

## 4.4 MCP Pay for Performance Policy

### Introduction

The Government of Nova Scotia is committed to providing its Management Compensation Plan (MCP) employees the opportunity to move through their salary ranges based on performance.

### Objectives

Pay for Performance is designed to

- provide an opportunity for employees to move through their salary ranges based on good performance
- provide re-earnable payments for employees who are at the top of their salary range

### Definitions

#### COMPA-RATIO

MCP salary ranges are based on a job rate that is considered to be 100 per cent of the salary range. The range minimum is 80 per cent of the job rate, and the range maximum is set at 104 per cent of the job rate. The "Compa-Ratio" is an employee's actual base salary taken as a percentage of the job rate.

#### CIVIL SERVANT

An employee of the Government of Nova Scotia whose terms and conditions of employment are set out in accordance with the *Civil Service Act* and regulations.

#### DEMOTION

Movement from a higher level to a lower level MCP job grade.

#### JOB GRADE

A level in which jobs of the same or similar value are grouped through job evaluation.

#### LATERAL TRANSFER

Movement from one MCP job to another with an equivalent MCP level.

#### PROMOTION

Movement from a lower-level to a higher-level MCP job grade.

#### **RE-EARNABLE PAYMENT**

Lump sum variable pay, not part of the base salary, that must be re-earned each year.

### **Application**

This policy applies to employees paid according to the MCP pay plan and whose terms and conditions of employment are set out in accordance with the *Civil Service Act* and regulations. Lawyers paid according to the MCP Lawyers Pay Plan are not eligible for MCP Pay for Performance.

### **Directives**

#### **PERFORMANCE MANAGEMENT PERIOD**

The performance management period (performance period) used to determine an employee's eligibility for Pay for Performance is April 1 to March 31 of the previous fiscal year.

#### **ELIGIBILITY**

Employees who satisfy the following criteria are eligible for Pay for Performance:

- appointed to an MCP position on or before October 1 of the previous performance period. (In specific situations outlined in this policy, an employee may receive Pay for Performance if appointed after October 1)
- had their performance evaluated through the Government of Nova Scotia Performance Management System for the period of time they worked as an MCP employee during the previous performance management period
- have worked for a minimum of six months with pay as an MCP employee during the performance period.

#### **EFFECTIVE DATE OF PAYMENT**

Pay for Performance that results in an increase to base salary (compa-ratio) is paid bi-weekly to employees effective April 1 of the fiscal year immediately following the performance period on which the pay for performance award is based.

#### **SIZE OF INCREASE**

The size of the Pay for Performance increase for eligible employees is determined using the Pay for Performance Guide Chart and all relevant management directives and/or guidelines issued from time to time by the Public Service Commission on behalf of the Government of Nova Scotia. See Appendix 4-A for the Guide Chart.

#### **CALCULATION OF RE-EARNABLE PAYMENT**

All re-earnable lump sum payments are calculated using the job rate (compa-ratio 1.00) of the applicable pay level in effect on April 1 of the payment year.

#### **PROMOTION - AFTER OCTOBER 1**

An employee promoted after October 1 and who has worked a minimum of six months with pay as an employee paid according to the MCP pay plan during the performance period shall be eligible for Pay for Performance according to the following:

- all performance management results from the performance period have been considered
- the promotional increase is consistent with the promotion guidelines

The performance adjustment is determined using the employee's April 1 (post promotion) compa-ratio and Pay for Performance Guide Chart.

The size of this performance adjustment may be reduced if both the employee's immediate and next level managers are both in agreement and it is approved by the appropriate PSC Compensation Consultant.

#### **DEMOTION**

An employee who accepts a demotion to a lower-level MCP position during a performance period may be eligible for Pay for Performance the following April 1, provided the eligibility criteria are satisfied and the performance management documentation for all former positions occupied during the 12-month performance period indicate a minimum performance level of "meets expectations."

#### **LATERAL TRANSFER**

Since there should be no increase to an employee's compa-ratio through lateral transfer, an employee who moves from one position to another at an equivalent MCP level is eligible for Pay for Performance the following April 1 provided there has been no change to the employee's compa-ratio.

#### **PRESENT INCUMBENT ONLY**

An employee paid in a salary range above the established range for a job and who has present incumbent only status is eligible for Pay for Performance provided the eligibility criteria are satisfied.

#### **RED CIRCLE**

An employee paid above the regular salary range for their job and whose rate of pay has been red circled is ineligible for Pay for Performance. However, a red-circled employee who has demonstrated performance that “exceeds” or “greatly exceeds” expectations as determined through the Government of Nova Scotia’s Performance Management System, may be eligible to receive a re-earnable payment. The re-earnable component is calculated using the job rate of the approved salary range for the job. This amount does not become part of an employee’s base salary and must be re-earned each year.

#### **NO LONGER MCP**

##### **Forfeits Payment**

Anyone who ceases to be a civil servant paid according to the MCP pay plan forfeits any future Pay for Performance or re-earnable payment effective the date of departure.

##### **Leaves Prior to Payment**

Anyone who leaves the Civil Service prior to Pay for Performance being paid and who satisfies both the eligibility criteria and was a civil servant paid according to the MCP pay plan as of March 31 of the previous performance period, may apply to receive Pay for Performance prorated from April 1 of the payment year to the date of their departure.

##### **Application and Timing**

Those who leave prior to payment must submit a written application to their former Human Resources Division by March 31 of the fiscal year that Pay for Performance is paid. Anyone who does not meet this time line forfeits any Pay for Performance for which they were previously eligible.

#### **PRIOR APPOINTMENT**

A former non-Civil Service appointment may be used to assess an employee’s eligibility for Pay for Performance if

- this former appointment is not as a civil servant but the employee was paid according to the MCP pay plan
- the previous appointment was on a full-time basis in the same or similar position with the same department, agency, board, or commission
- this appointment is during the relevant performance period
- the Civil Service appointment commences the next working day after the non-Civil Service appointment has ended

- there is no resulting employee compa-ratio change between the former and Civil Service appointments.

No retroactive payments will be paid prior to the fiscal year immediately following the employee's Civil Service appointment.

#### **TEMPORARY ASSIGNMENT**

If an MCP employee is temporarily reclassified to a higher job grade in a performance period, the employee is eligible for Pay for Performance the following April 1, provided the eligibility criteria are satisfied. The Pay for Performance adjustment is added to the employee's compa-ratio for their regular position effective the following April 1. If the employee remains in the temporary classification beyond the following April 1, the compa-ratio of the temporary position is adjusted effective April 1, by a compa-ratio equivalent to that added to the regular position.

#### **SECONDMENT**

##### **Secondment within the Civil Service**

An employee seconded within the Nova Scotia Civil Service is eligible for Pay for Performance as per the relevant sections of this policy.

##### **Secondment outside the Civil Service**

An employee seconded outside the Civil Service who returns to the position they held immediately before the secondment may have their compa-ratio adjusted on their return to their former position provided the requirements of this policy have been satisfied, and the employee's performance was evaluated during the secondment in a matter consistent with the Government of Nova Scotia's Performance Management System.

Any adjustments to an employee's compa-ratio upon their return would be made according to the relevant Government of Nova Scotia Pay for Performance Guide Charts, not salary increases received at the host organization.

#### **BENEFITS**

The regular employer and employee benefit contributions and statutory deductions apply to Pay for Performance incremental increases. However, for re-earnable payments, only statutory deductions and employee and employer pension contributions apply.

#### **INCREMENT DATE**

For the purpose of determining the initial increment date, the anniversary date of an MCP employee shall be deemed to be either

- the first day of April of the next fiscal year if the employee reports for duty on or before October first, or
- the first day of April of the second fiscal year if the employee reports for duty after October first.

An employee's increment date will change to April 1 of the following (second fiscal) year if one of the following applies:

- an increment has been deferred due to unsatisfactory performance, or
- an employee has not worked a minimum of six months with pay in the performance period.

For the purpose of determining the increment date as it relates to **Prior Appointment**, the increment date shall be deemed to be the following April 1 after the Civil Service appointment provided the eligibility criteria have been satisfied.

#### **Guidelines / Procedures**

Guidelines and procedures may be developed as required to assist departments, agencies, boards, and commissions with implementation and administration of the MCP Pay for Performance program.

#### **Accountabilities**

##### **PUBLIC SERVICE COMMISSION**

The Public Service Commission is accountable to

- conduct annual compensation planning for Pay for Performance
- recommend to Cabinet as part of the annual budget process an amount for pay for performance
- evaluate the effectiveness of the Pay for Performance program and make any changes to the policy, guidelines, or procedures as necessary
- provide advice and guidance to Human Resources Divisions
- periodically conduct audits to ascertain compliance with this policy.

**DEPARTMENTS, AGENCIES, BOARDS, AND COMMISSIONS**

The Deputy Head of each department, agency, board, and commission is accountable to

- ensure that Pay for Performance is administered in accordance with this policy and any guidelines or procedures developed by the Public Service Commission
- ensure that Pay for Performance expenditures do not exceed the Pay for Performance budget allotted for their department, agency, board, or commission
- ensure that every manager has all necessary performance appraisals completed that are needed to support the Pay for Performance system.

**CORPORATE SERVICES UNITS, HUMAN RESOURCES DIVISIONS**

The Directors of Human Resources are accountable to

- review Pay for Performance information provided by managers to ensure compliance with this policy and Pay for Performance guidelines
- maintain Pay for Performance and the supporting performance management information within each MCP employee's personnel file
- where an MCP employee transfers to another Civil Service position outside the CSU and where this transfer occurs during a performance period, ensure that the new Human Resources Division receives a copy of the performance management evaluation for the relevant performance period
- ensure that when an employee transfers during a performance period the performance management evaluation for the former position is provided to the employee's new manager
- provide guidance and advice to managers and employees on Pay for Performance
- administer Pay for Performance in accordance with this policy and any guidelines or procedures developed by the Public Service Commission
- ensure the accuracy of and enter Pay for Performance adjustments for employees into the Human Resources Information/Management System once the Deputy Head has recommended the Pay for Performance adjustments
- provide the Public Service Commission with timely access to files for auditing purposes
- request direction from the Public Service Commission to deal with any Pay for Performance issues that may arise that are not dealt with in this policy or supporting guidelines.

## **MANAGERS OF MCP EMPLOYEES**

Managers of MCP employees are accountable to

- establish annual performance targets for MCP staff and evaluate the employee's performance against these targets at the end of the fiscal year or sooner if the employee or manager leaves their job
- where an MCP employee has a demotion, promotion, lateral transfer, or temporary assignment during a performance period, the manager conducting the performance evaluation and Pay for Performance assessment at the end of the performance period shall consider all the employee's performance management information from other positions held during that performance period
- provide each complete performance evaluation to their Human Resources Division in a timely fashion and in accordance with the time lines that may be developed to support this policy
- assess each employee's eligibility for receipt of Pay for Performance according to the terms and conditions of this policy.

## **Monitoring**

Departments, agencies, boards, and commissions are responsible to comply with the terms of this policy. The Public Service Commission may periodically conduct audits of departmental pay for performance practices to ascertain compliance by departments with this policy.

## **References**

*Nova Scotia Civil Service Act and Regulations*  
*Performance Management Policy and Guidelines*  
*MCP Pay for Performance Guide Chart*  
<[http://www.gov.ns.ca/psc/pdf/MCP Pay for Performance Guide Chart.pdf](http://www.gov.ns.ca/psc/pdf/MCP%20Pay%20for%20Performance%20Guide%20Chart.pdf)>

## **Enquiries**

General Enquiries, Public Service Commission (902) 424-7660

## **Appendices**

Appendix 4-A - Pay for Performance Guide Chart

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*Appendix 4-A*

## Pay for Performance Guide Chart

Please contact your Human Resources Division or the Compensation Division of the Public Service Commission for the current years' Pay for Performance Guide Chart or visit the website at <[http://www.gov.ns.ca/psc/pdf/MCP Pay for Performance Guide Chart.pdf](http://www.gov.ns.ca/psc/pdf/MCP%20Pay%20for%20Performance%20Guide%20Chart.pdf)>

