

Local Government Financial Review

Working Group

Terms of Reference

Overview

UBCM members endorsed the report entitled *Ensuring Local Government Financial Resiliency – Today's Recovery and Tomorrow's New Economy* (the Report), aimed at strengthening the municipal and regional district (collectively referred to as "local government") finance system in B.C. on September 15, 2021.

The Report identifies key cost drivers (attainable housing, community safety and climate change) and the impact of the new economy as significant factors in the local government finance system and made 20 recommendations.

On September 17, 2021, Premier Horgan committed the Province to work with UBCM to establish a memorandum of understanding (MOU) to review the local government finance system in B.C.

On January 26, 2022, the Province and UBCM entered into a MOU on local government financial resiliency. The MOU reflects the commitment of the Parties to engage through a meaningful working relationship in order to meet the respective interests of strengthening the local government finance system.

As per the "Implementation" section within the MOU, a Local Government Financial Review Working Group (the "Working Group") comprised of staff members from each of the parties will be established.

Purpose

The purpose of the Working Group will be to function as a forum for discussion as well as the planning and coordination of any work undertaken in relation to the subject matter identified within the MOU.

UBCM and the Province are interested in fostering co-operative approaches on matters of mutual interest. The parties acknowledge that more analysis is required, such as quantifying local government cost drivers.

The Working Group members will discuss a wide range of complex and diverse topics involving or affecting numerous ministries in the provincial government, local governments, other interests and the people of B.C.; as such, the Working Group will work towards a solid shared understanding of the topics and recommendations in the Report, as well as developing a work plan for short, medium and long term consideration.

Functions

The Working Group's priority is to develop a work plan with short, medium and long-term considerations to undertake a review of the Report and local government finance in B.C. In creating this work plan, the Working Group will identify:

- The readiness, complexity or relative priority of various topics;
- The type of further work needed on various topics (such as additional research, analysis and monitoring);
- Recommendations that have provincial alignment;
- Alternative tools that may be more suitable than those proposed in the Report; and
- Topic areas in which other ministries may be involved.

Once the work plan is developed, the Working Group will carry out the research and analysis required to understand local government's financial challenges. The Working Group may also coordinate specific projects involving other ministries or staff members for support on specific issues.

Where there is agreement on specific underlying financial issues or challenges that is supported by research and analysis, the Working Group may make recommendations.

The Working Group recognizes that the work plan and the functions of the Working Group is an iterative process and will evolve as priorities change and the work plan progresses.

It is further acknowledged that the work plan should be flexible and amenable to change on the announcement of provincial and UBCM priorities that are aligned with the recommendations in the Report.

Membership

The Working Group will be comprised of staff level members from the Province and UBCM.

There will be at least five provincial members:

- The Executive Director of Intergovernmental Fiscal Relations, Ministry of Finance;
- The Executive Director of Local Government Infrastructure and Finance, Ministry of Municipal Affairs;
- At least two additional members from the Ministry of Finance; and
- At least one additional member from the Ministry of Municipal Affairs.

There will be at least five UBCM members:

- 2 UBCM Senior Leadership Team members;
- At least 3 other UBCM staff/consultant members.

Representation on the Working Group may be assessed by the Working Group and/or either UBCM and the Province from time to time, and modifications recommended to the UBCM Executive Director, the Assistant Deputy Ministers, Policy and Legislation Division, Ministry of Finance and the Assistant Deputy Ministers, Local Government Division, Ministry of Municipal Affairs. The Working Group will maintain parity of membership (Province and UBCM)

The Working Group Chairs may invite representatives of the Province, local governments or stakeholders to participate in the Working Group, attend meetings as required and/or Working Group members may schedule meetings with the appropriate provincial staff or local government to discuss issues raised and report back to the Working Group.

Provincial staff will provide secretariate support, such as setting meeting dates, co-ordinating agendas, preparing meeting minutes, arranging meeting forums and tracking action items), to the Working Group.

Working Group Chairs

The Working Group will be co-chaired by one representative from UBCM and one from the Ministry of Municipal Affairs

Term

The issues raised in the Report are complex and the work required to carry out the appropriate analysis may be a multi-year project. The Working Group will meet from April 2022 through to December 2025. The Working Group members retain the ability to extend this term as needed.

Meetings

The Working Group will meet at least six times in the first year, starting April 2022, in person and/or teleconference; thereafter, the Working Group co-chairs will determine the how often the group should meet.

Decisions

All decisions made by the Working Group to discharge its functions will be by consensus.

Accountability

The Working Group or its representatives will report to the UBCM Executive Director, the Assistant Deputy Minister of the Policy and Legislative Division, Ministry of Finance, and the Assistant Deputy Minister of the Local Government Division, Ministry of Municipal Affairs.

Provincial staff may need to coordinate processes and approvals from other ministries regarding the work plan and any resulting research and analysis.

Reporting and Deliverables

The Working Group will provide an update and prepare a preliminary work plan for consideration to the UBCM Presidents Committee and the Ministers of Finance and Municipal Affairs by June 30, 2022. Any substantive amendments to the TOR or major changes to the workplan must be brought to the UBCM Presidents Committee and the Ministers of Finance and Municipal Affairs.

The Working Group will also prepare a minimum of two updates each year of the Working Group summarizing what it heard during its meetings, updates on the work plan, identify any alignment between provincial initiatives and the UBCM recommendations and outline key considerations and ideas (if any) for the Province and local governments. The updates will be finalized for no later than February 1 and August 1 of each year. Thereafter, the Working Group can determine the format and frequency of

any updates of the progress of the Working Group to its respective seniors. The Working Group will also prepare a final report when the Working Group is terminated.

UBCM and Provincial staff will jointly develop the updates and the final report.

Communication

The updates and final report will be used to inform potential policy options to support local government finance and/or help with suggested public messaging on the work carried out by the Working Group. This information will be provided to the UBCM Presidents Committee and the Ministers of Finance and Municipal Affairs and, barring any confidentiality concerns, may be used internally to report to UBCM executives, internally within the Province, or for public messaging to UBCM members or media releases.

The Working Group acknowledges that the final report and any recommendations coming out of the Working Group is subject to internal Provincial review processes. Specifically, prior treasury board staff review is required before publicly releasing any reports. Based on the nature of the report, further Treasury Board approvals must be obtained prior to the release of the final report. The Working Group will not release any report or recommendations without the necessary internal Provincial reviews and approvals obtained and will ensure enough time is provided to allow for these internal reviews and approvals.

Confidentiality

Members are expected to be open and candid in discussing items before the Working Group. For this reason, it is important to maintain confidentiality. Members are committed to respecting the personal privacy of the Committee participants and agree not to disclose personal information or views expressed during meetings.

The background documents, minutes or other products of the Working Group are subject to freedom of information protocols and may be considered protected information under section 16 of the *Freedom and Information and Protection of Privacy Act*.

Deliberations may be shared within the various stakeholders represented by the Committee but should remain publicly confidential until there is general agreement and consensus between all members of the Working Group, and their respective senior executives, to make them public.

UBCM understands that Provincial staff are not at liberty to share internal-to-government projects with the Working Group, even if those projects may have alignment with the recommendations in the Report.

To the extent there are any public messages or updates on the work carried out by the Working Group, the Working Group should have an opportunity to review and approve the suggested messaging.