

POL.COR.23.000

## Compensation Administration Program Policy



# Policy

POL.COR.23.XX

## Compensation Administration Program Policy

**Policy Type:** Corporate Policy (Approved by Council)

**Date Approved:** XXXX XX, 2023Administration

**Department:** Administration

**Staff Report:** FAF.23.008

**By-Law No.:** Not Applicable

### Policy Statement

The Town of The Blue Mountains offers a Compensation Administration Program that will identify salary levels needed to be sufficiently competitive in current comparator market conditions in order to attract and retain highly qualified employees. The Town seeks to ensure equitable salary administration standards and execute this program in a fiscally responsible manner.

### Purpose

The purpose of this policy is to provide 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 Town will maintain a compensation administration program that is internally equitable, externally competitive, and legislatively compliant.

### Application

This policy applies to all non-union employees.

### Procedures

#### Market Competitiveness

1. The comparator municipalities, for the purposes of evaluating pay for employees under the scope of this policy, will be defined by these criteria:
  - Of a comparable size
  - With similar employment markets
  - Providing equivalent scope of services
  - With seasonal influx
  - The comparator municipality has completed and implemented a market

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review within the past five years

A market review will be undertaken every four (4) years **in the second year of the Term of Council for implementation in the third year** of the Term of Council to determine the average market increase for the comparator group which will then be presented to Council during the budget process. If approved, it will be appropriately budgeted for and applied on the date recommended within the budget or retroactively on January 1st of the applicable year.

External market survey data will be collected and/or external compensation consultants will be accessed to ensure an objective documented review assessment. Consideration will be given to committed union settlement amounts to address wage compression issues.

### Annual Salary Adjustments

The employee's annual salary ~~will~~ **may** be adjusted by the following two criteria:

1. **Cost of Living Adjustment (COLA):** A Cost-of-Living Adjustment (COLA) may be applied, subject to Council's approval through the budget process. **The COLA increase will be considered annually and within the following range of low and high increase limits based on the Canadian Consumer Price Index (CPI) as reported in July;**
  - COLA Increase of **No Less** than 1.5% if the July CPI is less than 1.5%
  - COLA Increase of **No More** than 3% if the July CPI is more than 3%
2. **Salary Grid Progression:** Employees who have not yet reached the maximum of their compensation band (Step 5/Job Rate) may receive a step increase if performance is satisfactory as per the Towns POL.COR.22.03 Performance Management Program.

### Salary Grid Administration

1. All employees will be paid in accordance with the salary band corresponding to their position classifications.
2. Each band will be comprised of five (5) levels; level 5 is considered the job rate.
3. Positions will be assigned bands based on the Town's job evaluation system, considering levels of skill, effort, responsibility, working conditions and current applicable legislation.
4. Differentials between bands will be sufficiently wide to provide adequate recognition of the differences, responsibilities, and requirements between positions.
5. The Salary Band will be reviewed each year as part of the current budget process. An annual review for pay equity compliance will also be performed by Human Resources (HR).
6. Newly hired employees who possess the minimum qualifications to assume the duties and responsibilities of a position will normally be assigned to the minimum salary for the band.
7. Decisions to hire new employees at a salary above the minimum for the band in recognition of prior experience will require the approvals of the Department Head and the Manager of HR. Successful candidates with direct, applicable experience may be hired at Step 2, 3, 4, or 5 to ensure that the job rate for the respective job is reached

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in an appropriate time frame.

8. Advancement through the salary band will reflect performance, recognizing that performance standards will increase as the employee approaches the maximum for the band.
9. New/Probationary Employees that start at Step 1 and have successfully completed their probationary period will receive a step increase on their six-month anniversary date and will follow the performance management review cycle thereafter.
10. New/Probationary Employees that start at Step 2 to Step 4 and have completed their six-month probation by the Competency Assessment/Year-end Review Step of the performance management cycle for that year will receive a step increase if they receive a successful or outstanding rating.
11. New/Probationary Employees that start at Step 2 to Step 4 and have not completed their six-month probation by the Competency Assessment/Year-End Review Step of the performance management cycle for that year will move to the regular annual performance review process and are eligible for a step increase in the following cycle, pending a successful or outstanding Competency Assessment/Year-End Review rating.

**Seasonal, Student or Contract Employees**

1. Seasonal and student employees will be paid an hourly wage based on market competitiveness and pay equity. Advancement through the seasonal/student wage scale will be based on years/seasons of service in the identified position.
2. Contract employees will be eligible for step increases annually in accordance with the performance management cycle if they receive a successful or outstanding rating.

**Transfers, Promotions and Demotions**

1. When an employee is permanently promoted to a position in a higher pay range, the new rate of pay will provide for an appropriate increase (usually 5%). The percentage differentials that exist between salary levels will allow for a meaningful adjustment. Again, experience will be a factor in determining the appropriate level.
2. If an employee is permanently transferred to a position in a lower pay grade, the salary will reflect this new position.

**Wage Compression**

1. Wage compression issues will be monitored and, wherever possible, adjusted by the Town.
2. Management positions will be paid at least ten percent (10%) more than the employees they supervise, having regard to salary grid band differentials.

**Red Circling**

1. When a position is evaluated, and the conclusion is that an employee's compensation exceeds the job rate, the Town will "red-circle" (e.g., freeze) that employee's rate of pay. The intent of "red-circling" is to curtail the growth of wage increases.

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2. The employee's compensation will not be adjusted with any annual salary adjustments until economic growth of wages indicates that the red-circled wage is consistent with the level of compensation payable for the position in question.
3. The Town will continue to provide an annual performance review in accordance with POL.COR.20.03 Performance Management Program.

**Rate of Pay Outside the Salary Grid**

- a) When a position is evaluated and the conclusion is that an employee's compensation exceeds the job rate, the Town will consider the following options (note: the Town will continue to provide an annual performance review in accordance with POL.COR.22.03 Performance Management Program):
  - i. "red-circle" and maintain that employee's rate of compensation (e.g., the employee will be precluded from receiving increases) to curtail the growth of wage increases until economic growth of wages indicates that the red-circled wage is consistent with the level of compensation payable for the position in question;
  - ii. "pink-circle" and provide fifty percent (50%) of any current and future general wage increases approved by Council and granted to non-union employees (e.g., if non-union employees are granted a 2% general wage increase in a future year, the employee's compensation for that year will increase by 1%) until economic growth of wages indicates that the pink-circled wage is consistent with the level of compensation payable for the position in question; or,
  - iii. "green-circle" and continue to provide any current and future general wage increases approved by Council and granted to non-union employees until such time as the employee vacates the position (new hires to these roles would be aligned to the approved salary grid).
- b) When a position is evaluated and the conclusion is that an employee's compensation is significantly below the minimum rate of their new band placement and grid, a temporary implementation step (e.g. Step A) may be utilized to mitigate costs. This implementation step may be discontinued once the employee has moved into Step 1, assuming a satisfactory performance review in accordance with POL.COR.22.03 Performance Management Program.
- c) Decisions regarding circumstances outlined in a and/or b above will be made in consideration of the impact upon an employee's economic well-being and the market sensitivity of the position. The applicable Department Head and the Manager of HR will consult and make a recommendation to the CAO. The CAO shall provide the final approval.

**Acting Responsibility**

An acting appointment may occur when there is:

- A vacancy due to resignation, termination, reclassification, or the creation of a new position;
- A project of significant length is assigned to the employee that is not consistent with the

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current level of responsibility within the employee's regular role;

- An approved leave of absence; or
- An absence due to illness.

### Procedures for Acting Responsibility:

- An appointment is deemed "Acting" when an employee is made specifically accountable for the duties of a position/project other than their own. The "Acting" employee will be responsible for all the duties of that position/project and any duties that become the responsibility of that position. An Acting appointment may be assigned at the discretion of the Department Head.
- Employees who revert from an Acting appointment to their former position will receive the salary rate aligned with their original position.
- In special circumstances, the CAO may approve compensation outside the guidelines for Acting appointments.
- Council may approve compensation for an Acting CAO appointment outside the guidelines.
- If an employee is temporarily assigned to a position/project in a higher pay level for a period longer than fifteen (15) regular work days, they should be paid either at the start rate of the new pay grade or receive an increase of 10%, whichever is higher retroactive to the date they started. Department managers should discuss each situation with HR. If the temporary position normally pays less than the employee's current pay rate, the employee will retain their current salary during the assignment.
- Temporary positions and Acting assignments will be reviewed after twelve (12) months.

### Administration

- Council determines and approves pay policies and has ownership of the salary grid, outside of legislated requirements (e.g., pay equity).
- Human Resources is responsible for the administration of this policy.
- The CAO will be consulted by the Manager of HR regarding any deviations to this policy.
- The CAO may approve deviations to this policy and will notify Council of the same.
- ~~The Chief Administrative Officer will be consulted regarding any deviations to this policy.~~

### Exclusions

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This policy does not apply to unionized staff members, volunteers, and members of Council.

### References and Related Policies

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POL.COR.13.24 Progressive Discipline

POL.COR.18.09 CAO Performance Monitoring

POL.COR.22.02 Hiring of Employees

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POL.COR.22.03 Performance Management Program

[Ontario Employment Standards Act, 2000](#)

[Pay Equity Act](#)

### **Consequences of Non-Compliance**

Breaches of this policy will be dealt with through the Town's progressive discipline policy.

### **Review Cycle**

This policy shall be reviewed once per term of Council or as required due to legislative change.