



# Regional Board Report

## Request for Decision

**TO:** Regional Board

**FROM:** Brian Reardon, CAO

**DATE:** July 14, 2022

**SUBJECT:** Board Remuneration - Interim Review

**Voting Entitlement:** *All Directors – Unweighted Corporate Vote – Simple Majority (LGA s.208)*

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**Purpose:** To consider an interim review of board remuneration and next steps for a full and comprehensive review.

### **Executive Summary:**

Currently, the Regional District of Central Okanagan Board of Directors receive compensation that includes a base payment, remuneration for attendance at committee meetings and expenses. The compensation package was last reviewed in 2018, and previously in 2014, 2008, and 2005. Most recently, in 2018, the Regional District adopted a new remuneration bylaw, Board Remuneration Bylaw No.1421, at a time concurrent with the Canadian Revenue Agency announcement of the elimination of non-taxable benefits beginning in 2019.

As a decision-making body, the Board is required to decide, through bylaw, the appropriate compensation provided to current and/or future board members. Best practice is to ensure the assessment of elected officials' pay, expenses and benefit packages is consistent, planned and resourced over time.

In reviewing the current Board remuneration bylaw and remuneration and expense policy, and with guidance from the Chair, staff are seeking Board input on the timing of the next comprehensive remuneration review, and on amendments to both the remuneration bylaw and policy in the interim. Based on board feedback and discussion, staff are recommending bylaw and policy amendments be prepared for board consideration at a future regular meeting prior to the end of the current Board term, and through these amendments, ensure a comprehensive mid-term remuneration review is planned and resourced in a consistent manner.

### **RECOMMENDATION:**

**THAT** the Regional Board receive the Board Remuneration - Interim Review report from the Chief Administrative Officer, dated July 14, 2022 for information;

**AND THAT** amendments based on the proposed interim review be prepared for Board consideration prior to the end of September 2022.

Respectfully Submitted:



Brian Reardon, Chief Administrative Officer

*Report prepared by: Karen Needham, Corporate Officer*

Attachments:

- (1) Board Remuneration Bylaw No. 1421
- (2) Board Remuneration and Expense Policy No.7.15
- (3) Appendix A – Summary of Best Practices - UBCM Remuneration Guide
- (4) Appendix B – RD Comparisons

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### Strategic Plan Alignment:

Values:            Good Governance, Transparency

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### Background:

The Regional Board is comprised of elected officials who together provide governance over matters related to the structure and operations of services provided to residents throughout the Regional District of the Central Okanagan.

There are various roles for regional board members whether as an elected or appointed Director at the board table, the Chair or Vice Chair of the Regional Board, the Chair or Vice Chair of the Regional Hospital District Board, and as appointees to various standing, select, or advisory committees, commissions and external agencies and associations. It is common practice and good governance to conduct regular review of the various roles and expectations of regional board members as this helps align remuneration as job conditions, expectations, and circumstances change.

In response to a request by local governments, the Union of BC Municipalities (UBCM) published the [Council & Board Remuneration Guide | Union of BC Municipalities \(ubcm.ca\)](https://www.ubcm.ca/council-board-remuneration-guide) (guide) to assist local elected officials in B.C. with the establishment and review of remuneration bylaws. In the UBCM best practices guide, there are recommendations related to the establishment of fair and reasonable compensation recognizing the commitment of time, limits on time availability for other work, and the complexity of local government services. The guide recommends processes for determining remuneration and expenses that are defensible and fair, and that is reflective of local needs and circumstances.

### Discussion:

Over the past 20 years the RDCO practice has been to conduct reviews generally once per term in an election year, with the results of the remuneration and expense review applied at the beginning of the following term. This regular review is a best practice, with the timing of remuneration reviews, and who conducts the review, being open for further discussion.

In reviewing the best practices in the UBCM guide and the current RDCO Remuneration Bylaw and Remuneration and Expense Policy, staff are recommending a two-step approach to a remuneration review that looks ahead to the 2022-2026 term, and further to the 2026-2030 term.

### **Interim Review: to be effective for 2022-2026**

Any changes to the Board remuneration and expense policies as part of this interim review would become effective January 01, 2023, for the new Board term. There are two main components proposed for board consideration: policy and gap analysis.

#### **A. Policy**

The interim review included looking at best practices from a policy perspective. The following indicate which best practice the RDCO has already considered and is included in the bylaw; two that are the RDCO's current practice; and those that offer the potential for new policy:

- **RDCO Bylaw** – sets the automatic cost of living adjustment to base remuneration.
- **Current Practice** - reviews are conducted once per term; and are intended to take effect the following term.
- **New policy consideration** - setting the timing of remuneration reviews to a non-election year.

#### **B. Gap Analysis**

The interim review would not include a comprehensive review of base remuneration, however, with guidance from the Chair, and a general review of the current remuneration bylaw, the following areas have been identified as gaps, and are being proposed for consideration:

- **Vice Chair remuneration** – currently the bylaw is silent on compensation for the elected Vice Chair when undertaking duties on behalf of the Chair;
- **Core/Non-Core Meetings** – update language and provide clarity on regular board meeting attendance and committee meetings;
- **Regional Hospital District Board** – provide for remuneration for the Chair, Acting Chair as permitted under the *Hospital District Act*; and
- **Expenses** – align the Remuneration and Expense Policy with the remuneration bylaw to remove duplication, and update per diem/mileage expenses to CRA standards.

Although a comprehensive review is not being recommended at this time, a scan of nine (9) Regional District remuneration bylaws was conducted to provide the Board with a high-level overview of where remuneration at the RDCO sits in comparison (see Appendix B).

### **Comprehensive Remuneration & Expense Review (2024):**

The best practice considerations that would align with a future comprehensive remuneration review include the timing (non-election year) and the creation of a terms of reference for conducting the review. Currently at this point in the term of the Board, it is being recommended that the next comprehensive review be conducted in 2024, and include these additional best practice components:

- Consider establishing an independent task force or seek a consultant to conduct the review; and
- Consider a comparison of at least five similar jurisdictions, including consideration of workload, level of responsibility, meeting attendance, and non-core meetings
- Consider providing elected officials and families access to benefits with a clear pro-rated or full incremental cost of coverage that changes over time.

**Conclusion:**

Based on the best practices found in the UBCM Council and Board Remuneration Guide, the proposed interim review, with new policy considerations and a review to address gaps identified by the Chair, would result in an updated remuneration bylaw that considers roles and responsibilities, and alignment with current practice. Should the Board support staff recommendation, staff will prepare bylaw and policy amendments based on the proposed interim review and discussion.

Staff is therefore recommending the Board support this proposed interim review and consider areas for amendment that will further support good governance at the RDCO.

***Considerations applicable to this report:***

- Financial Considerations – any changes to remuneration would be effective January 2023 and form part of the 2023 budget.

**Alternative Recommendation:**

**THAT** the Regional Board receive the Board Remuneration Interim Remuneration Review report from the Chief Administrative Officer, dated July14, 2022 for information.

***Considerations not applicable to this report:***

- Organizational Issues
- External Implications