

**Town of Cobourg  
Compensation Review Final Report  
June 19, 2024**

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## 1. Introduction

Gallagher was engaged by the Town of Cobourg (the “Town”) to undertake a comprehensive compensation review for all non-union positions. The review focused on a market study to assess the Town’s competitiveness against a defined comparator group. The review would result in a proposed salary structure and job rates that would be internally equitable and externally competitive.

Gallagher is a compensation and human resources consulting firm that offers expertise, data and tools for all aspects of total rewards design and management. The firm specializes in compensation design, job evaluation, pay equity compliance, and market reviews for private, public sector and not-for-profit clients.

The consulting team was comprised of Jane Mizanski and Susan Fong who bring deep experience with compensation design in the municipal and broader public sector. Jane led the project and managed all components. Susan completed the pay equity analysis and salary grid development.

This report outlines the scope of the assignment, the process undertaken, and the results of the review.

## 2. Background to the Assignment

The Town conducted a compensation review in 2019 that included a review of foundation job evaluations and salary structure, as well as a market assessment to determine competitive positioning. This review is in keeping with the Town’s salary administration policy to conduct a market assessment every five years.

The non-union salary grid has been updated annually in consideration of negotiated increases for unionized employees.

Since the time of the last review there have been substantial changes in municipal labour market conditions. Where municipalities once enjoyed relatively stable and healthy employee turnover, the ‘war for talent’ in this sector is exceptionally competitive. The Town has faced some challenges in attracting and retaining talent across a number of job families and levels.

Base pay is acknowledged as only one element of the total compensation package to support attraction and retention of talent; competitive benefits, pension and professional development support, and contemporary working arrangements also contribute to the total value proposition. However, from an external recruitment perspective, pay is typically the first consideration to attract candidates and it is therefore important that compensation does not create a barrier at the outset of the staffing process.

The scope of the compensation review included approximately 40 non-union/exempt positions.

### 3. Approach and Findings

The compensation review was undertaken to ensure the Town was effectively positioned to attract, retain and motivate employees in an increasingly competitive marketplace and to ensure legislative compliance (pay equity). The review conducted by the Consultant is reflective of best practices. A deliverable for the assignment was to recommend an internally equitable, pay equity compliant and externally competitive salary structure for non-union positions of the Municipality.

#### I. Custom Market Study

The credibility of any custom market study is contingent on ensuring the comparator organizations are appropriate giving consideration to characteristics such as population served, size of the workforce, scope of services, geographic proximity, and actual competitors. A comparator group of 16 municipal organizations was identified in consideration of the 2020 review and in consultation with the Town. The City of Peterborough was identified as a comparator however they were unable to participate in this review. It is recommended that this comparator be considered in future reviews.

- Alnwick Haldimand
- Belleville
- Brighton
- Cramahe
- Hamilton Township
- Peterborough (City)
- Port Hope
- Quinte West
- Trent Hills
- Ajax
- Clarington
- Oshawa
- Scugog
- Whitby
- Northumberland County
- Prince Edward County

The Consultant solicited and collated all participant salary information. Job matching was completed on the basis of known qualifications, scope of responsibilities and organizational hierarchy. The statistics shown on the market analysis only include data where there were a minimum of four observations.

#### Definitions:

**Percentile:** P50 represents the point below which 50% of the data points lie and is typically referred to as the median of the comparator market. A higher target percentile indicates an intent to pay 'better than the middle' of the comparator market group, and trend towards leading the market. The 60<sup>th</sup> percentile would be the point below which 60% of the data points fall and 40% are above and represents a moderately more competitive position.

**Competitive:** Where the gap to market is  $\pm 5\%$ , the Town is considered competitive to the comparator market. A positive '+' result indicates the percentage gap the Town's job rates are

on aggregate below the comparator result. A negative result is illustrated with brackets (e.g. (2.1%)) indicates the gap the Town rates are above the comparator results.

The average of the market comparator data is not used to formulate recommendations as the statistic can be skewed by one or two outlier data points among the comparators.

**Vertical Spread:** The difference between the job rate of one band and the adjacent band. The spread should reflect a noticeable difference in rates to account for the increasing degree of skill, effort and responsibility of a job in one band to relative to the next. Best practice suggests the spread should be 10% or more, however there are circumstances where a more compressed spread is reasonable and cost effective.

### Summary of Market Analysis

On aggregate the Town is at or below the 50<sup>th</sup> percentile of annual and hourly job rates of the defined comparator market respectively, with significant deviation in at the individual position level and or specific bands. The differences in annual and hourly gaps to market are due to the different hours of work by each of the comparators.

Basis of comparison	% difference/gap to market	
	P50	P60
Annual salary job rate	+7.9%	+12.0%
Hourly job rate	+5.6%	+10.5%

The Town’s current pay policy targets the market median (P50), aligning to the middle of a defined comparator group. However, in consideration of the Town’s current recruitment challenges and direct competition with several municipalities within Durham Region a higher pay policy would position the Town more competitively.

## II. Pay Equity Analysis

Job class gender was confirmed for each position as required by the *Pay Equity Act* having regard to current, historic and stereotypical incumbency. Pay equity analysis was completed using the existing banding structure, job evaluation output/points and proposed hourly job rates (the maximum rate paid for each job class) to ensure the proposed grid is legislatively compliant.

## 4. Recommended Salary Grid and Administration

### I. Target Pay Policy and Salary Grid

The market data is used to inform the design of a competitive 2024 salary grid. Pay rates are established in consideration of current job rate and market data, as well as the vertical spread between bands to address compression.

The Consultant developed a salary grid wherein 10 of the 13 bands were adjusted in consideration of internal equity, market, pay equity compliance and salary compression between bands. The current pay structure is comprised of five steps increasing by 4% each step. This structure was maintained as reasonable and in keeping with best practices across the sector.

The Consultant recommends a salary grid developed on the pay policy characteristics of fairness, compliance, competitiveness and affordability. The recommended salary grid design supports:

- Harmonized hourly job rates for positions within each pay band having regard to pay equity analysis and market competitive rates
- All job rates are pay equity compliant
- A 5-step grid where job rate is 100%, and 4% increments between steps

The Consultant presents for consideration a market competitive grid that aligns the Town to a target policy to align above the 50<sup>th</sup> percentile of a defined comparator market group, ideally at P60.

## II. Implementation

Implementation costs have been estimated by staff and are reported under separate cover, giving consideration to different effective dates.

## III. Salary Administration

Upon implementing the recommendations outlined in this report, the Town will be able to demonstrate pay equity compliance that meets the requirements of the *Pay Equity Act*. The pay equity analysis must be maintained pursuant to the legislation.

Recommended methods to maintain the non-union compensation program are as follows:

### **Council Determines Salary Administration Policy**

The Council determines and approves pay policies. Council has ownership of the pay policy and pay schedules outlined. The Chief Administrative Officer administers the salary policy and the job evaluation program.

### **New/Changed Job Evaluation**

The Town maintains internal equity, using the Town's existing job evaluation plan to evaluate new and or changed jobs. The Consultant can be available to assist in this maintenance.

## **Pay Equity Maintenance**

Pay equity checks should be conducted on new job rates to ensure compliance, ideally on an annual basis. The Consultant can be available to assist in this annual pay equity maintenance.


## **Maintaining Market Competitiveness**

It is recommended that the Town assess the market in three to five years to ensure the non-union employee job rates do not fall behind market. Additionally, the Town alignment of insured benefits to the comparators should be tested as part of the total compensation market review.

## **5. Conclusions**

This report outlines the process used to complete the market analyses and to develop a competitive 2024 salary grid for all non-union positions within the Town of Cobourg. The report also identifies and provides analysis to ensure the Town is compliant with the *Pay Equity Act*. We appreciate the opportunity to work with the Town. We look forward to providing any future assistance you may require in maintaining your compensation programs.

Yours very truly,



Jane Mizanski  
Vice-President, Compensation