

Town of Orangeville

2024 Compensation Review for Management/Non-union Positions Summary Report

Council Meeting

November 4, 2024

Background

- ▶ The Town of Orangeville completed a Compensation Review in 2021 which included a review of internal equity, pay equity compliance and the competitive pay market. The review produced a salary grid with job rates reflecting the 60th percentile of the selected comparator group.
- ▶ A review was also completed in 2018 comprising the same project elements, producing a salary grid targeting the 55th percentile.
- ▶ The management/non-union salary grid consists of 17 pay bands and has been adjusted annually in effort to account for cost-of-living (“COLA”) increases. However, these increases have not kept up with the pace of inflation.
- ▶ The Job Evaluation System has been in place at the Town since 2018 and continues to support internal equity and pay equity compliance.
- ▶ The Consultant was retained in 2024 to conduct a review of the current compensation program; specifically, to assess the competitive pay market and the current pay practice (percentile target) in an evolving pay market, update pay equity compliance and develop proposed job rates for implementation in 2025.

Project Overview

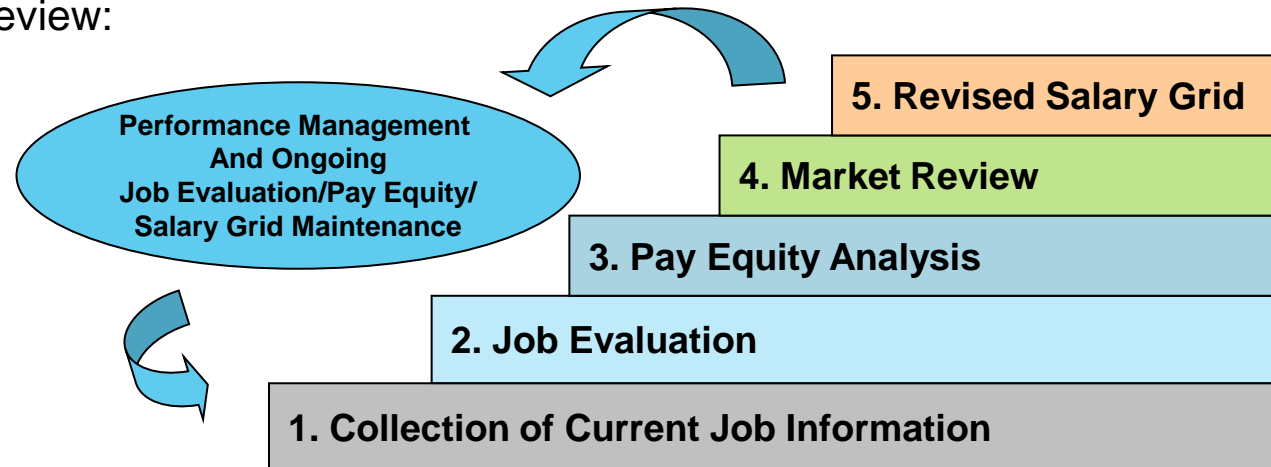
- ▶ Current job descriptions were provided to the Consultant.
- ▶ The Consultant completed a custom market study using 10 municipal comparator organizations; these comparators were selected having regard to historical comparators, geographic placement and measures of size/scope of service.
- ▶ The Consultant reviewed evaluation ratings for all positions to ensure that any changes in job content were reflected in the updated salary grid.
- ▶ The current banding framework was tested to ensure that it continues to support organization growth and job design.
- ▶ Proposed 2024 job rates were prepared based on the competitive pay market and pay equity was tested.
- ▶ A 2024 salary grid framework was prepared.

Orangeville's Approach to Compensation

Orangeville's compensation philosophy addresses principles of:

- ▶ Internal Equity (fairness)
- ▶ Pay Equity (compliance)
- ▶ Market Equity (competitiveness)
- ▶ Pay for Performance
- ▶ Sustainability and Renewal

Orangeville's compensation program consists of these elements, and all elements were considered in this Review:



Compensation Principles

Fairness	Compliance	Competitiveness	Pay for Performance	Sustainability and Renewal
<p>Internal equity is achieved through Job Evaluation and placing similar valued positions in the same Band with a common Job Rate</p>	<p>Pay Equity Act compliance is achieved and maintained through analysis to ensure there are no pay gaps for female job classes compared to male job classes of similar value</p>	<p>Market competitiveness addresses attraction and retention issues; achieved by paying at a competitive percentile relative to the pay market</p>	<p>Employee will move one step on the salary grid, annually, based on performance metrics in a Performance Management Program</p>	<p>Determined by Council taking into account budget implication, projections and workforce planning</p> <p>Best practice compensation tools, systems and renewal processes are used to support the compensation program</p>

Executive Summary

- ▶ Ensuring employees are paid fairly and competitively is a requisite for effective service delivery, given the limited resources in Ontario municipalities and the challenges in attracting and retaining staff in specialized, technical and management positions.
- ▶ The 60th percentile pay target is recommended to remain as it is representative and progressive having regard to scope, size and composition of the 2024 comparator group in relation to the Town of Orangeville, in light of an evolving pay market.
- ▶ On aggregate, Orangeville pays below the 60th percentile of the defined comparator group; with greater deviation in some positions.
- ▶ The current banding framework can support the organization design and placement of positions based on job content, internal equity and the defined pay market.
- ▶ The updated compensation framework addresses:
 - ▶ Internal equity for all positions
 - ▶ All positions are placed in pay bands using consistent interpretation and application of the Job Evaluation System
 - ▶ Pay equity compliance
 - ▶ All female job classes have a job rate equal to the male comparator job rate.
 - ▶ Pay practice with job rates that reflect the 60th percentile target of the defined pay market

Internal Equity and Pay Equity Compliance

- ▶ Internal equity has been maintained by evaluating new and changed positions using the 12-factor Job Evaluation System that produced the current banding framework.
- ▶ The current non-union banding framework consists of 17 pay bands, holds jobs of similar value, and supports the current salary grid.
- ▶ Positions were reviewed and job evaluation ratings were updated.
- ▶ Pay Equity compliance was reviewed; there were no pay equity impacts identified.

Market Competitiveness - Comparators

- ▶ The market comparator group was selected to reflect relevant scope/criteria:
 - ▶ Geographic location; proximity to large urban
 - ▶ Economic conditions
 - ▶ Similar service alignment/"like" services
 - ▶ Size - operating budget, population, tax base, service size
 - ▶ Historic comparators
- ▶ 14 comparators were selected and approved for the 2024 Market Review.
 - ▶ Caledon, Centre Wellington, King, Halton Hills, Whitchurch-Stouffville, East Gwillimbury, Bradford West Gwillimbury, New Tecumseth , Orillia, Guelph, Milton
 - ▶ County of Brant, County of Dufferin, County of Wellington
 - ▶ (all comparators were used in the 2021 review; Orillia was added)

Market Competitiveness—Approach

- ▶ Positions were matched by the Consultant to similar positions in comparator organizations having regard to job title, job information, organizational charts, and 2024 annual and hourly job rates.
- ▶ A conservative approach was used in the job matching exercise and outlier matches were removed from the analysis so that results were not skewed.
- ▶ Market statistics based on 3 or more matches were calculated to determine market competitiveness using various percentile values. Percentile targets help define Orangeville's relative placement to the defined pay market.
- ▶ The percentile target is a measure of how the positions are ranked in the comparator group, highest to lowest.
 - ▶ the 60th percentile target is the \$ Rate where 60% of the wage rates in comparator organizations are below this amount, and only 40% are above.

Market Competitiveness—Aggregate Comparison

Aggregate Comparison— Orangeville Job Rates compared to Market Percentile Targets (% below target)	P55	P60	P65
Annual Job Rate	1.5%	2.8%	4.2%
Hourly Job Rate	1.3%	2.2%	3.4%

- ▶ The Market Summary indicates that on aggregate, Job Rates for Orangeville positions are low when compared to the competitive pay market target for all percentiles; with greater deviation in some positions (i.e., paying below typical salary).
- ▶ Differences in annual and hourly market deviations are due to differences in annual hours of work for positions amongst the comparator group.
- ▶ Orangeville is less competitive when comparing job rates (maximum pay rates) for mid-level/senior management positions. This is in keeping with market observations for other municipalities across the province, given the challenges to attract and retain talent.
- ▶ Some positions are closer to the pay target than others.
- ▶ There is an inequity in competitive pay throughout the employee group.

Results of the Market Review

- ▶ Contributing factors to current market placement:
 - ▶ An evolving pay market...
 - ▶ Many of the Comparators have completed a salary review in the last 3 to 4 years and adjusted their salary grids accordingly.
 - ▶ Many of the Comparators have revisited their compensation practice and adjusted their comparator pool and/or increased the target market percentile to achieve competitive job rates.
 - ▶ 10 of the 14 comparators have adopted a pay target at the 60th percentile or higher
 - ▶ 3 comparators completed a compensation review in 2023
 - ▶ 7 comparators are undertaking a compensation review in 2024

Recommended Percentile Target

- ▶ It is recommended that Orangeville continue the pay practice that establishes job rates that reflect, at a minimum, the 60th percentile of the defined pay market, having regard to:
 - ▶ the size/scope of the 2024 comparator group;
 - ▶ a conservative approach to job matching;
 - ▶ staff retention challenges;
 - ▶ geographic placement;
 - ▶ evolving pay practice in the comparator group; and
 - ▶ economic conditions and external influencers within the local/regional area.
- ▶ This reflects a progressive approach in aligning job rates with an evolving and competitive pay in a 3-year review cycle (2021/2024).
- ▶ The pay target will align the competitive pay rates for positions in the employee group, and achieve equity when comparing to the defined pay market.

Revised 2024 Job Rates and 2025 Salary Grid

- ▶ A 2024 non-union salary grid framework was prepared for positions using job rates (maximum rates) that reflect the 60th percentile of the pay market.
- ▶ The framework consists of 5 steps with a 4% step differential; Step 5 (or the highest step in the Band) is job rate (maximum rate) for the pay band.
- ▶ The framework can be adjusted, to account for an economic increase (COLA) for 2025.
- ▶ Staff have prepared an implementation costing for placement of all positions on the new Grid. This approach reflects equity and consistency and supports retention and sustainability.

Pay Practice and Future Considerations

- ▶ It is recommended that the Town of Orangeville continue the pay practice of targeting the 60th percentile of the defined pay market, and that the Town adopt the proposed Salary Grid.
- ▶ It is recommended that the following practices be continued to build resilience in the compensation program, supported by prevailing practice in the sector:
 - ▶ That Orangeville continue the practice of undertaking a periodic market review of all positions on a 3 to 4-year cycle in order to ensure competitive pay practices in light of changing demographics and work practices in the municipal sector.
 - ▶ This has become a best practice in the sector, providing analysis that supports adjustments to the salary grid to ensure an organization is not overpaying or underpaying positions.
 - ▶ That annual increases to the non-union salary grid be determined by conducting a review of the comparator organizations to determine an average of the comparator group projected salary grid increases. This information, together with information relating to CPI increases and the Town's negotiated increases will inform the appropriate salary grid adjustments having regard to maintaining a sustainable compensation framework.
 - ▶ That new and changed positions continue to be evaluated using the job evaluation system; and that pay equity compliance be reviewed annually.