

TO:

## **Chairman & Members**

### **LGNZ Outcomes Project Overview Committee**

#### **Progress Report as at 12 October 2004.**

The purpose of this report is to brief members of the overview committee on the principal issues that have been identified by or arisen within the project in order to seek their guidance on how they might best be handled. The issues considered in this report are:

1. Strategic planning versus a bottom-up community driven approach.
2. The differing nature of New Zealand's communities.
3. Managing central government/local government engagement.
4. Capability/capacity/awareness – the role of key stakeholders.
5. Monitoring and reporting on community outcomes.
6. Disseminating project findings.
7. Cultural wellbeing.
8. Iwi/Hapu versus Maori.

## **Strategic Planning Versus Bottom-Up**

### **Narrative**

At the heart of the project is the argument that the community outcomes process should be seen, essentially, as community strategic planning. This view is based on a number of indicators including:

- The ongoing concern, which originally featured in discussions of the No.3 Act 1996, of the need for effective strategic planning to underpin councils' long term financial projections.
- Emerging international practice, especially the local strategic partnerships initiative in England.
- The nature of outcomes themselves – to be meaningful, outcomes should be seen as the consequence of deliberative action.
- The wording of LGA 2002 – especially schedule 10 which refers to community outcomes and other key strategic planning documents or processes.

Consistent with this, we have argued that the most crucial part of the outcomes process is section 91(3) which gives councils authority to determine their process but requires them to seek, if practicable, the agreement of "other organisations and groups" to the process.

This could be treated simply as a compliance requirement. A "tick the box" approach under which councils simply need to show that they have run the process past selected "other organisations and groups" and got their agreement.

As a purely compliance approach, this could be virtually meaningless. Many "other organisations or groups" will have little understanding of the purpose of the outcomes process or the potential of community strategic planning. Accordingly, we have argued that:

- It is essential that councils make it clear to "other organisations and groups" that seeking their agreement is not simply a compliance issue, but part of building the relationships needed to set the scene for effective community strategic planning.
- Particular emphasis is placed on securing the buy-in of "other organisations and groups" that might not normally see working with local government as a priority – or an activity that is likely to return positive benefits for them.

As part of that, the process itself should, at least as far as the "other organisations and groups" are concerned, emphasise the strategic planning component. This means highlighting the potential to use the community outcomes process to identify the "vital few" and the (ideally innovative) options for addressing them – good strategic planning is typically the result of insights of well informed individuals or groups with a strong lateral thinking capability.

We have found a real concern that arguing this approach may conflict with what some councils see as the bottom-up community driven nature of the outcomes process. Advocates for this view clearly believe that the whole outcomes process should be driven by the community's preferences so that the first and dominant task is to identify what those are.

Potentially, there is a conflict between these two approaches. As other work on the outcomes process has already demonstrated, putting an emphasis on identifying community outcomes as the primary task is likely to produce a very common set of statements from which it can be very difficult to determine what actions, priorities, resources etc should be involved, or indeed to relate those statements to needs/opportunities/conditions within the local community.

Councils which have gone down that path (including some which have invested a great deal of time and resource in developing as robust a process as they can), are now faced with the question of what to do and are starting to talk in terms of strategic planning.

Arguably risks with this approach include:

- The strategic planning component is dominated by a perceived need to respond to the outcomes already determined by the community.
- The opportunity to get buy-in from key stakeholders at an early stage in the process may have been lost.
- The outcomes process itself may have suffered from a lack of information on perceived opportunities, priorities etc which will come from a strategic approach.

The view we are coming to is that the two processes should work in parallel. Determining the community's preferences is important input for any strategic planning process. At the same time, establishing a clear understanding, especially with "other organisations and groups", that this is a strategic planning process appears critical. Amongst other things it means that insights on the

“vital few” and options for achieving those can be fed into the process of determining the community’s preferences.

### **Project Issue**

For the moment, we are of a mind that the project report should emphasise this approach and set out suggestions on how to integrate the two approaches.

The major issue, though, assuming that the overview committee agrees with the analysis is how to gain acceptance of the view that the outcomes process is about community strategic planning. Here one potential obstacle is that the KNOWHOW guide to decision making under LGA 2002 does not treat the process as strategic. Instead its focus is on identifying outcomes as a first step with implementation almost as an optional extra. Appendix B to the guide notes “The next step [after identifying outcomes] is to ‘make it happen’. Strictly speaking, agreeing on an action plan is not required as part of the community outcomes process.

Gaining acceptance of the inherently strategic nature of the outcomes process will require strong and authoritative endorsement, with a specific recognition that this is about achieving a change of perception and, in a number of cases, of organisational culture.

A separate issue is whether it is ideal for local government to manage the process or whether the option of establishing a separate secretariat to do so may have merit – it would certainly help to highlight that fact that the outcomes are those of the community rather than those of the local authority.

## **The differing nature of New Zealand’s Communities: Relationship Building**

### **Narrative**

We have had a very strong message, from a district council level, that the outcomes process, including central/local government engagement, must respect the different nature, circumstances and traditions of New Zealand’s communities. It must also put a strong emphasis on relationship building as the key pre-requisite for effective community strategic planning. Wanganui made the point that trying to agree outcomes at a regional level, and set priorities accordingly, could significantly disadvantage the Wanganui community. Much important data, supporting community outcomes, is held on a combined basis which makes it difficult to isolate trends within Wanganui. More importantly:

- Setting a regional approach risks domination by concerns of the major urban centre, Palmerston North.
- The concept of regional outcomes as something that might be relatively homogenous does not recognise the difference – and lack of any real commonality – between districts such as Wanganui on the West Coast of the North Island and Tararua on the East Coast.

Kaipara District Council has put significant effort in developing not just community outcomes as such, but a set of relationships, and based on those a series of projects, intended to take a strategic approach towards achieving the district’s outcomes. This has been very much based around building on local

knowledge, local networks, and relationships with key stakeholders that arise out of and respect those. It is clear from discussions with Kaipara that the idea of outcomes being agreed primarily at a regional level would be seen as anathema, at least in respect of outcomes where local conditions and local preferences differ significantly from those for the region as a whole (and this applies, quite strongly, across each of the four wellbeings).

### **Project Issue**

To ensure that key stakeholders, especially central government, see understanding and respecting the unique character of New Zealand's different communities as an inherent part of the community outcomes process. This includes recognising that what might appear as the high transaction costs of dealing with some outcome issues at a district or even sub-district level is not a cost to be minimised but an integral part of building the networks and trust required in order to enable effective and legitimate action.

## **Central Government/Local Government Engagement**

### **Narrative**

Comments in the previous section are part of the context for considering appropriate means for central government/local government engagement. The May Cabinet paper which set out the principles which central government agencies should adopt assumed a regional approach.

The Cabinet minute itself includes the following:

- 5 **noted** that the regional level is an appropriate focus for central government participation in community outcomes processes (COPs) because:
  - 5.1 there are existing regional networks and initiatives;
  - 5.2 the government is committed to regional development;
  - 5.3 the approach is likely to reduce the number of separate interactions between councils and the state sector and therefore makes coordination easier.
  
- 8 **agreed** that, to facilitate the central/local government interface regarding COPs, the Department of Internal Affairs (DIA) will:
  - 8.1 continue to provide information to departments about the LGA;
  - 8.2 work with Local Government New Zealand (LGNZ), in conjunction with departments, to establish a directory for local authorities and communities of central government information and contacts;
  - 8.3 provide a central contact point for local government to indicate problems or opportunities regarding central government engagement in COPs;
  - 8.4 provide suggestions to departments regarding their COP engagement;
  - 8.5 receive and collate information from departments on their involvement in COPs;

- 8.6 establish mechanisms for departments to share good practice and overcome difficulties regarding COPs;
- 8.7 convene a central/local government workshop annually to discuss how COPs are working and share lessons.

9 **agreed** that all departments will:

- 9.1 ensure relevant departmental staff are informed about the LGA;
- 9.2 provide information to DIA for the directory of central government information and contacts;
- 9.3 provide information to DIA on their involvement in COPs and good practice examples.

The approach is clearly intended to minimise transaction costs for central government in terms of developing a whole of government approach to collaboration/cooperation between its various agencies and between them and local government. We understand that it is intended to be complementary to the ongoing process of engagement between individual agencies and councils on region or district specific outcomes.

This two pronged approach appears logical. Government has a systems need to address in developing practice and expectation around sector to sector engagement. At the same time it has a need to ensure that its individual agencies are well placed to play their part in identifying outcomes for specific communities.

For most outcomes, especially in the social and economic areas, one central government/local government interface is going to need to be at the principal area of impact. This is because:

- Any action designed to achieve desired outcomes needs to focus on actual circumstances, opportunities, needs etc rather than some abstracted region wide perception.
- Crucial to achieving most outcomes will be investment in relationships, building trust etc around the outcomes concerned and the people/communities to whom they matter.

A further factor is that the policy interests of central government agencies are also different. Some may be primarily concerned with what have been identified as the primary target regions (Auckland, Wellington and possibly the Bay of Plenty) – transport related agencies may fall into this category. Others will be much more concerned with regions/districts outside those priority regions – for example agencies concerned with social development, housing, agriculture and forestry, skills training, health services.

There will be a need to ensure effective coordination between the two approaches to make sure that what appears to be an emphasis on information exchange is accompanied by an emphasis on building relationships with a focus on programme development and implementation – in other words seeing the community outcomes process as an alternative mechanism through which central government agencies can work, rather than as an additional and perhaps peripheral addition to their responsibilities.

## **Project Issue**

A need to ensure that the principles for central government engagement with the community outcomes process are appropriate to the issue and scope involved rather than based on an attempt to minimise transaction costs. This will need to achieve a balance between the laudable objective of increasing co-ordination/collaboration and the probability that different agencies will need to engage in different ways and, possibly, at different levels. This may point to the need for some form of clearing house able to work with both central and local government to facilitate engagement.

## **Capacity/Capability/Awareness**

### **Narrative**

In this section we are concerned with the extent to which "other organisations and groups" have the capacity, capability and awareness/commitment needed to engage effectively with the community outcomes process.

Some councils, such as Kaipara, and the Taranaki Councils, have developed networks of organisations that are clearly seen as the key partners who, together, will carry the responsibility for developing and implementing the actions identified as appropriate for realising the community's outcomes. In both cases there appears to be an imbalance in coverage. The majority of organisations and groups are either public sector entities, entities funded by the public sector, or entities that are already closely involved in negotiation/planning with the public sector (for example Iwi/Hapu). (This is less the case in Taranaki than in Kaipara)

More generally, there does seem to be a problem in getting engagement with the business community.

What we are not yet able to determine is why organisations representing the wealth-creating sector are absent. There are at least two possible explanations (both of which could be relevant). They are:

- Councils, in thinking about community, tend not to think of the business sector as an integral part.
- Business organisations, generally, lack not just the capacity and capability to be involved but also the sense that involvement is worth the effort.

To a lesser degree, the same comments also apply in respect of the voluntary/community sector. There is a much higher degree of mutual awareness but capacity/capability remains an issue.

From the business sector, it is clear that years of working with the special consultative procedure has generally left the business sector disenchanted about the merits of engagement (as with all generalisations, there are exceptions). In some instances at least, it is clear that there has been a major ideological difference between business organisations and local government – arguments that the role of local government should be restricted to the provision of public goods are unlikely to be persuasive not just for councils, but for public generally.

On the other hand, it is also clear that more considered arguments have also often failed to gain traction.

This latter point emphasises the importance, stressed in the discussion of strategic planning versus bottom-up community driven processes, that councils should use the development of their outcomes process as a means of securing buy-in from key stakeholders including especially those not accustomed to or enthused about working with local government.

Even if that issue is resolved, there remains the question of the capacity to engage and the required capability. Both in the business and in the voluntary/community sectors, representative organisations tend to be dependent on membership subscriptions and very resource constrained. Even with the one business organisation that has committed to engagement with the process, the Chambers of Commerce, it is clear that the typical Chamber of Commerce simply lacks the skills and experience required to engage in a major public policy/strategic planning undertaking.

### **Project Issue**

We are concerned there is a very real risk that, unless the question of capacity/capability is effectively addressed, involvement in the community outcomes process will be more or less restricted to organisations that can draw on taxpayer or ratepayer funding to meet the costs of their involvement. If that happens, the potential of the outcomes process will be largely lost.

Part of the solution may lie in educating stakeholders on the potential benefits of the process – on the basis that improving their understanding may increase their incentive to participate. Part may lie in considering how the costs of researching the process should be met, drawing on public good theory. There may, for example, be an argument for considering full or part funding of a secretariat separate from local government to manage the process

## **Monitoring**

### **Narrative**

Section 92 requires councils to monitor and, not less than once every three years, report on the progress made in achieving the community outcomes for the district or region. That obligation clearly applies to **ALL** community outcomes regardless of who has responsibility for them. There is no provision in section 92 equivalent to the discretion in schedule 10 which, in dealing with how councils handle outcomes in the LTCCP, includes the provision “to the extent determined appropriate by the local authority”.

Councils have two concerns:

- The costs associated with monitoring and reporting which, potentially, could be significant.
- Access to information. Much of the information in key outcome areas (health, housing, employment, community safety etc) is held by government agencies and not necessarily in a way that allows it to be related directly to outcomes within a district or regional boundary.

## **Project Issue**

In developing the monitoring and reporting function, there will clearly be a need to:

- Develop some guidelines on just how detailed monitoring and reporting should be.
- Ensure that information, collected and held by non-local government entities, is available in a way which facilitates monitoring and reporting.

## **Disseminating Project Findings**

### **Narrative**

In some respects, this is the most important issue confronting the project. The project findings themselves will be useful only to the extent that they can be effectively disseminated to entities/individuals who either are or should be working with the community outcomes process.

The potential target is quite wide. It includes:

- Local government itself.
- Central government agencies in terms of how best to work with local government (and to facilitate monitoring and reporting).
- Key stakeholders within the community ranging from the voluntary/community sector to business, to faith communities, to Iwi/Hapu.

The report's findings will be available around the time that local government is concentrating on the induction of newly elected members and, at the same time, preparing for the outcomes process that will lead up to the 2006 LTCCPs.

They will also be available as individual central government departments are themselves rethinking how they may use the community outcomes process – in the course of our work, we have found several agencies that are just starting to understand the potential of the outcomes process and see it as a potentially valuable tool.

The conventional means of dissemination includes such things as:

- Circulating the report itself, including summaries of key recommendations.
- Workshops – for local government and for others.
- Conference presentations.

Experience suggests that, of themselves, these means of disseminating information are not particularly effective. What is probably required is some form of ongoing function that can continue to monitor the outcomes process itself, and relevant international developments, and work with local government and other stakeholders on "raising the game".

This appears to be an intended function for the Department of Internal Affairs. There may be merit in complementing this with an external capability. One

possibility is to work through (create) the equivalent of the university based think tanks that underpin much of the policy development and evaluation work on local government in England and Wales.

### **Project Issue**

How best to ensure effective dissemination of project findings in both the short and medium/long term.

## **Cultural Wellbeing**

### **Narrative**

One of the co-funders for the outcomes project is the Ministry of Culture and Heritage.

The Ministry is concerned that local government should be doing more to promote cultural wellbeing, although so far non-specific on what it considers should happen.

In one well argued discussion, the question of whether there should be a separate cultural wellbeing was strongly challenged with an argument that, in practice, cultural wellbeing was a subset of one or more of the other three wellbeings, especially social wellbeing.

This, of course, begs the question of whether cultural wellbeing is concerned with matters such as access to libraries, the opportunity to take part (as a participant or observer) in the performing and creative arts and so on. Another perspective might be that it is concerned with New Zealand's culture as a bi-cultural (or multi-cultural) society.

We will be exploring with the Ministry of Culture and Heritage what it considers should happen in respect of cultural wellbeing, and the role the Ministry expects to play.

From our last meeting with the Ministry, receiving an informed response on these matters was dependent on the Ministry appointing a senior adviser with a background in local government.

### **Project Issue**

What is the place of cultural wellbeing in the community outcomes process?

## **Iwi/Hapu Versus Maori**

### **Narrative**

Some councils have reported a response from local iwi or hapu that the council is to consult with them, not with Maori. This appears to be a reaction to the references in the Local Government Act to Maori. The concern is that councils should deal with those who hold mana whenua and that to deal, instead, with

anyone who claims to be Maori is both an offence to mana and a means of undermining the status of tangata whenua.

### **Project Issue**

The issue is larger than the project. If it becomes a common response from Iwi/Hapu, then it will require a legislative response within the treaty relationship. In other words it will be outside the scope of local government. Within the project we are seeking views from parties such as Te Puni Kokiri. For the purposes of the outcomes project it may be sufficient to note the issue and recommend that councils take care to be clear on the question of with whom they are consulting.