



STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Strategic Priorities and Policy Standing Committee

Report to: Mayor, Deputy Mayor, and Councillors
From: Andrea Short, Manager, Human Resources
Adam Giddings, Director of Corporate Services
Standing Committee Date: June 19, 2024
Report Number: COR-2024-011
Council Meeting Date: June 26, 2024
Subject: **Compensation Review**

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1. Recommendation:

THAT Council receive the compensation study from Gallagher Benefit Services (Canada) Group Inc for information purposes; and

FURTHER THAT Council direct staff to implement the updated annual staffing costs of \$444,278 effective August 1, 2024 for a prorated amount of \$185,116 to be paid utilizing the Staff Contingency Reserve and that Council direct staff to include the updated salaries in the 2025 budget for an increase of 1.60%.

2. Executive Summary:

On November 27, 2023, Town of Cobourg Council received a staff report on the non-union compensation review. The report indicated recent difficulties in the recruitment of qualified staff in several areas within the Town of Cobourg.

The right person for the job, a suitable organizational environment for growth and advancement, and a fulsome compensation package to attract and retain the best talent are essential for the growth and prosperity of the Town of Cobourg. Further, appropriate remuneration should achieve the following goals:

- Reflect the nature, responsibilities, and accountability associated with positions.
- Demonstrate fiscal responsibility.
- Attract strong, qualified candidates to local government.

Given that the data included in the compensation review did not divulge any glaring discrepancies in the positioning of total compensation with the Town of Cobourg against the comparator groups, staff feel it is reasonable to support a compensation increase in line with the percentage increases identified in the report.

Further, as a result of challenges related to retention and recruitment, staff have recommended implementing the increase effective August 1, 2024, utilizing the Staff Contingency Reserve.

3. Background

The original policy (non-union compensation – salary structure) was created on January 1, 2013. The policy’s purpose was to establish a salary plan that would result in a fair and equitable salary schedule for non-union personnel that is competitive with comparator municipalities and the local labour market.

Section 1 of the salary plan within the policy states that an external review of the labour market shall be conducted every fifth (5th) year for all non-union positions to ensure that compensation rates and the salary structure is reflective of municipal labour market trends.

The Town of Cobourg has experienced current challenges regarding recruitment and retention. As a result, on November 27, 2023, Council received a staff report on the non-union compensation review (report Office of the CAO-034-23) directing staff to proceed with expediting the 2024 non-union compensation review and that the review be funded through the Staff Contingency Reserve Fund.

Utilizing a third party brings an objective lens to the study without a vested interest in the outcomes of the analysis. The consultant advised on best practices, gathered data without bias, generated statistical/factual reports, and recommended appropriate approaches to achieve outcomes/behaviours.

4. Discussion:

Remuneration for staff is a complex issue with many divergent opinions, approaches, nuanced data, and results. While compensation may not be a primary driving force to attract a diverse pool of candidates it is important to ensure the compensation does not present a barrier to recruiting qualified staff.

Comparators

The compensation review involved a comparison of other municipalities of similar size and complexity to provide an assessment of equity, and to inform what is within the range of fair and reasonable compensation.

A comparator group of fifteen (15) municipal organizations was identified given due consideration to various metrics as an indication of similar size, scope of services, geographic similarities, and location proximity to the Town of Cobourg.

Municipality	County	Households	Population
Alnwick-Haldimand	Northumberland	2,825	7,473
Cramahe	Northumberland	2,950	7,932
Hamilton Township	Northumberland	4,685	11,059
Brighton	Northumberland	5,015	12,108
Tent Hills	Northumberland	6,883	12,900
Port Hope	Northumberland	7,607	17,294
Scugog	Durham	8,921	18,420
Prince Edward	Prince Edward	14,307	20,786
Quinte West	Hastings	19,056	46,560
Belleville	Hastings	22,744	50,716
Northumberland	Northumberland	37,328	92,718
Clarington	Durham	38,000	105,000
Ajax	Durham	39,310	131,700
Whitby	Durham	46,628	138,500
Oshawa	Durham	66,847	183,800

The review compared municipalities of similar size and complexity to provide an assessment of equity, and to inform what is within the range of fair and reasonable compensation. This was done by drawing direct comparisons due to the vast differences in scope and size of municipalities as well as economic, demographic, and financial variables impacting the municipalities. Despite these variables, the data collected provides a reasonable level of comparability to inform the analysis.

The analysis did not include a comparison of benefits (pension, disability, insurance, medical, etc) between the Town of Cobourg and the above comparators.

Process

The analysis compared each pay grade within the Town of Cobourg to the fifteen comparators listed above and determined the number of observations (number of comparator municipalities that had a similar position).

For each of the comparator Municipalities, the average hourly rate was calculated based on the number of observations.

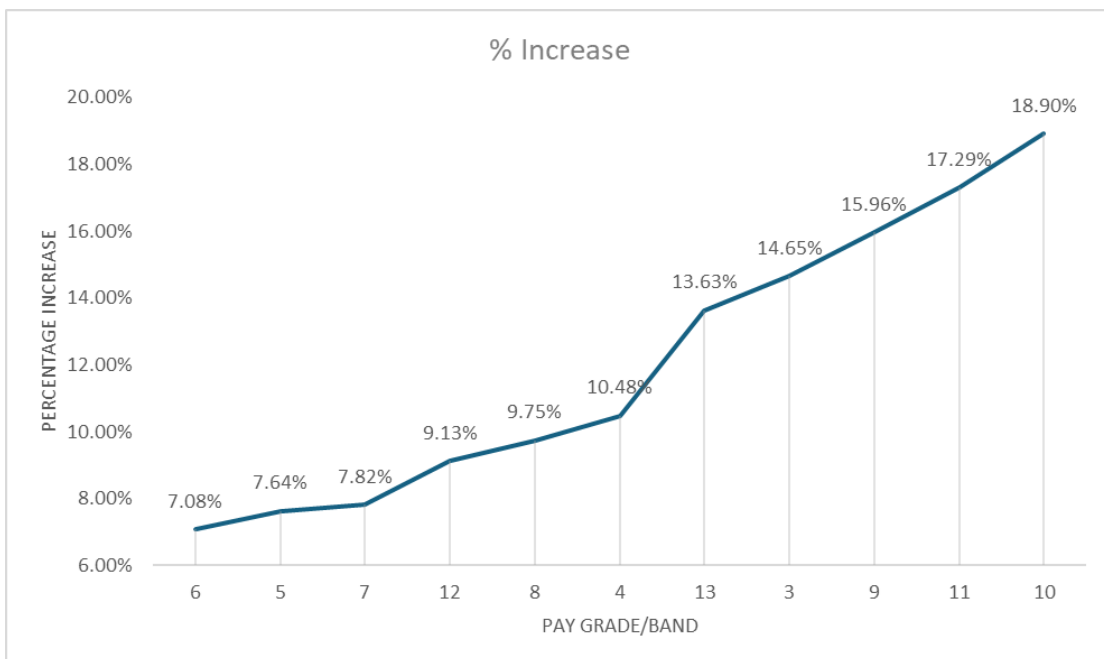
For example:

Pay Grade/Band	12
2024 Job Rate	\$83.05
Number of Observations	7
Average Comparator (P50)	\$90.63
Annual Increase	\$13,798
Annual Percentage Increase	9.13%

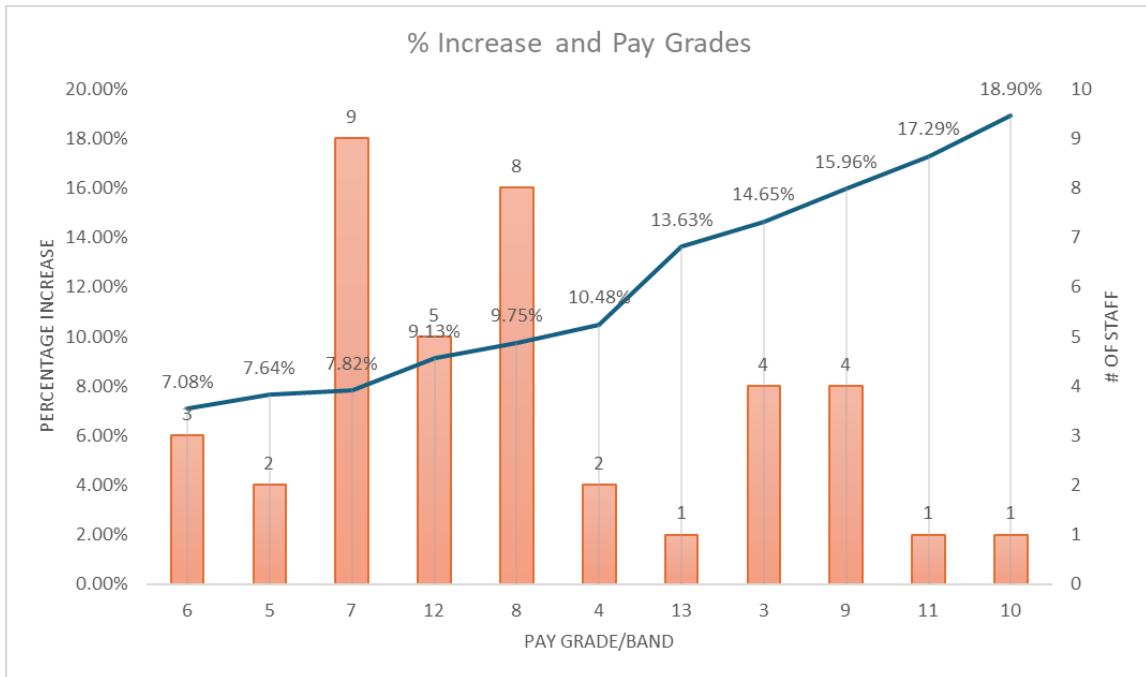
The vertical spread was also calculated between pay grades to reduce compressions issues. The ideal is a vertical spread of 5-10% between pay grades. so that the proposed job rate is 10% more than the pay grade below. The vertical spread is considered in relation to compression. That is, the reduction in the differences between the pay rates of employees, across different levels of the Town of Cobourg. Compression can manifest in several ways, including narrowing the gap between the lowest and highest earners or reducing disparities between different roles and departments, potentially impacting morale and motivation. The average for the proposed job rates is 11% with a high of 27% and a low of 4%.

Analysis

The results of the market study indicate that the Town of Cobourg is currently paying low to market average for the majority of positions. The below indicates the percentage increase for each pay grade/band.



The average increase indicated in the compensation study is 10.59%.



As indicated, the percentage increase in each pay grade/band ranges from a low of 7.08% to a high of 18.90%. However, the largest increase relates to two positions (pay grade 10 and pay grade 11).

Funding

The total increase of \$444,278 would be prorated to an amount of \$185,116 for 2024 which is based on the suggested implementation date of August 1, 2024. The Staff Contingency Reserve would be utilized in order to fund this amount for the remainder of 2024. As of December 31, 2023, the Staff Contingency Reserve Fund was at \$579,062, although some of the reserve will be utilized for potential third-party costs in 2024 related to supplementing the vacancies in the Planning and Development department, there is sufficient funds available.

Further, the increase of \$444,278 as of January 1, 2025, will have to be incorporated in the 2025 budget accounting for an increase of 1.60%.

Options

Staff considered the below options prior to settling on the recommendation provided to Council:

1. Implementation of January 1, 2025: Implementing the increases effective January 1, 2025, would likely generate morale concerns as staff are anticipating the results of the compensation review. Further, staff have identified difficulties with staff recruitment and staff retention as a result of lower salaries which have led to the expedited compensation review.

2. Implementation effective January 1, 2024: Staff considered implementing the increases retroactive to January 1, 2024. However, staff felt that incorporating the full additional cost in 2024 (as opposed to the prorated amount) would deplete the reserve to an unsatisfactory level.

5. Financial Impact and Budget

The financial impacts and budget impacts are as follows:

1. Financial impact: The total 2024 increase of \$185,116 will be incorporated effective August 1, 2024, which will be funded utilizing the Staff Contingency Reserve, therefore eliminating the impact to the Town's 2024 budget.
2. The increase of \$444,278 will be integrated into the Town's 2025 budget resulting in an increase of 1.60%.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

Thriving Community

An updated compensation review and implementing revised wages supports the strategic plan as it will support competitiveness through investment in people.

Service Excellence

A characteristic of service excellence is ensuring human resource policies and practices make Cobourg the employer of choice to attract and retain the best talent. Attractive compensation is a priority to be an employer of choice. Ideal employers frequently benchmark compensation plans and adopt progressive benefits strategies to remain competitive.

Sustainability

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7. Public Engagement:

Public engagement is not considered necessary.

8. Attachments:

Compensation Review