




# City of Leduc Policy

**Policy Title:** Compensation Philosophy

**Policy No:** 12.05:57.

**Supersedes:** N/A

**Revision #:** New

<b>Authority (Council or City Manager):</b> City Manager	
<b>Section:</b> Corporate Services	<b>Approval Date:</b> <i>May 6, 2022</i>
<b>Responsible Department:</b> Human Resources	<b>Effective Date:</b> <i>May 6, 2022</i>
<b>Relevant Legislation:</b> Alberta Employment Standards Code	
<b>Relevant Council Resolution(s) and Date(s):</b>	
<b>Relevant Bylaw and Date(s):</b>	
<b>Authority's Signature:</b> Derek Prohar 	

## **Purpose:**

The City of Leduc (City) is committed to a Compensation Program that supports the Total Rewards Philosophy with a balanced approach that addresses the Total Rewards guiding principles and program objectives. The strategic area of Compensation in the Total Rewards Program will address the pay in the Total Compensation "envelope" provided to an employee in exchange for services such as time, effort and talent.

## **Scope:**

This policy applies to all non-union employees.

## **Policy Objective:**

The principle of fairness is fundamental to the City's philosophical core values and the Total Rewards guiding principles. The City does this within the context of a sustainable and transparent approach, recognizing that the principle of **fair** compensation must be:

- fair and inclusive to the employee who performs the job,
- fair to the employer that must recruit and retain talented staff to provide programs for the community, and
- fair to the stakeholders who support the Leduc community.

For the program to be sustainable the following areas address a wholistic approach to the Total Rewards provided to an employee in the compensation "envelope": Financial Compensation, Indirect Compensation and Employee Experience Enhancements. Recognizing employees should be duly compensated in proportion to the weight of their roles (internal relativity), their market value (external relativity), and their performance and/or service (contribution).

## **Definitions:**

**Compensation program** – Is the framework that provides structure and organizes positions into pay ranges through an internal and external analysis and evaluation process of positions to achieve fairness of employee compensation.

**Employee Experience Enhancements** - The non-monetary elements augment the total compensation package by reflecting the culture of the organization and contributing to the quality of family and work life balance for employees. These elements contribute to and enhance equity, inclusion, safety, belonging and strong engagement with employees

**Financial Compensation** -The City provides direct compensation to employees in exchange for their contributions to the City determined by the relative value of responsibilities of one's position and pay for performance.

**Indirect Compensation**-To support a balanced approach while maintaining a competitive approach within the total compensation program, the City provides a broader foundation to an employee's direct compensation by providing additional components to the plan that are either fully or partially funded by the City.

**Total Compensation "envelope":** is the total value of the monetary, indirect compensation and non-monetary pay provided to an employee in return for work performed as required.

**Total Rewards Philosophy:** is a system that translates the City's mission, vision, goals and strategy into a framework that guides the design and decision-making regarding attracting, retaining and rewarding employees.

### **Policy:**

In carrying out the Total Rewards philosophy which is committed to fair, equitable, sustainable and competitive compensation practices, the City is committed to the transparency of the City's Compensation program:

**Internal Equity:** the City administers a sound position analysis and evaluation process that systematically classifies positions by determining the relative worth of jobs within the organization's pay structure. Employees are duly compensated in proportion to the weighted responsibilities of their roles.

**External Equity:** the City positions its compensation competitively with a market peer comparator group of 7 to 10 similar municipalities and external market data. The City will complete a market review of the City's base pay plan every three years of benchmark jobs and conduct periodic market surveys for volatile market or specific organizational needs to ensure that compensation levels remain competitive.

## ***Salary Movement:***

- a. *Pay for Performance:*** the City is committed to its merit pay\* program, designed to motivate, engage, and recognize employees who are accountable and achieved targeted results during the preceding year.
- b. *Salary Grid Progression (Step):*** the City is committed to a pay program(s) designed to have employees move through a predetermined grid based on hours of work and/or other related job requirements.

**Cost of Living Allowance (COLA) \*:** the City is committed to providing COLA each year. A cost of living adjustment is used to recognize the adjustment to inflation and is to be considered a fair representation of the marketplace.

\*The stipulated amount of merit pay and/or COLA is subject to budget approval and annual Executive review and adjustment to reflect fiscal realities and prudence relative to the organization's "ability to pay" in the interest of all stakeholders, including City taxpayers.

## **Responsibilities:**

### **Executive Team is responsible to:**

- Approve practices and programs consistent with the City's intent to provide its employees with an effective, competitive and fiscally responsible total employee compensation package.
- As part of the budget process, make the required recommendations to Council regarding total compensation and rewards programs.
- Ensure compliance with applicable laws and regulations.

### **Human Resources Department is responsible to:**

- Develop program recommendations for approval by Executive Team.
- Provide support of ongoing programs and lead implementation of new programs to support an effective, competitive and fiscally responsible total employee compensation package.
- Ensure the ongoing interpretation and administration of total compensation and rewards programs.
- Ensure compliance with applicable laws and regulations.

### **Supervisors, Managers, Directors are responsible to:**

- Provide ongoing input into program development and encourage and support employee participation in the programs.
- Ensure fairness and equity in the application of this policy and its related items.
- Promote shared accountability between employees and the City.
- Ensure compliance with applicable laws and regulations.

**Employees are responsible to:**

- Use the tools and resources available to understand the Total Rewards program.
- Discuss questions or concerns with their manager/supervisor or Human Resources.

**City of Leduc Policies:**

- Policy No: 12.05:58 Total Rewards Philosophy
- Policy No: 12.05:43 Annual Performance Assessment and Merit Pay
- Policy No: 12.05:46 Salary Administration