

4.5 Pay for Performance for Senior Officials

Policy Statement

The Government of Nova Scotia is committed to providing its senior officials with the opportunity to move through their salary ranges based on performance and, as well, to earn performance pay beyond the maximum level for the salary range on an “at-risk” basis.

Objectives

- To put in place a Pay for Performance plan for senior officials that acts as an effective incentive to, and provides a recognizable reward for, good performance, increasing the efficiency and quality of government services and better ensuring that government is able to meet its strategic agenda.
- To bring the compensation levels for senior officials to market-based levels in order to assist with recruitment and retention of quality staff in these critical positions.

Definitions

AT-RISK PAY

An amount payable and re-earnable annually, based on performance during the performance measurement period.

COMPA-RATIO

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.

CONTRACT EMPLOYEE

An employee whose terms and conditions of employment, including salary, are based on a written contract of employment. These terms and conditions may be the same as, or differ from, the standard terms of employment for regular employees.

LATERAL TRANSFER

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

PERFORMANCE MEASUREMENT PERIOD

The two six-month periods from April 1 to September 30 and October 1 to March 31 during which performance will be assessed.

PRESENT INCUMBENT ONLY

Applies only to the individual currently in the position.

PROMOTION

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

SENIOR OFFICIAL

- deputy ministers
- Associate Deputy Minister of Health
- Assistant Deputy Minister of Communications Nova Scotia
- Assistant Deputy Minister of Community Services
- Assistant Deputy Minister of Environment and Labour
- Assistant Deputy Minister of Finance
- Assistant Deputy Minister of Health
- Assistant Deputy Minister of Office of Health Promotion
- Assistant Deputy Minister of Service Nova Scotia and Municipal Relations
- Assistant Deputy Minister of Treasury and Policy Board
- Public Service Commissioner
- Chief Executive Officer of the Office of Aboriginal Affairs
- Chief Executive Officer of the Office of Economic Development
- Chief Executive Officer of the Office of the Sydney Tar Ponds Clean-up Project

Application

This Pay for Performance plan applies to employees paid according to the senior officials' pay plans and whose terms and conditions of employment are set out in accordance with the *Civil Service Act* and regulations or as defined by Order-in-Council.

For senior officials who are contract employees, the terms of the contract will supercede the provisions of this policy.

All Pay for Performance payments made to senior officials pursuant to this policy shall be published on the Treasury and Policy Board public website. Acceptance of a payment pursuant to this policy signifies agreement to the publication of Pay for Performance amounts.

Directives

PERFORMANCE MANAGEMENT PERIOD

The performance management period used to determine an official's eligibility for performance pay is the province's fiscal year of April 1 to March 31.

ELIGIBILITY

Senior officials whose salaries exceed the maximum of the current deputy minister salary scale plus the maximum allowable incentive bonus of 15 per cent of scale maximum are not eligible to receive an incentive bonus until such time as the annual maximum payout possible exceeds their current salaries.

Officials who satisfy the following criteria are eligible for incentive pay:

- have worked for a minimum of six months as a senior official during the fiscal year, and/or three months in any performance measurement period
- had their performance evaluated through the Government of Nova Scotia Performance Management System for the period of time worked in the performance measurement period.

LEVEL OF PERFORMANCE PAY

The maximum allowable annual payout, based on performance, will be 15 per cent of the current top rate of the DM, CEO, and ADM salary scales.

The size of the Pay for Performance increase for eligible employees is based on evaluated performance and is determined using the Guide Chart (Appendix 4-B) developed by the Public Service Commission and Treasury and Policy Board and working within the appropriate budget allocation.

PERFORMANCE CRITERIA

Performance pay increments are to be based on a combination of corporate (government), departmental, and individual performance with a maximum weighting of 40 per cent, 40 per cent, and 20 per cent (of the total earnable amount) respectively.

Corporate performance

- Has the government met its objectives related to fiscal expenditures and own-source revenues?
- Has government achieved its policy agenda?

Departmental performance

- Has the department met its financial targets and operated in a financially responsible manner?
- Has the department achieved its business plan priorities?

Individual performance

- Has the individual exhibited strategic leadership?
- Has the individual exhibited good management of his/her organization?
- Has the individual developed effective working relationships with stakeholders, colleagues, and ministers?
- Has the individual operated according to public service values, including ethical behaviour as demonstrated by achievements and outcomes that clearly contribute to both the department and the government meeting their goals and objectives?

PERFORMANCE LEVELS

There are four performance levels:

Unsatisfactory - does not meet the minimal acceptable level of performance for any of the targets and objectives set.

Minimal acceptable - achieves an acceptable level of performance for the majority of targets and objectives set.

Expected performance - achieves an acceptable level of performance for all of the targets and objectives set.

Superior performance - exceeds the majority of the targets and objectives set.

CONDITIONS

In order for performance pay to be triggered, the government must meet “expected performance” levels against all the targets and objectives set.

Similarly, in order for any portion of the department’s 40 per cent or the individual’s 20 per cent to be triggered, “expected performance” levels must be met.

Failure to achieve at least “minimal acceptable” in department and individual levels will result in no payout.

To achieve the maximum payout of 15 per cent, government, departmental, and individual objectives must all demonstrate “superior performance.”

In cases where an individual has not reached the maximum of his/her salary scale (compa-ratio of 104 per cent), performance pay increments will be split, with half being applied to base salary in order to increase the employee’s compa-ratio and the other half being awarded as an “at-risk” re-earnable bonus.

EFFECTIVE DATE OF PAYMENT

Performance against objectives will be reviewed at the end of each six-month performance measurement period (September and March), with any performance pay warranted to be paid out subsequent to the measurement period once all performance results are known. An individual must be currently employed by the province in order to be eligible to receive the payouts. Employees who meet the requirements to receive a Pay for Performance increment, but retire prior to the payout date, remain eligible for a pro-rated portion of the payment.

PROMOTION

An employee promoted to the senior official level will be eligible for performance pay and if he/she worked a minimum of three months of a performance measurement period or six months during the fiscal year will have that performance pay pro-rated and applied to the next full performance period subject to sections **Eligibility** and **Effective Date of Payment** above.

LATERAL TRANSFER

Since there normally would be no increase to a senior official's compa-ratio through lateral transfer, an official who moves from one position to another at an equivalent level is eligible for a Pay for Performance increment in the same manner they would have been if the transfer had not occurred.

ACTING PAY

In the event that an employee is appointed to a senior official position in an "acting" capacity, he/she will be eligible to receive "acting pay" in the position subject to sections **Effective Date of Payment** and **Promotion** above. The amount of the payment will be based on the salary level for the position and the job content assigned to the incumbent.

BENEFITS

The regular employer and employee benefit contributions and statutory deductions apply to Pay for Performance incremental increases within the salary range. However, for the "at-risk" portion, only statutory deductions and employee and employer pension contributions apply.

PERFORMANCE PAY PAYMENT DATE

For the purpose of determining the initial payout date, the anniversary date of a senior official will be deemed to be one of the following:

- October 1 of the fiscal year if the incumbent was appointed to a senior official position any time between April 1 and the end of September; or
- April 1 of the next fiscal year if the appointment was after October 1.

An employee's payout date will change to the subsequent payout date if one of the following applies:

- Payout has been deferred due to unsatisfactory performance; or
- An employee has not worked a minimum of three months with pay in the performance measurement period.

For the purpose of determining the payout date, the date will be established according to the provisions for determining the initial payout date as stated above.

Guidelines/Procedures

Guidelines and procedures will be developed as required by the Public Service Commission and the Treasury and Policy Board for implementation and administration of the Pay for Performance program for senior officials.

Accountabilities

PUBLIC SERVICE COMMISSION

The Public Service Commission is accountable to

- conduct annual compensation planning for pay for performance
- recommend through the annual budget process, an amount for pay for performance
- evaluate the effectiveness of the Pay for Performance program and, in conjunction with Treasury and Policy Board, make any changes to the policy, guidelines, or procedures as necessary
- provide advice and guidance to the Deputy Minister to the Premier
- periodically conduct audits to ascertain compliance with this policy
- provide pay for performance results and arrange for payment.

DEPUTY MINISTER TO THE PREMIER

The Deputy Minister to the Premier is accountable to

- establish performance targets and confirm these targets through mandate letters to the senior officials
- conduct performance evaluations and recommend performance pay for deputy ministers and CEOs, based on first-hand knowledge, as well as through consultation with others, including the Premier and appropriate ministers

- recommend performance pay for assistant and associate deputy ministers based on recommendations and evaluations done by the appropriate deputy minister
- 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
- maintain pay for performance and the supporting performance management information within each senior official's personnel file
- 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 those responsible have completed all performance appraisals that are needed to support the Pay for Performance system
- consult with government to determine whether corporate objectives have been met or exceeded.

DEPUTY MINISTERS

The deputy ministers are accountable to conduct performance evaluations and recommend performance pay to the Deputy Minister to the Premier for assistant and associate deputy ministers based on first-hand knowledge as well as through consultation with others, including the Premier's Office, and appropriate ministers.

Monitoring

The Treasury and Policy Board is responsible for ensuring compliance with the terms of this policy. The Public Service Commission may periodically conduct audits of departmental Pay for Performance practices to ascertain compliance.

References

Nova Scotia Civil Service Act and regulations
Performance Management Policy and Guidelines
Order-in-Council OIC 2002-329

Enquiries

Executive Council Operations, Treasury and Policy Board
(902) 424-6614 or (902) 424-5463

Appendix

Appendix 4-B: Pay for Performance Guide Chart

Approval date: July 11, 2002

Approved by: Governor-in Council

Public Service Commissioner

Deputy Minister, Treasury & Policy Board

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Most recent review: October 7, 2005

Appendix 4-B

Pay for Performance Guide Chart

Shaded areas represent pay for performance possibilities.

Level	Government 40%	Departmental 40%	Individual 20%	Total
Unsatisfactory				
Minimal acceptable				
Expected performance				
Superior performance				

