



Grey County Non-Union Compensation Review Final Report

September 14, 2023 | Jane Mizanski



Gallagher

Insurance | Risk Management | Consulting

Introduction

Gallagher was retained to assist the County with a compensation review to ensure the organization provides appropriate levels of total compensation for its employees, meeting pay equity compliance requirements, and ensuring salary administration and benefits are aligned to sector best practices.

The scope of the review covers approximately 170 non-union positions (223 staff) and the following components:



Job Evaluation

Implement Job Evaluation to assess internal equity and compliance with Pay Equity requirements



External Market Review

Assess competitiveness for talent and ensure positioned for effective retention and recruitment of talent



Pay Equity

Analysis of any risk exposure and any adjustments to meet compliance



Pay Structure Development

Develop an updated pay structure along with pay equity assessment and impact analysis

Background to the Assignment

- Last comprehensive review of internal equity, pay equity and market assessment was completed in 2013
 - Ad hoc market checks on small sample of benchmark positions conducted in interim years
- Internal equity has been maintained through regular evaluation of new and changed jobs, however,
 - Some jobs have not been reviewed for up to 10 years
 - Some jobs placed on grid in response to market pressure without fulsome internal equity check
- Annual economic adjustments implemented in consideration of CPI, other market indicators to maintain market position

Background to the Assignment

- Despite efforts to maintain market competitiveness recruitment has been challenging in recent years – impact to retention of existing and attracting new employees
- The municipal labour market has been very robust and aggressive
 - Baby boomer wave of retirements across all job families and levels creating high demand
 - New entrants to the market space is diminishing – fewer graduates looking to public sector for careers
 - Highly skilled and experienced mid level manager vacancies difficult to fill as competing with other municipalities and private sector
- Shrinking pool of candidates for growing number of vacancies puts candidates in very strong bargaining position, creates pressure on internal equity

Components of Compensation Policy

- Fairness
 - Job rates based on the value of jobs as determined through job evaluation; provides relative value of a job within an employee group
- Compliance
 - Based on analysis of job rates for female jobs relative to similar value male jobs in an employee group to achieve compliance
- Competitiveness
 - Address attraction and retention issues, achieved by paying at a competitive percentile of a defined pay market
- Affordability
 - Determined by Council having regard to budget

Ontario Pay Equity Legislation

Requirements

- All public sector employers must achieve and maintain pay equity in their workplace
- The Pay Equity Act requires employers to pay female jobs at least the same as male jobs if they are of comparable value. Pay equity compares jobs usually done by women with different jobs usually done by men.
- The value of jobs is based on the levels of skill, effort, responsibility and working conditions involved in doing the work.

Internal Equity

- Job Evaluation Tools:
 - The existing JE Plan presented some challenges in application and was becoming less responsive to changes in organization
 - Focusing on problematic areas, the JE Plan was updated to better reflect needs of organization, more contemporary factors and language
- Changing the tools (new factors, amended weighting scheme) required a review of all jobs and point banding structure
- Job descriptions reflecting current duties, responsibilities and qualifications were used to establish internal equity
- Consultant evaluated all positions and developed a new banding structure to align jobs of similar value based on new job evaluation points

Internal Equity & Pay Equity

- Clear, defensible job banding is critical to the integrity of the job evaluation system
- Each of the 170 positions is placed into one of 22 job bands that reflect their job evaluation points.
- Pay Equity Analysis
 - Both job-to-job and proportional value approaches were required to achieve pay equity
 - Proposed salary grid is pay equity compliant (no gaps between male and female job classes of similar value)

Custom Market Review

10 upper tier municipal comparators identified based on criteria including – similar size, population, economic and market conditions, and geographic characteristics

- Bruce
- Dufferin
- Huron
- Lambton
- Leeds & Grenville
- Northumberland
- Oxford
- Prescott & Russell
- Simcoe
- Wellington

External Market Review - Results

- Consultant completed all job matching - 55% of the County jobs were matched with 4 or more observations (95 of 173 jobs)
- On aggregate the County's pay is at or below the market median, with greater deviations above or below the market at the individual job level
- Difference in annual and hourly statistics due to variations in hours of work across the comparators and hourly statistics include rates for part time/seasonal jobs

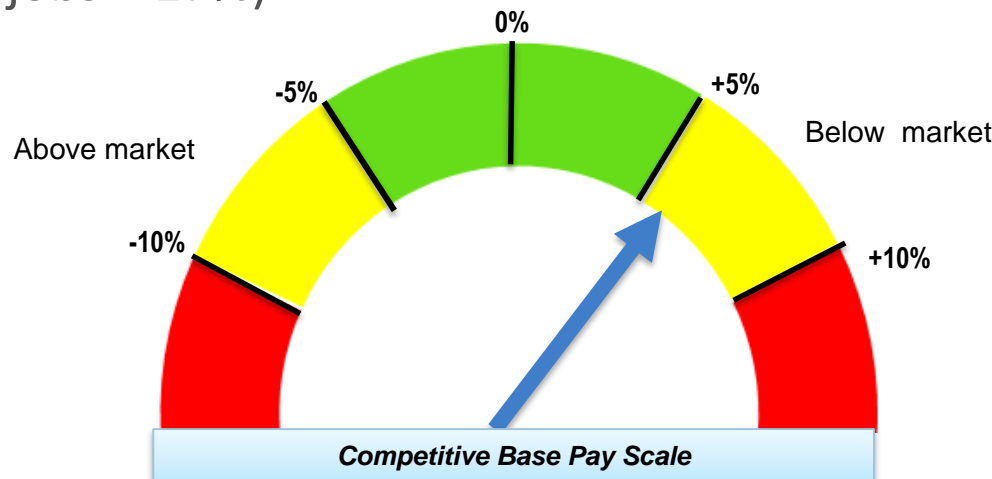
Basis of Comparison	% Difference to Market Median (P50)
Annual Job Rate	4.4%
Hourly Job Rate	6.0%

External Market Review - Results

- Historical target pay policy referenced the County to pay within the 45th and 55th percentile
- P50 (market median) represents a competitive zone whereby the County is neither leading or lagging, while the 45th percentile would position the County as behind the market
- In consideration of highly competitive market place and current County experience in recruiting talent a market analysis was completed on basis of Market Median/P50 as a target pay policy

External Market Review

- What is ‘market competitive’
 - jobs with gaps between $\pm 5\%$ of market are considered “at market” (green zone) (39 jobs – 41%)
 - jobs that are between $\pm 5\%$ to $\pm 10\%$ of market are considered “competitive” (yellow zone) (27% of the jobs are below market (26) while 0.4% (4 jobs) are above market)
 - jobs with a gap that is greater than $+10\%$ of market are “at risk” (red zone) (26 jobs – 27%)



Proposed 2023 Salary Grid

- Consultant developed a 2023 salary structure taking into consideration:
 - Current job rates
 - Pay equity compliance
 - Market competitiveness – targeting P50
 - Compensation design principles for internal equity
 - Affordability
- New grid consists of 5 steps with 3.5% between steps
- Goal to align Step 5 to market P50
- Rates and costing are considered preliminary subject to an employee appeal process of band placement

Proposed Grid - Implementation

- Pay Equity Impact Unionized Staff
 - Within the unionized staff there is a job band within Social Services that is tied as a female comparator to the male role of Planner within the non-union grid.
 - When the non-union grid is implemented in 2024 it will have a financial impact on this department's salaries and wages. The impact is estimated at \$48,139 gross wages.



Insurance | Risk Management | Consulting

Jane Mizanski

Senior Consultant

Jane_Mizanski@ajg.com

647-407-5256

181 University Avenue

Toronto, ON M5H 3M7

Canada

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc., a non-investment firm and subsidiary of Arthur J. Gallagher & Co., is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Investment advisory services and corresponding named fiduciary services may be offered through Gallagher Fiduciary Advisors, LLC, a Registered Investment Adviser. Gallagher Fiduciary Advisors, LLC is a single-member, limited-liability company, with Gallagher Benefit Services, Inc. as its single member. Certain appropriately licensed individuals of Arthur J. Gallagher & Co. subsidiaries or affiliates, excluding Gallagher Fiduciary Advisors, LLC, offer securities through Kestra Investment Services (Kestra IS), member FINRA/SIPC and or investment advisory services through Kestra Advisory Services (Kestra AS), an affiliate of Kestra IS. Neither Kestra IS nor Kestra AS is affiliated with Arthur J. Gallagher & Co., Gallagher Benefit Services, Inc. or Gallagher Fiduciary Advisors, LLC. Neither Kestra AS, Kestra IS, Arthur J. Gallagher & Co., nor their affiliates provide accounting, legal, or tax advice.