated in writing to any staff member receiving such a pay award.
- All temporary market adjustments must be approved by Council.

### **Promotions**

- Employees promoted to a different position that is evaluated at a higher pay band than their present job, shall move to a step which reflects their degree of proficiency for the new position as recommended by their Supervisor and approved by the CAO. The employee's new pay will not be less than their pay at the old position.
- After 180 days, an employee in a new position will have their job performance reviewed.

### **Demotions**

- Employees demoted to a different position that is evaluated at a lower pay band than their present job, shall move to a step which reflects their degree of proficiency for the new position as recommended by their Supervisor and approved by the CAO.
- The employee's new pay may be less than their pay at the old position, however sufficient working notice with pay at their higher rate to comply with the requirements of the Employment Standards Act will be required before the lower rate of pay is implemented.
- If their pay is maintained at a rate above the job rate for their new position, their pay will be red circled.
- After 180 days, an employee in a new position will have their job performance reviewed and a step movement considered.

**Appointments to "Acting" Positions**

- Employees temporarily appointed by the CAO and/or Council to a position with responsibilities higher than those of their present job for more than 20 consecutive working days, may receive an increase of their regular pay for the duration of the temporary appointment. The pay increase would be effective on the date of the responsibility change.
- The pay increase will be kept separate from their regular hourly rate and paid as an 'acting payroll increase'.
- At the end of the acting appointment, the employee will resume their previous position at the step and pay rate existing at the time of the appointment plus any annual adjustments or merit adjustments due.
- The Acting Pay increase shall be 10% of their current pay rate.

**Contract, Seasonal and Student Employees**

- Certain contract, seasonal and student employees of West Elgin may not be part of the pay banding system.
- Contract employees will receive pay increases according to the terms of their contract.
- Attempts will be made to make these dates and pay increases consistent with other pay administration procedures when practical.

**Other Compensation Policies**

- Other compensation policies such as acting assignment pay, bereavement leave, employee benefits, hours of work, overtime, statutory holidays, vacation etc. are covered elsewhere in the West Elgin Employee Manual.

**Revision History:**

<b>Version</b>	<b>Effective Date</b>	<b>Revision Notes</b>
HR-3.6	11/12/2020	Repealed

**Related Policies, Procedures and Documents:**

- Employment Agreements
- Performance Management Policy
- All the policies in this section