



SUBJECT: Non-union compensation updates

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Human Resources Department

Report Number: HR-01-23

Wards Affected: All

File Numbers: 300-01

Date to Committee: January 9, 2023

Date to Council: January 24, 2023

Recommendation:

Receive and file human resources department report HR-01-23 providing an update on non-union compensation.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

In 2020 the city embarked on an update of its non-union compensation program for full-time and part-time which involves two phases:

- Job Evaluation Program Update; and
- Re-focus on Performance Based Compensation.

Both phases provide foundational updates to the non-union compensation program which will facilitate and support the City's attraction and retentions strategies now and into the future. This report will describe the purpose and outcomes to date of each phase:

Job Evaluation:

Job Evaluation is a process which creates internal equity for all non-union positions and external market competitiveness for each of the assigned pay grades. Internal equity is created when each role is evaluated against a consistent set of position or job factors to determine the level of skills, responsibilities and knowledge required.

The factors used in the design of the new job evaluation tool are:

- Technical knowledge gained by education
- Knowledge/skills gained by experience
- Problem solving
- Communication/Influencing others
- Breadth and Depth of Knowledge
- Independence
- Management of financial, information, non-financial resources and assets
- Leadership
- Impact
- Customer service/customer relationships
- Mental effort
- Physical effort
- Working conditions
- Disruption to lifestyle

As an outcome, each position is assigned to a pay grade and grouped with positions of like value. External market competitiveness is achieved when benchmark positions, within each pay grade, are tested against council approved external comparators and a salary range is assigned.

In summary, the job evaluation update ensures we have aligned all non-union roles into the correct pay band and that each pay band is in alignment with our Council approved market position of the 65th percentile.

The job evaluation phase is set to be implemented by mid-2023, subject to Council approval of funding, as proposed in the 2023 budget.

Performance Based Compensation:

In alignment with the City Manager's 2022 Objectives, the purpose of this update is to enhance the current performance management system with a focus on integrating performance objectives and key performance measures. Through the development and implementation of the new Workday platform, we will now have in place a technology solutions tool to facilitate a seamless and efficient business process for individual staff of goal setting and multi-level feedback tied to outcomes and performance-based compensation. Goals, metrics, and objectives will cascade from Vision to Focus, the City Manager's Objectives, Department Workplans and individual goals and will inform an annual compensation adjustment for non-union employees.

Through Workday, subject to Council approval of the budget, this phase will also separate market and performance-based compensation adjustments. Currently non-union employees receive an increase that is a combination of both performance and market factors. With the combination of clear goal setting and key performance metrics and the separation of performance and market adjustments, the city is better positioned to clearly differentiate the impact of performance on compensation. In addition, with the current blended compensation approach for annual adjustments, it currently takes twenty-three years for an employee to move from the start rate of their pay band to the pay range maximum. This significantly impacts retention efforts as it should take staff generally anywhere from five to eight years to achieve the pay range maximum.

Implementation of this phase will commence at the end of 2023 and separate market and performance-based adjustments will be included for Council approval in the proposed 2024 operating budget.

Additional information about each phase of the compensation updates as described above is contained within the presentation attached as Appendix A.

Financial Matters:

Total Financial Impact

The first phase of the compensation update (Job Evaluation) is contained within the 2023 proposed Operating Budget as recommended by staff. The second phase (separate performance and market-based adjustments) is included in the multi-year simulation and will be included within the 2024 proposed Operating Budget.

Source of Funding

The provision for funding for the above-noted changes will be included in the proposed operating budget.

Other Resource Impacts

All non-union staff have been required to complete a Job Information Questionnaire (JIQ) about their role and have it reviewed by their supervisor before final submission. In addition, resources in change management and communications have also been utilized extensively for this project. Overall the design and execution of all facets of the non-union compensation update have also put considerable strain on Human Resource staff to manage the project in addition to fulfilling the requirements of their regular roles. Rating Committee comprised of Executive Directors/Directors and Managers have also spent considerable time learning and applying the new rating tool so that in future, new ratings will be administered in a consistent and fair manner. All this combined has taken considerable time and effort by all employees and their people leaders and by specific service areas across the organization.

Council will note that the implementation of the program in both 2023 and 2024 requires Council support in both budget years. The implementation will be strategically targeted with particular focus and priority given to adjusting compensation for those non-union positions that are of highest risk and/or need from a retention and attraction perspective. In other words, a “blanket approach” will not be taken across all non-union levels.

Climate Implications

Not applicable

Engagement Matters:

From the start of the job evaluation phase, people leaders have been engaged to help both themselves and their staff complete the Job Information Questionnaire, and to assist them in answering questions by their staff. Drop-ins to ask questions and job evaluation roadshows, to identify benefits of the update and concerns held by staff, have been conducted across all services. Employees want to hear specifically from their people leader about these changes and to that end communication has flowed through leaders to their staff. Updates with the Burlington Leadership Team and with the Strategy Risk Team have also provided good support. Change management

principles are being used extensively and to date communication has focused on the awareness and desire phases of ADKAR, the city's change management tool.

Conclusion:

Receive and file report HR-01-23.

Respectfully submitted,

Laura Boyd

Executive Director of Human Resources

Appendices:

A. Compensation Update Presentation

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.