


POLICY

	Policy:	Salary Administration		
	Department:	Corporate Services		
	Division:	Human Resources	By-Law No.:	
	Administered By:	Manager of Human Resources	Approval Date:	July 10, 2023
	Replaces:	<i>Salary Administration Policy - June 28, 2021</i> <i>Salary Administration Policy- February 14, 2022</i>		
	Attachment(s):	N/A		

1. POLICY STATEMENT

- 1.1. The Corporation of the Town of Amherstburg is committed to providing a work environment where all individuals are treated in a fair and consistent manner as it relates to the administration of pay amongst other items.
- 1.2. The Town will maintain a pay policy that is internally equitable, externally competitive and pay equity compliant.

2. PURPOSE

- 2.1. The purpose of the policy is to provide the framework for an ongoing and renewable salary administration program which addresses identified pay policy challenges as well as ensures the appropriate review mechanisms are in place to respond to internal and external considerations.
- 2.2. This policy is intended to support and acknowledge the dignity and worth of each individual working with and for the Town and to support recruitment and retention of employees through a competitive, relevant and robust compensation program.

3. SCOPE

- 3.1. This policy applies to all permanent full-time non-union and management employees.
- 3.2. This policy does not apply to contract and bargaining unit employees. Contract employees will receive compensation in accordance with the terms of their contract. Compensation and wage administration for bargaining unit employees will be governed by the Collective Agreement.
- 3.3. This policy shall be reviewed every five (5) years from the date it becomes effective or sooner at the discretion of the CAO or designate.

4. DEFINITIONS

- 4.1. **Acting Pay** is the remuneration for the period of time that an employee actually performs the essential core duties of a more responsible position as authorized within this policy.

- 4.2. **Annual Base Salary** refers to the annual salary of a particular job as prescribed by the applicable salary grid schedule and is not inclusive of overtime, negotiated lump sum payments, service award or retroactive payments.
- 4.3. **Compression Premium** refers to an hourly premium applied to any job which through the Compression Procedure has been deemed to have a compression issue arising out of the compensation differential within the compensation provided within a reporting relationship.
- 4.4. **Job Rate** is defined as the highest rate of compensation for a job classification (i.e. Step 5 on the non-union salary grid.) The salary grid is comprised of five (5) steps for each salary band, with five percent (5%) step intervals.
- 4.5. **Performance** is the action or process of carrying out or accomplishing an action, task or function.
- 4.6. **Salary Compression** refers to the narrowing of pay differentials between jobs in the hierarchy of the organization, such that the differences are too small to be considered equitable give the relative responsibilities of the job.
- 4.7. **Red-Circle** occurs when an incumbent is in a position where the Job Rate of the Salary range is less than the current pay of the incumbent. As a result, the current pay of the incumbent will be “red-circled”, or held at the current rate until such time as that rate is within the pay band for the position.

Common definitions, acronyms, and terms are available in the Glossary located on the Town’s Policies webpage.

5. **INTERPRETATIONS**

- 5.1. Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Town policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

6. **GENERAL CONDITIONS**

6.1. **Salary Structure and Salary Bands**

- 6.1.1. Employee salaries will be determined with regard to a grading system that defines a minimum and a maximum amount for each salary band. Each salary band is comprised of a job rate and a salary range from 80% to 100% of that job rate. Subject to Council approval, these bands shall be adjusted for inflation annually.
- 6.1.2. Employees are eligible for a step increase after they have completed their probationary period.

6.2. Hours of Work

- 6.2.1. All non-union salary bands are established on the basis of a 37.5-hour work week representing the work week for non-union employees. Work schedules shall be established according to operational needs and any significant variations for non-accommodation related reasons are subject to CAO approval.

6.3. Lieu Time

- 6.3.1. The Town recognizes that managers have duties and responsibilities that require their flexibility in terms of work schedules and availability to work hours in excess of their established work week. Typical requirements include attendance at Council meetings, attend to time sensitive or pressing matters outside of scheduled hours, and generally on average work more than 37.5 hours per week. All management employees are entitled to (1) week of paid leave in recognition of this additional commitment and expectation.
- 6.3.2. This lieu week must be used in the year that it is granted. Employees will receive prorated lieu time based on their start or end date in their Management position. Exiting employees will receive prorated amounts which if overdrawn, will be reconciled from remaining time-off entitlements wherever possible to do so.
- 6.3.3. Additionally, at the sole discretion of the CAO, employees who have been asked to work an inordinate amount of extra time for specific projects or other operational reasons, or in situations where the position requirements require continual steady additional commitments maybe awarded additional lieu time under the same terms and conditions noted above.

6.4. Overtime

- 6.4.1. Other non-union employees, who are not managers, are eligible for overtime pay. Overtime pay is paid for all work in excess of 37.5 hours in a week. All overtime work must be preauthorized by the employee's supervisor. All overtime will be paid at a rate of time and one half (1 ½ x) the employee's normal hourly rate. The employee shall have the option of converting the overtime pay to paid time off (lieu time) up to a maximum of 100 hours in any given calendar year. Any unused lieu balances will be paid out with the last pay of the calendar year.

6.5. Management/Non-Union Compensation Administration

- 6.5.1. The Senior Management Team shall provide advice and recommendations ensuring compensation decisions are in keeping with the Town's compensation philosophy and guiding principles and overall internal equity is maintained. They will help facilitate initial compensation recommendation discussions and provide final recommendations for approval by the CAO.
- 6.5.2. Management shall actively participate in the administration of employee compensation during the course of an employee's career – recruiting and selecting the employee into their new role, establishing an appropriate level of compensation that reflects their

experience, skills and competencies as it relates to their responsibilities as well as reinforcing learning to support career growth and contributing to the review process established to managing market and organizational circumstances including the identification and contribution of assessing the presence of Salary Compression circumstances.

- 6.5.3. Management shall ensure timely and proactive compensation review cycles occur on an established minimum timeframe that which are also provide sufficient flexibility to initiate review periods informed by real time market circumstances and municipal best practices.

6.6. **Assigning Compensation**

- 6.6.1. When determining the appropriate level of compensation for an employee, their overall qualifications, skills and experience will be considered as they relate to the position assignment. Compensation assignment will be consistently applied across all circumstances as to maintain internal equity and accountability.
- 6.6.2. Salary Compression Administration shall occur on an annual basis and be implemented according to the Salary Compression Procedure.

6.7. **Salary Ranges**

- 6.7.1. Salaries fall between 80% (minimum) and 100% of the job rate, and are reflective of:

- 6.7.1.1. Employees still developing the required skills for the position (i.e., employees without sufficient time in a role to measure sustained satisfactory performance);
- 6.7.1.2. Employees with sustained, less than satisfactory performance; and
- 6.7.1.3. Entry-level hires.

6.7.2. Job Rate

- 6.7.2.1. The Job Rate (100%) is reserved to reflect the level of “full competence” in the job. This represents the maximum base salary achievable for all employees and should only be awarded when the employee has demonstrated the on-going skill, ability and motivation to fully and satisfactorily perform all aspects of their job as assessed by their annual performance and successfully meeting expectations as identified in the performance management process or in instances where new recruits (6.1.1.4) have substantial experience, qualification, and skill contributions to the position and will be able to effectively function in the role at the onset of hire. Annual Increases

- 6.7.3. Annual increases to the salary grid as approved in the budget process (i.e. inflationary increase/economic adjustments) shall be effective on January 1 of the year.

6.8. **How Contribution is Assessed in a Salary Range**

- 6.8.1. In a salary range, an employee’s performance is the measure of contribution and performance and is an important component of determining base salary as well as confirming the employee’s movement through the salary range. Any increase awarded should be primarily driven by an employee’s successful performance as demonstrated and documented in the annual performance review process.

- 6.8.2. In instances where any employee is falling below expected performance standards and a performance improvement plan is in place, salary progression shall be withheld until such time as the employee has successfully met performance expectations and sustained for a period of 6 months.

6.9. **New Employees**

- 6.9.1. When hiring a new employee, the initial step in the salary determination process is to identify the pay level within which the vacancy or new job falls. Once this has been confirmed, the salary range associated with the pay level establishes the parameters within which an appropriate salary for the new employee may be established.
- 6.9.2. Employee salaries are determined based on the skills, qualifications and experiences brings to the role taking into consideration the learning and time required to be fully competent in the position.
- 6.9.3. As a starting point new employee may be placed at a lower step in the salary range commensurate to their skills, qualifications and experience in a manner which provides natural progression through the salary grid through the annual increases that reflect the employee's performance toward 'full competence and performance' and also ensures some internal equity of salaries relative to other longer-term employees currently in a same functional group.
- 6.9.4. Some flexibility is required, however, to accommodate those situations where the new employee has significant prior experience in a similar position or brings special skills that reduce the on-the-job learning period. In any event, a longer-term salary management plan that reconciles the expected learning curve of the employee with a progression toward the job rate must be established. Human Resources and the Director for the department can be expected to provide assistance in this regard.

6.10. **Promotions**

- 6.10.1. Promoting an employee from one job level to a higher job level generally involves the filling of a vacant, pre-approved and/or internally posted position or a situation where an employee's job has evolved to reflect significantly changed accountabilities and has been approved at the higher level through the job evaluation process.
- 6.10.2. Promotional increases must ensure the employee's new salary is at least at the minimum of the new salary range and in any event no less than 3% of the employee's current rate. Again, when determining appropriate compensation, careful consideration of providing compensation that is truly reflective of the job/position expectations, the employee's capability, the expected timeframe to 'full competence' and how the salary is relative to other salaries and performance.

6.11. **Reconsideration of Positions**

- 6.11.1. In the event that the duties and responsibilities of a position are altered from the original ratings assigned to the position, a request may be submitted that the position be re-rated using the following process:
 - 6.11.1.1. The request for the position to be re-rated is submitted to the appropriate manager on the "Request for Re-Evaluation" form with an updated job description

and any other supporting documentation. The Manager will review the request and in consultation with the Human Resources Manager make a determination regarding the validity of the request to move ahead within the Job Evaluation System and ensure the fullest information is provided and documented to assist in the decision making and potential re-consideration outcome.

6.11.1.2. The Manager shall submit the request to the Director for consideration. The Director shall then submit the request to the CAO. A request approved by the Director will be forwarded to the Job Evaluation Committee or external consultant. In the event that the Director's position is to be re-evaluated, the request is to be approved by the CAO.

6.11.1.3. The Job Evaluation Committee or external consultant shall review requests received for re-rating on a semi-annual basis if using a committee structure or as they occur if using an external consulting utilizing the existing salary administration program.

6.12. Demotions

6.12.1. If an employee is demoted or is moved involuntarily to a position in a lower salary grade for non-disciplinary or performance reasons, the present salary level should be continued, unless there is a compelling reason for not doing so. The salary is considered to be "red-circled" when it exceeds the job rate of the range. This means that the base salary is frozen until such a time when it is once again aligned with the job rate in the salary range of the new lower level position (recall that the job rates generally experience regular increases over time as the market dictates). This approach ensures that the employee is earning a base salary that is commensurate with the level of work accountabilities and responsibilities associated with their assigned role level.

6.12.2. When an employee is demoted for disciplinary or performance related reasons, their salary should be adjusted to the job rate of the new position.

6.13. Temporary Transfers or Acting Positions

6.13.1. An employee transferred to a new job/position on a short-term or temporary assignment shall be paid as follows:

6.13.1.1. If the transfer is for **more than fifteen (15) consecutive working days** and is to a position in a higher salary grade:

- a. The employee's pay rate shall be Acting Pay and shall commence at the greater of Step 1 of the salary grid transferred to or an increase of 5% of the employee's salary in their incumbent job; however, the Acting Pay shall not exceed the job rate for the new job/position.
- b. If the employee remains in the temporary/acting position past the date they would otherwise be eligible to move to a higher step on the salary grid in their incumbent position, the employee may be eligible for a further pay adjustment under the Salary Administration Program, subject to successful documented performance.

6.13.1.2. If the transfer is for a period of less than or equal to fifteen (15) consecutive work

days or is to a position at an equivalent or lower salary grade than the employee's incumbent position, no Acting Pay will be provided and the employee will continue to be paid within the salary grade for their incumbent position in accordance with the Salary Administration Policy

6.14. **Lateral Transfers**

6.14.1. For the purposes of career development and growth, an employee may be provided the opportunity to move into a job which is part of a different job description, but where the salary range of the new pay level is the same as the salary range for the employee's previous pay level. In this case, the employee's salary will continue to be administered at the current level. However, the compensation will need to be monitored carefully as the employee is new to the job even though the salary range has not changed. Therefore, the employee's salary should be viewed relative to other salaries in the same job description level based on the job/position expectations, and the employee's capability and potential for performance in the new job.

7. **RESPONSIBILITIES**

7.1. **Council** has the authority and responsibility to:

7.1.1. Approve the Salary Administration Policy; and,

7.1.2. Determine the economic inflationary increase to be applied to the salary grid having regard to market competitiveness, the pay philosophy, compression issues and ability to pay.

7.2. The **CAO** has the authority and responsibility to:

7.2.1. Ensure compliance with the Salary Administration Policy; and,

7.2.2. Authorize step increases in accordance with the Salary Administration Policy.

7.3. **Directors** have the authority and responsibility to:

7.3.1. Ensure employee performance reviews are completed at least annually.

7.4. **Managers** have the authority and responsibility to:

7.4.1. Complete employee performance reviews at least annually.

7.5. **Manager of Human Resources** has the authority and responsibility to:

7.5.1. Administer and recommend changes to the Salary Administration Policy.

7.6. **Employees** have the responsibility to:

7.6.1. Abide by and adhere to the Salary Administration Policy.

8. **REFERENCES AND RELATED DOCUMENTS**

8.1. Town of Amherstburg Performance Management Program

8.2. Town of Amherstburg Pay Equity Plan

8.3. Town of Amherstburg Salary Compression Procedure