



2025 Budget Request

Request: Salaries and Benefits Market Check

From: Brittany Drury

Department: Office of the CAO

Total Financial Ask: \$35,000.00

Type of Budget Request: Capital

This document and its attachments are public and available in an accessible format upon request.

Background and Strategic Priority

The Township formally established parameters for completion of market checks via creation of the Human Resources Policy manual in 2018. This includes a Pay Admin Policy, requiring market checks to be completed every four years to ensure the Township is paying employees fairly and achieving external equity.

Completing routine salaries and benefits market checks achieves Council's fifth strategic pillar, as established in the 2019-2024 Strategic Plan, being, "Deliver Effective and Cost-Efficient Services.

This identifies the Township as a leader in municipal and customer service excellence, through a focus on fiscal responsibility and investing in staff to attract and retain highly skilled employees. Within said pillar, objective 5.4 establishes an expectation for ensuring proper distribution of workload and retention of staff, and specifically, to complete compensation reviews every four years.

Investing in staff, and prioritizing retention and attraction of a skilled workforce will continue to be prioritized in the 2025-2030 Strategic Plan.



In the past, various Township Councils have engaged professional firms to review the organization and make recommendations to advance the business of the Township, including organizational, compensation, and pay equity studies, along with various revisions to and implementation of pay policies.

In 2014, Council engaged N. G. Bellchamber & Associates to conduct an organizational and staffing review and adopted recommendations directing the CAO to implement the proposals detailed in the report. At that time, there were 14 recommendations, varying from salary adjustments to additional positions, service improvements and creation of multiple policies, plans and standard operating procedures.

In 2018, Council engaged Ward & Uptigrove to provide a Non-Unionized Payroll Market Check, including a review of pay equity and a draft pay administration policy. The market check revealed that staff salaries were approximately 2.6% below the 50th percentile of the 21 comparator municipalities selected at that time.

The Consultant's presentation was received by Council and staff were directed to adjust the pay bands and specific pay of select positions.

In 2021, the Township engaged Pesce & Associates, to complete an organizational and compensation review and recommend an optimal organizational structure, based on staff, functions, processes and objectives to deliver priority programs and services most effectively and efficiently. Through the 2021 review, Council established a benchmark of maintaining salaries to the 60th percentile, seeking to ensure market competitiveness and demonstrating Council's commitment to attracting and retaining the best, most qualified staff team to lead the Township into the future.

Following the results of the 2021 review, the Township's pay bands were adjusted to reflect the benchmarked 60th percentile, with budgetary impacts phased in over the course of two years.

Analysis

As the last review was completed 4 years ago, a salaries and benefits market check is required in 2025. The review will compare the Township's compensation structure to comparable municipalities throughout Ontario to ensure compliance with pay equity legislation and further, that the Township is continuing to achieve remuneration at the 60th percentile. This review will require onboarding of a third-party consultant, specializing in compensation reviews, through a formal RFP process.

In advance of this work, staff have reviewed the implementation of recommendations and progress from the past review. Since 2021, the Township has introduced new positions through internal reorganisation and added three new positions, as approved



by Council through annual budget cycles. As defined through Township policy, all new positions are required to be evaluated, through a formal Job Evaluation process, to dictate their position on the Township's pay grid. These evaluations can be completed in-house, or externally through an HR consultant.

In completing evaluations for newly established positions in 2024, the CAO's team identified inconsistencies with the placement of new positions, in comparison to existing positions and their respective positioning on the Township's salary bands. In addition, past evaluated roles had not seen the evaluation process completed and implemented. This resulted in the evaluation of six positions, ranging from Bands 8 through 2.

For context, in the evaluation process, positions are scored considering varying job factors, including educational and experiential requirements, level of responsibility and professional qualifications. The overall score earned by a unique position reflects their placement on the Township's salary grid. Positions requiring the most education, experience and holding the most senior level of responsibility score the highest and are paid at the first and second salary band, with incremental adjustments as positions are graded to bands three through nine. The evaluations process, including the scoring and weighting classifications, was established through the 2018 Ward & Uptigrove review.

Currently, the Township's pay grid includes 9 bands, broken into five salary steps within each respective band. Employees advance one salary step each year, dependent upon a successful performance review. The bands are adjusted annually to reflect COLA, or as approved through annual budget cycles. Upon an employee achieving the fifth and final salary step, they are "pink-circled", and entitled to only COLA adjustments on an annual basis. At this point, they are considered to be being paid at 'job rate' which should, as per policy, reflect the 60th percentile range for salary against comparators.

Ward & Uptigrove were retained to evaluate the position sample over the spring of 2024. In anticipation of the scheduled 2025 market check, staff requested that the consultant also perform a "mini-market check" to gage the Township's positioning to the established 60th percentile benchmark, as set by Council in 2021.

Through the evaluations and mini market check, all six positions were graded to a higher band than originally placed, identifying gaps in the Township's compensation structure. For example, through the evaluations process, a position was evaluated to pay band 3 from band 5, marking a two-band increase. A second position was evaluated to pay band 5 from band 6, marking a single-step increase. This trend remained consistent through the evaluations performed on the other four evaluated positions.



Prior to their respective evaluations, the six positions were remunerated, on average 14.9% below the 60th percentile – a trend which is expected to be extrapolated well beyond the six-position sample. While the variance in remuneration between the pre-evaluated top of band to the 60th percentile within the six-position sample averaged 14.9%, variances ranged from 7.5% to 22.3%.

It is anticipated that, given the movement in each of the evaluated positions, many positions currently placed on the Township's pay grid, will require movement through the 2025 review.

Based on the mini-check completed in 2024, staff are aware that it appears that past Council directions in respect to job-rate (top of band) remuneration being established at the 60th percentile point are not currently being fulfilled.

There are several potential contributing factors, including:

- Rapid turnover of senior staff (CAO and senior leadership) in 2021 and 2022 led to the most recent salary review findings not being fully implemented. This resulted in a continued reliance on the past pay structure established in 2018 with administrative changes implemented following the 2021 review. These administrative changes were made without ensuring 60th percentile compliance.
- It has not been fiscally responsible for Council to provide support for inflationary increases since the previous review and market check in 2021. Inflation has run at historic levels over this period, particularly through late 2022, 2023 and into early 2024. In an effort to reduce overall cost increases to the property tax base, Council has sought to limit staff expenses by deferring from the policies established in respect to inflationary salary band adjustments. In not applying inflationary increases and with unprecedented increases in inflation, salary bands have drifted from the 60th percentile target.
- Effective the COVID-19 pandemic and continuing to date, there has been a significant shift in municipal roles and staff attraction and retention. This started with a significant wave of retirements during and immediately following COVID-19 in the municipal sector, combined with unprecedented demands for new positions in fields such as planning and building. Municipal recruitment remains highly challenging – the Township has struggled to fill multiple positions, a pattern that is prevalent across the municipal landscape and not unique to smaller municipalities. To attract and retain staff, there has been an increase in salaries within the municipal sector, which has led to an overall upward pressure on salary bands.

Collectively, the above factors have resulted in the Township's salary grid not achieving the desired objectives of meeting the 60th percentile threshold, based on the outcomes



of the mini-check. While adjustments are expected in any salary review, internal pressures, combined with record-setting inflation over the past four years, has amplified the anticipated budget impact of correcting the identified inconsistencies in the Township's pay structure.

As an additional matter for consideration, the Township, similar to all public entities, is bound by the *Pay Equity Act, 1990*, created to redress systemic gender discrimination for work performed by employees in female job classes. An equity review will form part of the proposed 2025 salaries and benefits check. Should a pay equity issue be identified, back-pay and/or a remediating action is required on behalf of the Township. Pay equity issues may be identified at anytime, by any employee, and require immediate resolution, at complete expense to the employer. It is recommended that pay equity reviews continue to form part of the four-year market check cycle to minimize liability to the Township.

This report is presented to assist Council in preparing for required and legislated adjustments to compensation structures throughout 2025. While the adjustments are anticipated to have an impact in 2025, it is the intention that through routine maintenance and review of Township pay structures, the overall impact of market checks will decrease in future years. Given the significant turnover at the staff level since 2019, topping out at 52% in 2023, previous administrations have been forced to make decisions at the staffing level, that at times, were in contravention of Township policy. With improvements to company culture, staff retention and updates to personnel policies, consistency within pay structures will minimize impacts of quadrennial market reviews.

The Leadership Team has committed to reviewing and updating employee job descriptions throughout this review, to ensure the Township is delivering services in the most efficient and cost-effective manner. While the 2021 review included a broader project scope, staff are committed to managing costs through absorbing project tasks internally. As the labour market continues to become more and more competitive, continuing to evaluate the Township's compensation structure is imperative to attracting and retaining qualified staff.

Staff have budgeted \$35,000.00 for completion of the review, including onboarding of a specialized consultant through the noted RFP process. Through redevelopment of the Township's Reserve and Investments Policy, staff are evaluating ways to absorb any adjustments to the existing pay structure through development of a reserve, thereby minimizing any impacts to the overall tax base.



Financial Impact

In endorsing this proposed one-time capital project, \$35,000.00 will be included in the 2025 Budget to complete the salaries and market check, as required by existing Township policies.



Report Approval Details

Document Title:	2025 Budget Request - Salaries and Benefits Market Check.docx
Attachments:	
Final Approval Date:	Sep 5, 2024

This report and all of its attachments were approved and signed as outlined below:

Niall Lobley, Chief Administrative Officer