

# Remuneration Procedure

## Layout of this Procedure

In describing how remuneration for employees is determined, this procedure has been set out as follows:

- Job Sizing System
- Job Grades and establishing how jobs are remunerated
  - How jobs are organised into Grades (of similar sized jobs) and how remuneration ranges are set for jobs within a grade, based primarily on the external market remuneration for these jobs
- RLC's process for determining individual employee remuneration changes
  - Performance conversations, talent scenarios and pay.

## Job Sizing System

- Job sizing is a systematic method of establishing the relative complexity of jobs within an organisation. This relativity can then be reflected in fair and equitable salary levels. Job sizing provides all parties with a common language about work and common criteria against which all jobs can be assessed to determine the relative complexity and contribution to the organisation's success.
- It is essential to distinguish between the job being sized and the person holding the job. Job sizing focuses on the complexity and characteristics of the job being performed at a fully competent level, not the person holding the job. The employee's contribution to the role via performance or competence is not part of job sizing. Job sizing only measures the job.
- Job sizing is a measure of an individual position description against a standard set of factors. Sizing of the job provides a points value for that job. The points are then positioned into a Grade in order to determine internal relativity.

Council uses Strategic Pay's five factor job sizing system "SP5®". The five factors are described below:



Accountability	Measures the job's accountability for and contribution to the organisation's end results and how they impact on organisation performance.
Work Complexity	Measures the complexity of the problems faced and the requirement to exercise judgement, as well as the availability of guidance and assistance for the implementation of solutions.
Responsibility for People	Measures the leadership, teamwork and coaching skills required to perform the job. This includes the extent of direct responsibility for supervising/managing other employees.
Relating to Others	Measures the leadership, teamwork and coaching skills required for effective performance in the role, both inside and outside the organisation.
Expertise	Measures the knowledge and expertise required to achieve full competence in the position

### Sizing New and Existing Jobs

- Accountability
  - Job size determination rests with the Director, People & Organisational Development .
- New Jobs
  - Will be sized independently by the People & Organisational Development team and peer reviewed. Job sizing will be based on the role's position description and involve the manager and DCE concerned.
- Maintaining Up to Date Position Descriptions/Sizing
  - Ensuring existing position descriptions and job sizing are accurate is the responsibility of both the Employee and Manager concerned. As a guideline, Managers and employees should confirm the position description is accurate during their annual performance conversation.
  - Where there is significant change to a position description, the manager will initiate a review of the job sizing for the role.
  - The People & Organisational Development team commissions an external body, usually Strategic Pay, to undertake an annual job size audit.
- Manager requests for resizing:

- Managers may request that the People & Organisational Development team resize jobs where, in the Manager's view, there has been substantive change in relation to one or more of the SP5 factors.
- Employee requests for resizing their jobs:
  - If an employee believes his/her job is wrongly sized he/she will raise the matter with his/her manager and following a review of the employee's position description, the manager may support the request for resizing. In this case, the job is referred to People & Organisational Development for resizing.
  - If the Manager does not support the resizing request the employee may ask that the DCE review the manager's decision not to support the request. In that case the DCE will review the SP5 questionnaire and decide whether the job should be resized.
  - Should the DCE approve the request the job is referred to People & Organisational Development. If the DCE does not approve then, in terms of this policy, the matter rests.
  - People & Organisational Development will undertake any referred reviews within 20 working days.

Note: Approval of requests for resizing will generally require evidence of substantive change in one or more of the SP5 factors. Simply having a changed job title, reporting line or minor change to a list of tasks or activities generally won't necessarily be sufficient to produce a different SP5 sizing.

## How Jobs are Remunerated

Except for any variations as may be provided in their employment agreement, for the purposes of this policy, all remuneration comparisons for salaried positions are on a Total Remuneration basis including employer Kiwi Saver, superannuation contributions and other remuneration related benefits

e.g. additional annual leave, private use of a Council vehicle.

Internal and External Relativities influence how jobs are remunerated

The process for identifying the remuneration level for a job (as opposed to an employee) recognises both internal and external influences as follows:

- *Internal Relativity*: There should be similar remuneration levels between jobs of the same size within the organisation; and
- *External Relativity*: There should be similar remuneration levels between jobs inside the organisation and similar sized jobs in the wider market.

## Grade Structure (Grouping of Jobs)

Rotorua Lakes Council operates a Grading approach meaning that groups of jobs of similar sizes are combined into a single Grade with a common SP5 points midpoint. By grouping jobs into such Grades, we can reasonably say that all the jobs in any particular Grade can fairly be placed at the same level and should be paid similarly regardless of what part of the organisation the job is based in.

Having allocated similar sized jobs to a Grade we can establish a remuneration midpoint and range for each Grade.

Note: This does not mean that the specific salary levels of individual jobholders in a Grade must be the same. Actual salary depends also on position in range or PIR for the Grade (what % their remuneration is of the midpoint remuneration for that Grade). Decisions on individual remuneration will be influenced by factors that include their performance and talent assessment, any market premium required for that role, and affordability. RLC aims to ensure all employees are paid within the remuneration range for the grade associated with their job.

## Total Remuneration

Total Remuneration means that an employee's remuneration package includes their base salary plus additional components that have a remuneration value including the employer's contribution to Kiwi Saver or Superannuation, additional annual leave, private use of a motor vehicle or a designated work vehicle for use to and from work.

## Grade Remuneration Range - Market Comparability

To ensure the attraction and retention of talented employees, RLC aims to ensure its remuneration framework is comparable to the remuneration rates in the wider labour market. The market movement data used as the basis for market comparison at each Grade will be the General Market data for each grade based on job size. The standard surveys used will be sourced from a reputable remuneration consulting firm. This information is currently sourced from Strategic Pay.

Each Grade has a remuneration range of 85% to 115% around a 100% midpoint. This 100% midpoint is the basis upon which we compare our remuneration for this Grade with external market remuneration.

Market data sourced annually from Strategic Pay is used to inform the updating of grade remuneration ranges to reflect market movement. This data is based on Strategic Pay wage and salary surveys conducted in March of each year. Annual market movement data is considered by the Executive along with other factors including economic pressures, market forces impacting the organisation, and Council's ability to afford pay increases.

## Annual Grade Movement and Remuneration Strategy Setting Process:

Where affordable (as determined by the Chief Executive), the Annual Remuneration Review will be funded at least to the level of the market movement. The process for identifying the actual annual

Grade Movement is determined by the Executive Team and is led by the Director, People & Organisational Development and is as follows:

- Consideration of market data from Strategic Pay in relation to the General Market.
- Consideration of economic and labour market forces including but not limited to the state of the Rotorua economy, household income and ability to afford rates increases.
- Consideration of affordability for the upcoming review and potential pay increases.
- The Director, People & Organisational Development will present a recommendation as to budget allocation for remuneration increases to the Executive for consideration and determination, using a remuneration matrix
- The Executive will review that recommendation and determine the Grade Movement and Remuneration allocation and strategy for the upcoming remuneration review.
- The Director, People & Organisational Development will facilitate the implementation of the remuneration strategy through the remuneration review process.

Our current Grade structure is set out below in Table

1. Table 1: RLC Remuneration ranges by Grade.

<b>SP5 Grade</b>	<b>85%</b>	<b>100%</b>	<b>115%</b>
	<b>Minimum</b>	<b>Median</b>	<b>Maximum</b>
7		54,303	62,449
8		57,840	66,515
9	52,306	61,537	70,767
10	55,722	65,555	75,388
11	59,274	69,734	80,194
12	64,199	75,528	86,857
13	69,186	81,395	93,605
14	75,171	88,436	101,702
15	81,063	95,368	109,673
16	88,603	104,239	119,875
17	96,629	113,682	130,734
18	104,457	122,891	141,324
19	112,972	132,908	152,844
20	122,261	143,836	165,412
21	133,269	156,787	180,305
22	146,511	172,366	198,221
23	161,014	189,429	217,843
24	176,464	207,604	238,745
25	192,228	226,151	260,073
26	209,016	245,902	282,787
27	224,831	264,507	304,183
28	240,645	283,111	325,578

The Figures above are Total Remuneration. Rates are valid for the period 1 July 2023 to 30 June 2024.

## Determining Individual Employee Remuneration Changes

Individual employee remuneration decisions are modelled using RLC's remuneration matrix which takes into account an employee's Talent Scenario assessments over the last three years, their position in range (PIR), affordability and a range of other factors including retention, internal relativities and gender pay equity. This modelling is then reviewed by the respective DCEs and 3<sup>rd</sup> Tier Managers and then approved by the Chief Executive.

### Talent Scenarios and Performance Zones

Each employee is assigned a talent scenario through RLC's performance and development process, [Tupu](#). This process and how it contributes to remuneration decisions, is outlined below, see "Performance Conversations, Talent Scenarios and Pay".

Each Talent Scenario has 4 dimensions Contribution, Connection, Capability and Career and Commitment. Determining an employee's Talent Scenario involves making a holistic assessment against each of these dimensions as described in Appendix One. In making the assessment, the descriptors are used as a guide to help inform an overall view as to which scenario best describes the employee i.e. they do not need to meet every descriptor across all four dimensions. The Talent Scenarios are:

- Outstanding Contributor
- Valued Contributor
- Developing in Role
- Needs Improvement

### Position in Grade Range (PIR)

Each employee's pay falls within a Position in Grade Range (PIR) being the % of their current salary vs. the midpoint for the Grade, the midpoint being 100%. An Employee's PIR will move as the Grade midpoint moves (as a result of any annual adjustment by RLC) or as the Employee's salary moves, through remuneration decisions informed by their Talent Scenario assessment.

### Outstanding Contributor:

- This Zone recognises consistently superior performance and the contribution of significant value to the organisation.
- Employees in this Zone are generally paid significantly ahead of the market. They will not stay in this Zone unless their performance and value to the organisation continues to be outstanding and above what is normally expected from their role.
- This zone reflects the two pathways of value in the organisation being functional/technical expertise, and management/leadership ability.

### Valued Contributor:

- This Zone is for employees who meet the organisation’s performance expectations in terms of both behaviours, and results against their performance plan objectives and KPIs.
- We expect the majority of RLC employees to sit in this zone.
- This Zone represents the range of remuneration competent employees could typically expect for a similar job in the wider external job market.

#### Developing in Role:

- This Zone is for employees who are still developing the levels of performance and capability required of their role. This zone can also apply to existing employees appointed to a new role.

#### Needs Improvement:

- This Zone is for employees who are underperforming against expectations in terms of what they do (results) and/or how they do it (their behaviour). NB: this may include an employee who produces impressive work outcomes or results, but behaves in a way that is inconsistent with RLC values.
- Employees in this performance zone may receive a nil increase in the annual remuneration round.
- Employees falling in this performance zone would be expected to be the focus of active performance management.

#### Pay Increases and Grade Movements

Each year RLC will review an employee’s remuneration taking into account their talent scenario assessments, their current pay, team relativities, pay equity, retention considerations, and affordability/budget. This manager-led process is described below, see “Performance Conversations, Talent Scenarios and Pay”. It results in pay decisions that are communicated by letter with any changes in pay normally effective from 1 July.

#### Market Factor Allowances:

For recruitment and/or retention purposes, a Market Factor Allowance may be paid by RLC for jobs which wider market data indicate are paid significantly above the levels established for a given RLC Grade.

## Performance Conversations, Talent Scenarios and Pay

P&DP is a year round process with regular performance conversations making setting of objectives and priorities more agile and responsive to changes around us.

#### *Regular Performance Conversations:*

Our PD&P program is centred on regular Performance Conversations. These conversations encourage ongoing dialogue between managers and each employee setting expectations, priorities and developmental opportunities. Their purpose includes; keeping objectives and goals current and providing feedback, support and recognition with a focus on the 4 C’s of breakthrough performance (contribution, connection, capability, career and commitment). It’s important that the priorities and objectives of each team member are aligned with the organisation’s annual plan and the team, or department business plans for the coming year.

#### *Talent Review Performance Conversations:*

Are similar to regular performance conversations with two differences.

- It is an opportunity to take a summative (overall) view of performance. Functionality within the “Review” tab of our PeopleStreme HRIS application can be used to gain stakeholder feedback to inform this process.
- It is also an opportunity to identify priorities and focus areas for the coming year and set a new plan in place.

#### *Talent scenario assessments and remuneration recommendations:*

As an input to the annual remuneration round, a Talent Scenario is assigned for each individual by their manager. These talent scenarios assess the current and potential contribution for each employee using an assessment of contribution, connection, capability and career and commitment. These assessments inform DCE/Manager remuneration recommendations.

#### *Talent and Remuneration Review Meeting:*

The individual talent scenario assigned to each employee, is reviewed and moderated at a Talent Review Meeting, convened by the DCE, the respective third tier managers are also in attendance and this meeting is facilitated by a member of the People & Organisational Development Team. The process is as follows:

- The output from this meeting is a group-moderated Talent Scenario Assessment for each employee.
- These assessments are used to consider succession plans for key roles, inform individual development plans, and as the basis for remuneration review recommendations.
- If this moderation process results in any changes to Manager recommendations, these will be discussed with the Line Manager who made the original recommendation if they are not involved in the group-moderated meetings.
- To begin the remuneration review, People & Organisational Development run a remuneration matrix based on available budget and identifying for each employee: current/new remuneration, talent scenarios for the last three years, and current/new position in range. DCEs and 3<sup>rd</sup> Tier Managers use this data to recommend remuneration changes (salary or lump sum).
- These remuneration changes are then approved by Chief Executive.

#### *Discussion with Employee:*

The People & Organisational Development team generate individual letters for each employee, with the letters provided to the managers for distribution to their employees in one-on-one meetings. On receipt of these letters, a one-on-one meeting is held with each individual employee to discuss their talent assessment, any remuneration changes and discuss their individual development plan.

#### *Remuneration changes implemented by payroll:*

Remuneration changes resulting from this process are from 1 July each year.



# APPENDIX ONE: TALENT SCENARIO AND REMUNERATION

*Please assess and use these guidelines in determining any remuneration changes for your direct reports based on their finalised Talent Scenario Assessments.*

SCENARIO	CONTRIBUTION	CONNECTION	CAPABILITY	CAREER and COMMITMENT
Outstanding Contributor	<p>Does and exceptional job, consistently achieve outstanding results through:</p> <ul style="list-style-type: none"> <li>• leading and motivating others....</li> <li>• application of their technical expertise</li> </ul> <p>Is proactive in making valuable contributions to customers, the organisation or profession beyond the confines of their role.</p>	<p>Role models RLC Values and inspires this in others</p> <p>Establishes energy-generating relationships with stakeholders</p> <p>Actively builds and sustains extensive networks in and outside the organisation that contribute to success.</p> <p>Shares expertise or institutional knowledge to support the work of others</p>	<p>Has good intellectual horsepower</p> <p>Adapts well to challenge and is able to learn and apply new capability</p> <p>Strong people related skills as well functional and role-related technical skills</p> <p>Has energy, drive and initiative</p> <p>Actively learns and grows their capability, and supports the development of others</p>	<p>High levels of engagement with Council’s priorities and purpose of the organisation</p> <p>Has career ambition - aspires strongly to take on ‘bigger’ roles with increased leadership or technical/functional responsibility</p> <p>Demonstrates a high level of commitment to the organisation, regularly going the ‘extra mile’</p> <p>Has a record of taking on higher duties and performing well</p>

Valued Contributor	<p>Consistently meets the requirements of their role, expectations and objectives</p> <p>Actively contributes their expertise to enable team success</p> <p>Sometimes makes a contribution to the organisation beyond the scope of their role</p> <p>Is engaged with the wider organisation – not siloed in their approach</p>	<p>Behaviour reflects the RLC Values</p> <p>Is a ‘team player’ with constructive team relationships contributing to the success of others</p> <p>Builds and maintains positive relationships with stakeholders</p> <p>Often takes a lead role in tasks and projects, actively supporting others to be successful</p>	<p>Knowledge, skills and expertise are appropriate for their role</p> <p>Actively learns and grows their capability</p> <p>Sometimes demonstrates expertise required beyond the scale of their current role</p>	<p>Is highly engaged with their role and organisational purpose, and this has a positive effect on others they work with</p> <p>The role is a good fit with their current and future career aspiration</p> <p>May be willing to take on added responsibilities and tasks</p>	
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Developing in Role	<p>Whilst contributing to the success of the team, they are still growing into the role and have not yet reached full competence for the role</p> <p>May have limited engagement with the wider organisation</p>	<p>Behaviour is usually consistent with RLC Values</p> <p>May still be building the required relationships within the team, with stakeholders and across the organisation</p>	<p>Still developing the knowledge, skills and expertise required to be fully contributing in the role</p> <p>May need to be more proactive in building their knowledge, skills or expertise in some areas</p>	<p>Is engaged with their role and organisational purpose</p> <p>The role is a good fit with their current and future career aspiration</p>	
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Needs Improvement	<p>Task performance is consistently unsatisfactory</p> <p>Does not meet all objectives or expectations</p> <p>Contributes little to the team beyond their own role</p> <p>Contribution beyond the team is below that expected for the level of the role</p>	<p>Behaviour is often inconsistent with the RLC Values resulting in some relationships being less than constructive</p> <p>Low level of engagement across the team</p> <p>Has unproductive relationships with internal and external stakeholders</p>	<p>Significantly lacks knowledge and skill in some areas to the level required of the role (both technical/functional skills and people skills)</p> <p>Has/does not actively maintain their knowledge and skills to keep abreast of changes</p>	<p>Is not fully engaged in their role or organisational purpose and direction</p> <p>May be unhappy in their role</p> <p>Lacks engagement with the team or wider organisation to the level required of the role</p>	
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## EXPECTATIONS FOR NEW STAFF MEMBER DURING THE FIRST SIX MONTHS OF THEIR EMPLOYMENT

	CONTRIBUTION	CONNECTION	CAPABILITY	CAREER & COMMITMENT	Remuneration
	<p>Actively participates in team activities and processes and learns the requirements of the role</p> <p>Is learning about the wider organisation and how the deliverables of their role contribute to team and department business plans and wider organisation strategy and goals</p>	<p>Actions are consistent with the RLC Values</p> <p>Is positively engaged with the team</p> <p>Actively building connections and relationships beyond the team</p>	<p>Learning and mastering the procedures, systems and skill required for the role</p> <p>Developing the knowledge and skill required for the role</p> <p>Participate in induction programmes and activities</p>	<p>Is engaged with the role, learning and growing in it, and can see how it connects with what the organisation is striving to achieve</p>	<p>Dependent on their Talent Scenario assessment.</p> <p>A new employee may not receive a remuneration increase in the first year</p>