

## Report to Council

<b>Report Title:</b>	Salary Grid Economic Adjustment		
<b>Prepared By:</b>	Sonya Watson, Chief Administrative Officer		
<b>Department:</b>	Administration		
<b>Date:</b>	June 21, 2022		
<b>Report Number:</b>	CAO2022-23	<b>File Number:</b>	C11AD, H09
<b>Attachments:</b>	Salary Administration Policy		

### **Recommendation:**

That the Council of the Municipality of Brockton hereby receives Report Number CAO2022-23 – Salary Grid Economic Adjustment, prepared by Sonya Watson, Chief Administration Officer for information purposes and in doing so, approves Option 2 as presented for the 2023 Salary Grid Economic Adjustment.

### **Report:**

#### **Background:**

The Salary Administration Policy H09-0600-18 was amended in 2019 to include a consistent process for consideration for the yearly Cost of Living Increase for staff. The Policy currently outlines the following:

#### **3. Salary Grid Annual Economic Adjustment**

- a) On January 1 of each year, the entire salary grid may move up a percentage using an established formula.
- b) The formula to be used is the annual Statistics Canada Ontario Consumer Price Index for the 12 months ended August 31.
- c) The job rate will increase by the annual economic adjustment and the other five steps calculated as a percentage of the job rate.
- d) The annual economic adjustment salary grid increase will be incorporated into the annual budget.
- e) If the formula in a given year results in a negative percentage, the Salary grid will remain the same as the previous year.
- f) All staff with at least satisfactory performance will have their pay increased by the amount of the increase in their step.

Currently in Ontario, there is a record high increase in the annual inflation rate. Canadians are enduring the highest increase in 31-years. In April 2022, inflation increased to a record high of 7%, which has since decreased slightly in May to 6.7%. Some of the key drivers to the increased inflation are increases in gas, food and shelter. It is expected that 2023 inflation levels will drop down to a normal rate. The two recent increases to the interest rate by the Bank of Canada are also expected to reduce the rate of inflation.

Council has requested staff bring a report with options to consider related to the yearly economic adjustment for the 2023 budget as it is currently unknown where it will land.

**Analysis:**

As indicated in the Policy the Municipality of Brockton is committed to providing a work environment where all individuals are treated in a fair and consistent manner as it relates to, among other items, the administration of pay. The Municipality will maintain a pay policy that is internally equitable, externally competitive and pay equity compliant. The cost of living increases help keep wages competitive to the market across Municipal and private sector employees which helps to retain and attract staff.

Ongoing consistent staff complement benefits the municipality and helps mitigate administrative and operational delays in the services. In addition, there is a substantial increase in cost with each recruitment effort the municipality faces. The Municipality has experienced recruitment challenges over the last year, which is consistent in most public and private sector workforce. We are seeing increased requests for work life balance, including Remote Work opportunities, increase in compensation and flexible work day. Although the municipality needs to remain competitive with the market to attract and retain staff, this has to be balanced with fiscal responsibility at these unprecedented times.

With this in mind after consultations with Gallagher Salary Administration Experts, Municipal networks and Department Heads, I present three options for Councils consideration:

1. Maintain the existing Salary Administration Policy where the formula to be used is the annual Statistics Canada Ontario Consumer Price Index for the 12 months ended August 31.
2. Amend the Policy to include a cap of 4% and a minimum of 1% to acknowledge there may be highs and lows to the cost of living but this will ensure some consistency year over year, regulate the effects on budget and ensure fair treatment to both staff and taxpayers.
3. Authorize a one-time exemption to the Policy and pass a motion to authorize using a three-year average for 2020, 2021 and 2022 Canada Ontario Consumer Price Index for the 12 months ended August 31.

A set policy was established to provide a consistent, fair and transparent process for annual salary adjustments. The current process is consistent with many other municipalities and allows the Municipality to remain market competitive and within the 50<sup>th</sup> percentile with the annual increases equivalent to the inflation rate.

We appreciate this is an abnormal year, therefore staff recommend Council approve Option 2, amend the policy to include a cap of 4% and a minimum of 1% to acknowledge there may be highs and lows to the cost of living but this will ensure some consistency year over year, maintain fiscal responsibility and recognize the value of staff to the organization. We seek Council's direction.

## Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- Recommendations help move the Municipality closer to its Vision Yes
- Recommendations contribute to achieving Heritage, Culture, and Community N/A
- Recommendations contribute to achieving Quality of Life Yes
- Recommendations contribute to achieving Land Use Planning and the Natural Environment N/A
- Recommendations contribute to achieving Economic Development N/A
- Recommendations contribute to achieving Municipal Governance Yes

## Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

The Consumer Price Index is fluctuating each month, it is unknown at this time what the rate will be as of August 2022. However, amending the policy to incorporate minimum and maximum rates addresses the fluctuations with inflation. Currently the inflation rate for the 2023 rates will not be available till September 2022 and will be incorporated within the 2023 budget.

## Reviewed By:



Trish Serratore, Chief Financial Officer

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## Respectfully Submitted by:



Sonya Watson, Chief Administrative Officer