

Employee Compensation - 75th Percentile Rationale**Report Purpose**

To provide Council the rationale for classified positions to be paid at the 75th percentile.

Recommendation

N/A

Council History

May 9, 2017 – Council approved “THAT Administration review Policy HUM-001-034 Employee Compensation and provide a report to Council on the rationale for classified positions at the 75th percentile of current pay levels of other similar sized Alberta municipalities, other public sector organizations in Alberta, and the broader public sector in Western Canada; as well as any other potential policy recommendations; and that this report be provided to Council for consideration by September 5, 2017.”

July 12, 2011 – Council approved Policy HUM-001-034 Employee Compensation.

Strategic Plan Priority Areas**Economy: n/a**

Governance: The ability to attract and retain a highly qualified and engaged work force is in part related to the total compensation (pay, benefits, leave programs and work environment) provided to employees. Engaged employees contribute exceptional effort and have a higher connection and commitment to the purpose of the organization and as a result provide excellent service to their clients and our community. Fiscal responsibility is reflected in the processes used to establish employee compensation.

Social: Highly qualified and engaged employees contribute their expertise and focus on service excellence to build helping, caring, healthy and active communities within Strathcona County.

Culture: Engaged employees take pride in their work and have a shared sense of pride in their community.

Environment: n/a

Other Impacts

Policy: HUM-001-034 Employee Compensation

Legislative/Legal: n/a

Interdepartmental: n/a

Summary

Administration was asked to report to Council on the rationale for setting pay for classified employee positions at the 75th percentile.

HUM-001-034 Employee Compensation Policy links to Strathcona County’s vision and goals, specifically stating: “a highly qualified and engaged workforce is essential to delivering quality public services to the community and residents”. The policy encompasses total rewards, including benefits, illness/vacation leave programs, learning & development, health & safety and employee wellness, not just pay. From a pay perspective, the 75th percentile has been established as the target position in the market for classified employee pay.

The Employee Compensation Policy (including the 75th percentile target) was established on July 12, 2011. Prior to that date there was no formal policy although pay was previously targeted at the 50th and then the 60th percentile.

The 75th percentile is the point at which 75 percent of a group of comparators pay less and 25 percent of the comparators pay more than our wages. In reviewing the policy, the reasons for Strathcona County to pay at the 75th percentile can be summarized as:

- “we create a competitive advantage through qualified and engaged employees” (HUM-001-034 Employee Compensation Policy)
- Our processes ensure our approach is fiscally responsible with regular review of comparators, salary surveys conducted every two years, the monitoring of recruitment and retention challenges and strong job classification processes
- The City of Edmonton and the Government of Alberta are significant comparators for Strathcona County because we tend to attract employees from and lose employees to these employers. The result of the salary survey data analysis at the 75th percentile places our pay, generally, between these two comparators.
- Other key comparators include: Cities of St. Albert, Lethbridge, Medicine Hat and Red Deer).

Human Resources uses the following processes to recommend pay rates for pay grades within each job family:

- The 75th percentile is calculated based on a salary survey and on an analysis of the broader public sector in Western Canada
- For the salary survey, comparators are selected based on their similarity to Strathcona County in terms of size, industry and complexity as well as those key organizations that we attract talent from or lose talent to
- For the broader public sector, data is obtained from a database from the consulting firm, Hay and is based on the total points assigned to jobs from a classification perspective; the organizations in the database are, for the most part, not municipalities

Based on the last salary survey in 2015, the average variance to the 75th percentile was less than 2% for all job families. The current economic environment has resulted in a large increase in volume of applications for jobs with Strathcona County. Ensuring we hire individuals with the right qualifications, experience and overall fit with our culture continues to present challenges for some positions, even within this environment. The data analysis for the broader public sector in Western Canada is more variable and less directly comparable to Strathcona County.

A competitive total compensation package is part of attracting and retaining top talent to deliver service excellence. In challenging economic times, top talent is more sought after as employers do more with less. An effective compensation policy is sustainable through the highs and lows of the market while supporting the overall vision and goals of an organization.

Enclosure

- 1 PowerPoint Employee Compensation Policy