

**Policy #16****Pay Administration Policy****Approved by Council on: December 6, 2017**

(Effective January 1, 2018)

Objectives of this Policy:

- To attract and retain qualified employees through internally equitable and externally competitive pay program.
- To comply with applicable Pay Equity statutes and promote equal pay for work of equal value.
- To comply with applicable Employment Standard statutes.
- To establish and maintain annual pay bands.
- To set out how staff can earn annual pay increase through both half-step movements and the annual adjustment.
- To establish and maintain a consistent job evaluation process.
- To describe all significant pay administration procedures.
- Ensure accountability: CAO is responsible for administration of this policy.

1. Pay Band System

- All Southgate positions are evaluated and scored out of 1,000
- Based on the score the position will be assigned to a certain pay band
- Each step is expressed as an hourly rate
- Each pay band has 7 steps (with the % of Step 6) as follows:
 - Step 0 (88%) [Starting Rate]
 - Step 1 (90%)
 - Step 2 (92%)
 - Step 3 (94%)
 - Step 4 (96%)
 - Step 5 (98%)
 - Step 6 (100%) [Job rate]
- All staff will be paid at a particular step at all times.
- All hourly staff are paid the rate at their assigned step
- All salary staff are paid an annual salary equal to the rate at their assigned step times the standard hours per their employment agreement.

2. Pay Band Annual Adjustments

- Each year on **January 1**, the entire pay band grid may move up by a percentage using an established formula using the Statistics Canada Ontario Consumer Price Index (CPI) for October.
- Step 6 (100%) will be increased by the annual cost of living adjustment percentage and the steps Starting Rate through 5 (88 to 98%) will be calculated from step 6.
- The increase is not automatic each year. It depends on Township finances and affordability.
- Council will approve the annual adjustment.
- If the formula in a given year, results in a negative % the pay band grid will remain the same as the previous year. In the following year the negative % will be netted against a positive %.

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3. Pay Band Step Movement Eligibility

In addition to the Pay Band Annual Adjustment, staff are eligible to merit increases (Step Movements through the pay grid for their position) based on the criteria below:

- Standard practice will be a merit adjustment of a step based on a successful performance appraisal evaluation of "Meets Job Requirements".
- Where employees excel in their job performance, a merit adjustment of an additional step, will be based on a performance appraisal evaluation results of "Exceeds Job Requirements" or "Consistently Exceeds Job Requirements".
- All step movements based on merit adjustments take effect on January 1st of each year.
- When staff reach step 6, their job rate, they are eligible for annual COLA increases if applicable and approved by Council.
- All step movements (merit increases) will be presented to Council for approval each year.
- Employees on probation as of January 1st of any year will be red circled until the probationary period ends. They will receive a performance review completed by the Department Manager and when the probation period ends, the employee will receive a step increase and cost of living allowance (COLA) if applicable in the current pay grid band for that position.
- Employees on a performance improvement plan (PIP) as of January 1st of each year, will be red circled until the PIP ends. Once the PIP has ended, the employee will be compensated, going forward at their current step rate in their pay band. Any increase in pay would be the result of COLA increases to the pay band grid, approved by Council and implemented during the PIP period.
- Any pay increase not in compliance with the above rules requires specific Council approval.

Pay Band Step Placement Eligibility:

- **Step 0 [Starting Rate]**
 - New inexperienced staff normally start at Step 0 [Starting Rate]
 - A new employee can start at higher step if work experience and qualifications justify. (In this case, years of qualifying employment will be recognized for purposes of this policy only.)
- **Movement Step 0 [Starting Rate] to Step 1**
 - After completing probation period (could be longer than standard 6 months)
- **Movement Step 1 to Step 2**
 - Requires minimum of one year of continuous active employment or equivalent work experience
- **Movement Step 2 to Step 3**
 - Requires minimum of two years of continuous active employment or equivalent work experience
 - Requires better than satisfactory performance

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- **Movement Step 3 to Step 4**
 - Requires minimum of three years of continuous active employment or equivalent work experience
 - Requires better than satisfactory performance
- **Movement Step 4 to Step 5**
 - Requires minimum of four years of continuous active employment or equivalent work experience
 - Requires better than satisfactory performance
- **Movement Step 5 to Step 6 [Job Rate]**
 - Requires minimum of five years of continuous active employment or equivalent work experience
 - Requires better than satisfactory performance

4. The Job Evaluation Process

- A Job Evaluation Committee (JEC) consisting of four staff members and the CAO (Chair) will review revised and new job descriptions on an annual basis.
- The JEC has been trained to use an established job evaluation methodology which has been used for Pay Equity purposes in the past.
- If a new job is created or the duties of an existing job change substantially:
 - Supervisor/employee(s) update job description
 - Job Evaluation Committee (JEC) update job evaluation score out of 1,000 with assistance from independent consultant as necessary.
 - Place the new or revised position on the appropriate pay band

5. The Job Description

- A complete and accurate Job Description will be maintained for all positions
- The Job Description will be reviewed & updated each year during the annual performance
- The Job Description will be used by the Job Evaluation Committee to appropriately score the positions.

6. Performance Reviews

- Performance reviews are conducted annually by November 30 to determine eligibility for a January 1 step merit increase. Wage reviews are conducted at same time as annual performance reviews. See *Performance Review Policy* for more details.
- All pay increases require at least satisfactory performance. Employees with performance issues may have their pay increase (step movement or annual adjustment) held back and a *Performance Improvement Plan (PIP)* implemented. The affected employee will not receive their pay increase until their performance improves. Any pay increase subsequently will not be retroactive.

7. Market Review

- Normally every four years the entire pay band grid will be compared to "the market" to ensure the municipality is paying employees fairly.

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- The median or 50th percentile of the comparators will be used. This comparison may involve using a purchased pay survey of the compensation of benchmark positions at comparable municipalities in the area or other methods.
- The overall pay band grid may increase, decrease or remain the same as the result of this comparison.
- No employee's pay will be reduced as a result of this exercise. However individual pays may be frozen until the pay band for their position catches up to their current pay.
- Council will approve any market survey and the implementation of the results.

8. Temporary Market Adjustments

- Occasionally, due to 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 one year only. All temporary market adjustments will be reviewed annually to see if they are still appropriate.
- The temporary nature & related procedures of these market adjustments will be clearly communicated in writing to all staff receiving such a pay award.
- All temporary market adjustments must be approved by Council.

9. Promotions

- Employees promoted to a different position that is evaluated higher than their present job, shall move to a step which reflects their degree of proficiency for the new position as recommended by the Supervisor/CAO and approved by Council.
- 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 and further step movement considered.

10. Appointments to "Acting" Positions

- Employees temporarily appointed by CAO/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 the date of the responsibility change.
- Employees assuming an acting position for more than 60 days may receive, on the 61st day, a further increase. This rate will continue for the duration of the appointment, subject to the approval of the CAO and Council.
- The pay increase will be kept separate from their regular hourly rate and paid as an 'acting bonus'.
- 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 pay band or merit adjustments.



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11. Contract Employees

- 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 Southgate's other pay administration procedures when practical.