



# Committee Report

<b>To:</b>	Warden Milne and Members of Grey County Council
<b>Committee Date:</b>	September 14, 2023
<b>Subject / Report No:</b>	HRR-CW-10-23
<b>Title:</b>	Non-Union Compensation and Pay Equity Review
<b>Prepared by:</b>	Jennifer Moreau, Human Resources Director
<b>Reviewed by:</b>	Kim Wingrove, CAO
<b>Lower Tier(s) Affected:</b>	None
<b>Status:</b>	

## Recommendation

1. That report HRR-CW-10-23 regarding Non-Union Compensation and Pay Equity Review be received; and
2. That Council receive the Compensation Review Final Report by Gallagher Benefit Services Group (Canada) Inc.; and
3. That Council direct staff to phase-in the updated 2023 pay structure and target pay policy of P50 for consideration in the 2024 budget process at an estimated cost of (to be determined).
4. That Council direct staff to bring forward a future report with recommendations to develop a Non-Union Compensation Program including Job Evaluation, Target Pay Policy, Annual Salary Adjustments, and how cost-of-living adjustment (COLA) increases will be set annually.

## Executive Summary

This staff report is advising Council of the results of the Non-Union Compensation and Pay Equity review and provides recommendations to Council for a pay structure and target pay policy based on fairness, compliance, competitiveness, and affordability.

## Background and Discussion

The 2023 budget provided for the completion of a Compensation and Pay Equity review of the County's non-union and Council compensation.

On February 27, 2023, staff released a request for proposal (RFP) for a provision of a compensation review for non-union and Council. The RFP closed on March 15, 2023, with five

consulting firms providing proposals to complete the review. Following a formal evaluation process Gallagher Benefits Services Group Inc was awarded the work at a cost of \$55,000.

Gallagher is a well-established firm that has an extensive track record in providing consulting services in all areas of compensation and pay equity for public sector organizations across Ontario, including several municipalities in our region and within our peer group of Upper Tier municipalities.

The task assigned to Gallagher was to undertake a compensation and pay equity review for non-union salaries to ensure the County's Compensation Program remains competitive with the external market, that internal equity is achieved, and that pay equity maintenance obligations under the Pay Equity Act are met. The scope of the 2023 Compensation review included 175 full-time and part-time positions, inclusive of all non-union positions within the County.

The last time a compensation review was conducted was in 2013 with Council approving and implementing the previous review through staff report HRR-CS-07-14. Regular compensation reviews and a formal compensation program are important to ensure reasonable, consistently applied, internally equitable and externally competitive pay practices that will attract, retain, reward, and motivate quality employees. Being a preferred employer is integral when competing for talent. It is necessary for both attracting new hires to the organization and retaining the talent that the organization currently employs.

The County has faced challenges in recruiting new talent in a variety of technical and professional roles across the organization. Recent recruitment experiences produced situations where the posted salary range attracted underqualified applicants or candidates declined offers based on low salary. The County is anticipating several retirements within the next two to three years that may prove challenging to fill in an active market environment.

Competitive pay is determined by surveying comparable municipal organizations and assessing general trends within the labour market. The County seeks to ensure it is appropriately positioned to retain its current talent and attract new talent going forward as experienced employees retire or are recruited out of the organization.

### **Why Does Effective Compensation Matter?**

- Successful cost-effective and customer-service driven organizations have competitive salaries.
- An organization's current and future success is dependent upon its ability to recruit and retain high performing individuals with the level of qualifications, skills, and experience required to fill their positions.
- The attracting and retaining high-performing leaders to maximize organizational performance requires the need to have competitive salaries.
- The shrinking labour market is becoming a major challenge as baby boomers retire; employers are competing for fewer and fewer available highly skilled individuals.

As noted in the Compensation Review Final Report by Gallagher, the results of the custom market study indicate that the County is below a target pay policy of P50 on both annual and hourly job rates of the defined comparator market, with greater deviation in some positions. Implementing the new pay structure is paramount in retaining our current employees. The

success of our organization and meeting our strategic goals relies upon retaining our knowledgeable and experienced staff members.

The proposed new grid targets the 50th percentile of pay band for each position. This means when compared to similar positions in other municipalities, Grey County's pay rate is halfway between the lowest and highest.

The estimated costs of the overall P50 pay policy and pay equity impacts are noted in the Financial and Resource Implications section of this report. Staff and our Consultant note that when made regularly as required, market adjustments are generally small. The last formal review of Grey County's non-union compensation occurred ten years ago, and in some areas we have fallen behind the market significantly and a larger increase is required to meet the market. Going forward, staff are recommending development of a formal policy regarding regular reviews in order to prevent these discrepancies and maintain the integrity of the salary grid in future years.

For the reasons noted earlier in this report, aligning with the market position to pay at the 50th percentile of the municipal comparator group is reasonable and should be implemented with the 2024 budget. Considering that this may be a challenge to do while respecting the many priorities to be addressed in 2024, a phased approach to implementing this adjustment would provide certainty for staff retention and be of some benefit for recruitment purposes.

The updated salary grid as researched and recommended by the consultant is based on 2022/23 data. A formula for annual Cost of Living Adjustments (COLA) will be included in the Non-union Compensation Administration Program that will be brought forward to Council in the fall of 2023.

## Legal and Legislated Requirements

The Pay Equity Act, R.S.O. 1990, c. P.7 requires the County to ensure that wages for jobs in classes where the employees are predominantly female are at least equal to the wages for jobs in classes where 1.) employees are predominantly male, and 2.) the job classes are largely equivalent in terms of skill, effort, responsibility and working conditions.

[Pay Equity Act, R.S.O. 1990, c. P.7](#)

## Financial and Resource Implications

The non-union compensation grid covers 242 staff who are not covered by a collective agreement. The cost of updating non-union staff compensation to the 2023 salary grid is dependent on Council's direction on implementation and ranges between \$805,888 (a 4% increase to salaries) and \$348,856 (a 1.73% increase to salaries). Staff will include the cost of the implementation model directed by council in the 2024 budget for consideration.

## Relevant Consultation

Kim Wingrove, Chief Administrative Officer

Mary Lou Spicer, Director of Finance

Sandra Shipley, Human Resources Manager

- Jane Mizanski Vice President, Compensation Practice, Gallagher Benefit Services (Canada) Group Inc.

## Appendices and Attachments

[Non Union Compensation Review Final Report by Gallagher Benefit Services](#)