

Type of Decision									
Meeting Date	Friday, Oct. 14, 2016				Report Date	Saturday, October 1, 2016			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed
Merit and Bonus Policy Amendment - Report #14/10/16/1104 – deferred									

Subject:

Review of employee salary scale/grid and amendment to current merit policy.

RECOMMENDATION:

This report is a result of direction from Council sitting as Committee of the Whole in February, 2016.

Scale for Determining Merit Pay Once Employee has Reached Job Rate

WHEREAS Head, Clara & Maria has existing policy on merit pay and bonuses which has not been utilized since its inception in 2012 in part due to ambiguities and difficulty of use;

AND WHEREAS a simple adjustment and addition to the current guidelines would make the policy easier to use;

THEREFORE BE IT RESOLVED THAT the Council of the United Townships of Head, Clara & Maria does hereby adopt the proposed Merit Increase Grid as an addition to the Policy on Merit and Bonus Awards adopted in 2012 and authorizes staff to implement the grid retroactively to January 2016 for the 2015 employee performance appraisals.

BACKGROUND/EXECUTIVE SUMMARY:

A policy on merit was prepared and approved by Council in 2012. It has not been utilized to date. In order to ensure that employees are being considered for fair compensation for performance and to simplify use, it is recommended that the following amendment be made to that policy so that employees are evaluated annually.

The following chart is amended from a policy created by the Canadian Supply Chain Sector Council. The chart is applied similarly to a grid system that is already in use in HCM. This process simply takes the information gathered during annual performance reviews and applies an increase (or not) to the employees' salary.

According to the set policy of HCM, it is possible that no award would be given, that an award only be applied for a specific year, or an award be applied along with a step increase on the salary grid depending on employee performance and current grid position.

Criteria may include: earning extra money or saving money for the municipality; taking on duties above and beyond an employee's normal scope of work, special project management, one off tasks/performances which affect the workplace in a significant manner.

This ensures that exceptional work is rewarded but also ensures that salaries/wages are not being artificially inflated due to recurring and cumulative percentage or dollar increases.

Amendments would be required to rate employees in a similar manner as the Cuff ratings as adopted by Council for the CAO's position in 2015 but all other policies would remain as they are currently.

Options/Discussion:

Rationale for percentage is – new staff will be taught that performance is important; but the higher percentages will be applied to lower wages – not a significant cost to the municipality.

For those at steps above job rate – step increases were approximately 3%. If you are not offering incentive more than a mere step increase, is it really an incentive? (Rates utilized by comparing national averages for salary increases of 3-4% across many types of jobs have also been considered.)

Naturally, these may be adjusted by Council.

MERIT INCREASE GRID		
Performance Rating	Increase % if Current Salary is Below Job Rate	Increase % if Current Salary is At Job Rate
Outstanding (O)	4.50%	4.25%
Above Standard (A)	4%	3.75%
Standard(S)	0%	0%
Below Standard (B)	0%	0%

As explanation:

Example 1 – new employee, works hard, above standard evaluation. New to grid so would receive a step increase plus a performance increase for that specific year, not to be carried forward.

Example 2 – new employee, does not work so hard, receives a standard evaluation. New to grid so would receive a step increase but no performance reward.

Example 3 – new employee, does not work so hard, receives a below standard evaluation. New to grid so would not receive either the step increase or the merit reward.

Example 4 – employee at job rate. Works hard, saves/earns municipality money – rated above standard or outstanding. At job rate so would receive a performance/merit increase for that year. Salary is not adjusted at all, reward not automatic the next year.

Example 5 – employee at job rate. Doesn't perform well, rates either standard or below standard. Does not receive any additional compensation or pay change.

Financial Considerations/Budget Impact:

Budget will be impacted by whatever increases Council deems appropriate to award. This policy adjustment allows for those at job rate to perform at an above standard level to receive additional compensation. The amounts will be calculated annually, not cumulative and dependent on performance.

For discussion purposes, and based on the current grid, maximum annual costs would total \$16,195 based on every staff member at job rate and performing in an outstanding manner receiving 4.25% merit pay. Although possible, realistically that is not a likely scenario on a regular basis.

Potentially, there could be zero annual cost if no employee worked above the standard level.

Annual cost of living awards will continue to be considered by Council on an annual basis.

Policy Impact:

Creates/amends policy.

Others Consulted:

County of Renfrew survey reviews.

- June 2014 County Roads Survey
- June 2104 County Local Municipal Salary Survey
- Appendix "F" to 2010 Salary Review – external contractor – Salary Administration Policy and Procedure
- Appendix "F" to 2010 Salary Review – (1) – Rates adopted by Council

The Conference Board of Canada - website – various articles

<http://www.payscale.com/career-news/2010/04/raises-cost-of-living-vs-merit-pay-increases>

<http://hrweb.mit.edu/compensation/annual-salary-review/individual-increases>

<https://www.roberthalf.ca/en/workplace-research/salary-guides>

http://www.jobbank.gc.ca/LMI_report_bynoc.do?&noc=0012&reportOption=wage

<http://www.supplychaincanada.org/en/VHRD-salary>

Approved and Recommended by the Clerk

Melinda Reith,

Municipal Clerk

M Reith