MDL
McKinlay Douglas Ltd

COMMUNITY ENGAGEMENT PROJECT

FINAL REPORT

Prepared
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PART 1: INTRODUCTION

This section outlines the history of the community engagement project and places the project in the context of the differences between traditional consultation and community engagement. It recognises the role of community engagement in its broadest sense in the development of local democracy, while noting that the focus of the report is on the practice of community engagement as it relates to local authority activity. An extract from the 2008 UK White Paper *Communities in Control: Real People, Real Power* sets the scene.

The background to this project

In December 2004 McKinlay Douglas Ltd ('MDL') completed the report *Realising the Potential of the Community Outcomes Process* for a consortium comprising Local Government New Zealand, five local authorities and six central government agencies. Much of the report's focus was on the nature of the consultation process which local government is required to follow in the development of Long Term Council Community Plans ('LTCCPs') and on the interaction between council decision-making through the LTCCP, and the process of facilitating the identification of community outcomes.

The report concluded that "The community outcomes process is very much 'work in progress' which is still at the early stage of development. It has the potential to become the most significant shift in recent decades in the way that New Zealand's communities are governed."

MDL continued informally to monitor the development of the LTCCP process in particular, and the way in which consultation was handled through that process, as well as current debates within New Zealand on the nature of consultation and community engagement. The 2006-2016 LTCCP round resulted in a mixed response to the quality and relevance of consultation.

Business interests represented in the Local Government Forum, admittedly not noted for a strongly positive attitude to local government, were quite direct, stating:

> The high costs of the present LTCCP/annual plan process are way beyond the likely benefits. We also think the community consultation processes are largely a sham and we believe that local authorities would support moves to reduce the costs, for example by reconsidering whether LTCCPs should be subject to compulsory audits.[1]

Although not all observers were as critical as this, there was very clearly a sense that consultation was falling short of its promise both for communities and for councils.

MDL spoke with a number of councils, and with LGNZ, to determine whether there was interest in a further consortium style project with a focus on the consultation process. There was a generally positive response, following which MDL put together a proposal which was intended to focus on different approaches to community engagement, including enhancements to the consultation process. It included the following description of the intended final outputs:

- A readily usable resource on community engagement to support the activities of individual New Zealand councils.

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[1] In *Key Local Government Policy Issues for Discussion with the Minister of Local Government*, 11 April 2006. Sourced via the Internet.

- A better understanding of alternative approaches to realising the intended purpose of consultation and accountability, both through local government long-term planning as currently exemplified by the LTCCP and in other areas where there is currently a statutory requirement for consultation.

- Recommendations for possible changes to the current community outcomes/LTCCP process designed both to improve the cost effectiveness of the current regime, and facilitate effective community engagement (recognising, for example, the Rating Inquiry's concern for better, rather than more, consultation).

Discussion with prospective funding councils in late 2007 and early 2008, and continuing monitoring of developments in the community engagement area, suggested a change in focus, for two reasons. The first was an immediate consequence of the local government elections in 2007 and the emphasis within a number of districts on reducing rates. Several councils which had indicated an intent to participate in the project decided not to do so as a consequence of the focus newly elected councils were placing on restricting expenditure, which reduced the overall resources available for the project itself.

The second factor was a shift away from an emphasis on the consultation process itself towards the broader concept of community engagement. This was expressed in a letter to project funders in May 2008 highlighting international developments in community participation in decision-making and implementation down to a neighbourhood level, based on the rationale of democracy and competence (that local people will tend to be experts in their own local circumstances, and often better able than outside officials to evaluate the potential of different options).

With the agreement of the participating local authorities, the emphasis of the project has thus been more on developments in community engagement and less on the formalities of the current consultation process, whilst acknowledging that many councils, as part of satisfying the legal requirements for consultation, undertake activities which are in fact recognisably community engagement.

Consultation versus engagement

There are two important contextual differences between conventional consultation and community engagement to highlight upfront (these are elaborated in our scoping of 'community engagement' in Part 2 below).

- The first difference is that conventional consultation is very significantly rule-bound. The obligation to consult is specified in statute, and the minimum requirements for compliance are the subject of case law, primarily what is known as the Wellington International Airport case. This not only contributes to much of the expressed frustration with consultation ("you have asked my opinion on the council's answer to the council's question, I want to be consulted on what the question should be"), but also provides some assurance to councils and elected members in particular - they are able to know that if they have followed the legal requirements, then they have 'properly consulted'. The fact that there may be no opportunity to comment on what the question should be is simply a function of a statutorily defined consultation process whose starting point is the publication of a proposal which the council has already developed.

- The second and related difference follows from the legal framework for consultation. It is that consultation generally has both known boundaries and a specific purpose. The boundaries are defined by statute and case law. The purpose is to provide the council with a channel for obtaining information from

the community relevant to the proposal it is considering - information may be additional and relevant knowledge, it may be community attitudes. Whatever it is, councils understand that they are not obliged to do any more with the input from community consultation than consider the material put forward in submissions, with an open mind.

In contrast, there are no explicit statutory or legal rules constraining or defining 'community engagement'. Rather there is a very wide range of evolving practices and understandings, all of which share a sense that something different is going on in respect of the 'decision right'. Rather than the council reserving the sole right to take whatever decisions are involved, there is a sense that the decision right is to a greater or lesser extent being shared.

Indeed, the difference goes beyond this. Community engagement in its broadest sense may be seen as part of a reassertion of local democracy not as a form of participation within governance, but as a reassertion of the right of the community as against the power and prerogatives of the governing body. Davies (2008) writing of what he sees as the shortcomings in the UK 2006 White Paper on local government, *Strong and Prosperous Communities*, concludes:

> But there is no reason why committed localists cannot raise demands (including egalitarian demands), expose the limits of centralism and agitate in towns and cities using the small spaces and silences in the White Paper to open up a more radical agenda. Doing so may bring them into confrontation with dominant political and economic norms. But this is surely the only strategy presently available to those wanting to ignite a serious debate about the position of local government as an agent of public power in the twenty-first century and to ensure that a future White Paper nurtures vibrant, autonomous and contrarian localities.

Cornwall (2008) argues that:

> The expansion of scope, in many contexts, depends on vigorous citizen action. This may take the shape of contentious politics, where social movements mobilise to put pressure on the state to open up areas of policy making that are closed to citizen participation and scrutiny. It may also take the shape of incremental change from within public institutions, as progressive bureaucrats make use of the discretion that they have to lever open spaces for dialogue and deliberation. Tracing these pathways of change is important if we are to better understand how to support the expansion of this dimension of democratisation.

Our report recognises that there is a very important role in the development of local democracy through the activities of people such as Cornwall's "progressive bureaucrats" or of Davies' "committed localists".

The focus of the report, however, is on the practice of community engagement as encompassing activities which the council itself has determined to engage in, rather than as an outgrowth from opposition to council practice, whether that opposition is internal or external.

The important caveat, which is reflected in the work of researchers such as Davies and Cornwall, is that there is often a very substantial difference between the aspirations, intentions, stated policies and actual practice of governments – whether central or local – and the 'on the ground' reality of whether genuine engagement is actually taking place. Sir Michael Lyons sounded this note of caution in the summary to his 2007 report on the future of local government in the UK (Lyons 2007):

> No one should underestimate the sustained effort which will be required to achieve a real shift in the balance of influence between centre and locality. The history of the

last 30 years is marked by a series of well-intentioned devolution initiatives, which have often evolved into subtle instruments of control. But it is an effort worth making.

He was speaking of the English situation where local government is responsible for the delivery of major central government funded services to relatively tightly defined performance requirements. The point has much wider application. It is simply that organisations, especially large organisations which enjoy a statutory monopoly on the exercise of their powers, find it extraordinarily difficult to adopt new ways of doing things. As Davies (op. cit.) observes "path dependency" can make it extremely difficult for an organisation to break from long held practices – something for local authorities in New Zealand to be aware of when looking at implementing alternatives to conventional consultation.

A scene setter: the UK White Paper

An extract from a summary of the UK White Paper "Communities in Control: Real People, Real Power" neatly encapsulates the focus of this report and illustrates the way thinking and practice on community engagement is evolving.

COMMUNITIES IN CONTROL: UK WHITE PAPER 2008

Communities in Control: Real People, Real Power aims to pass power into the hands of local communities. We want to generate **vibrant local democracy** in every part of the country, and to give **real control over local decisions and services** to a wider pool of active citizens.

… This is because we believe that **they can take difficult decisions and solve complex problems for themselves**.

… And the evidence suggests that **quality of decision-making improves** as government actions more closely match the wishes of their citizens.

… Citizens should have a greater say in how local budgets are spent. **Participatory budgeting** – where citizens help to set local priorities for spending – is already operating in 22 local authorities.

… Equally we want local people to have more of a say in the planning system so we will provide more funding to support **community engagement in planning** …

… We want to see an increase in the number of people helping to run or own local services and assets, and to **transfer more of these assets into community ownership**.

The UK approach is a highly focused, organised, directed process reflecting a single, centralised political philosophy and bureaucracy for local government. It is easy to 'touch and feel'.

In other countries, the direction community engagement is taking is less crystallised, and is manifested in a raft of writings and practical initiatives that range from the 'creative class' ('place-shaping') analysis of Richard Florida, to the 'Public Engagement Initiative' in Canada (New Brunswick) with its mandate of crafting "a new era of community engagement in the province", to innovative approaches to community engagement by a number of local authorities in Australia.

Diverse as the current thought, experience and practice on community engagement is, common themes are clear. It is about:

- seeking ways for citizens to be more genuinely involved in government decision-making

- reflecting their legitimate interest in how decisions are made (the democratic component); and

- utilising the knowledge and expertise people have in respect of their own communities (the service planning and delivery component).

PART 2:   SCOPING 'COMMUNITY ENGAGEMENT'

This section of the report scopes the meaning of 'community engagement' as it is used in later sections. First, ways of defining 'community' are discussed, followed by a summary of what can be seen as the 'defining characteristics' of community engagement and the relationship between community engagement and community development. This is then put in the context of local government.

Defining 'community'

Defining 'community' is always contentious because of the mosaic of interests, background, culture, ethnicity or religion on which communities are founded. A recent (November 2008) Joseph Rowntree Foundation report (Ray et al 2008) observes:

> Community can have a wide range of meanings, referring to geographically based groupings or groupings based on shared identity or interest. Uncritical use of the term can also overemphasise homogeneity, rather than difference and diversity, within groupings of people. The term community is also often used normatively – that is, it is seen to be something of value rather than simply a descriptive term (Taylor, 2003; Barnes *et al.*, 2007).

For the purposes of our report the main (but not exclusive) emphasis is given to a locality-based approach to defining 'community', recognising that the statutory responsibilities of local authorities are contained by the geographical areas for which individual councils are responsible. Thus:

> 'community' refers to the social and economic infrastructure and relationships among people who live in the same geographic area, and able to be identified with the remit of the local authority to plan, make policy and deliver services impacting on that defined area.

This definition encompasses the shared consumption of services and facilities provided in, identified with or accessible by a geographically-defined locality (or neighbourhood), and the planning and resource allocation that impacts within that locality.   It also encompasses the process of shared 'visioning' - determining the future direction for the community itself.

It has the practical advantage that it overcomes the difficulty for local authorities of vague meanings of 'community' (a term sometimes so widely applied as to be in danger of meaning "anyone who is not us"), and allows a key question for community engagement – how local authorities support and sustain activities to achieve community outcomes – to be discussed in a tangible way.

It is also consistent with central themes in the international theory and practice of community engagement, for example:

- the UK Lyons Inquiry focus on place-shaping as a "wider, strategic role for local government" (which accords to local government a leadership role in public services that reflect local needs and preferences and in developing the distinctiveness of different places)

- experience with locality-based 'neighbourhood governance' initiatives (UK, USA).

Additionally, a locality-based definition of community supports the idea of community engagement as bringing together all the players in a locality – citizens, community leaders, community organisations, service providers, business, council, and so on – to think about the whole life of the area and how to meet its future needs.

This working definition is neutral in the sense that it doesn't say anything about what makes a successful community, such as strong social connections, capability and a common vision that acknowledges diversity – indeed, these are potential outcomes from effective community engagement.

That said, it is also important to recognise that in today's world local authorities are frequently engaged in addressing the concerns of 'communities of interest' within their districts rather than 'communities of place'. The common bond creating such a community may be ethnicity, age, faith, socio-economic status/activity or recreational and cultural commitment. Place, however, remains an important defining characteristic as typically the local authority's focus will be on a grouping as a 'community of interest' within the local authority's own district.

Defining characteristics of community engagement

While still 'work in progress', and indeed still vigorously debated, the various theories and practices of community engagement tend to reflect the following characteristics:

- All start with the proposition that those people who are most directly affected by a policy should be included in the making of the policy. If they are not, there is a risk that the issue being addressed is not tackled as effectively or sustainably as it could be, and the policy falls short of its intended outcomes.

- Theories and practices of community engagement are based on a belief in the competence and capacity of communities – that people within communities are the best experts in terms of knowing the needs, priorities and dynamics of their localities; and an associated belief in the contribution their knowledge and expertise can make to informing decision-making to produce better outcomes in respect of solving problems and improving services.

- There is no one way to 'do' community engagement – the approach and technique used depends on its purpose. Essentially, however, genuine models of community engagement involve the transfer to the community of some of the ownership of, and responsibility for, determining the future of that community.

- Community engagement may be used either comprehensively – engaging the community in defining issues and problems, identifying priorities, exercising choice, developing plans and participating in the design, delivery and implementation of services – or targeted to address specific issues within a community (which could be things people don't like about their community, such as anti-social behaviour, through to things they want to see more of, such as public amenities).

- Examples given in the international literature of specific issues where community engagement can be applied include: tackling poverty, counteracting youth violence, improving safety and reducing crime, dealing with graffiti, workforce development, urban education, conservation and upkeep of neighbourhoods and social housing estates, conservation of park land, improving local social services, establishing a non-profit housing venture and setting up a community theatre project.

- Common to the different theoretical approaches, and to various examples of community engagement in action, is recognition that the formal authority of local

government is but one component in addressing local issues and designing policy responses. While the formal structures of government are necessary for the exercise of statutory, constitutional and legal responsibilities, community engagement does not itself offer a structure or systematic methodology, nor does it necessarily rely on having formal structures in order to work. Its strength lies in a myriad of informal networks that blend the efforts and expertise of people within communities with the established processes of government.

- Key processes of community engagement are building relationships and coalitions, fostering cooperation and using (and sometimes re-shaping) local organisational and interpersonal networks. This is separate from the mechanisms local authorities use to obtain input for their decision-making such as public hearings, surveys, discussion forums and community hall meetings (useful though these remain) – although these events may well occur in the course of a community engagement process.

Related to this last characteristic, some commentators on earlier drafts of this paper made the point that community engagement should be seen as more than just a process or set of processes for dealing with certain issues. Rather it should be inherent in the way in which the local authority functions in whatever it does. The point is well made, as the essence of community engagement is the attitudes and understandings which councils, and their elected members and officers, bring to every contact they have with their communities.

In 2005 the United Nations and the government of the State of Queensland jointly sponsored The International Conference on Engaging Communities which resulted in what is known as the Brisbane declaration on community engagement. Highlights of the declaration (quoted in full in Appendix 1) were that:

- Community engagement is critical to effective, transparent and accountable governance.

- It is a two way process between citizens and communities and governments, along with business and civil society organisations, in policy development, planning, decision-making, service delivery and assessment.

- Effective engagement generates better decisions.

- Inclusive engagement requires that indigenous peoples and the poor and marginalised are adequately resourced to participate meaningfully in the broader community and that they have a stake in the outcome and benefit equitably as a result of being involved.

- A wide range of methods and technologies is available, including new and emerging tools associated with the internet, to facilitate appropriate and effective community engagement.

The Brisbane declaration can be seen as both aspirational and holistic. It supports a collaborative approach to decision-making across all three sectors, public, private and community.

Community engagement and consultation compared

Community engagement can also be defined by reference to the contrasting characteristics of consultation, in particular that – typically and for good reasons – consultation is:

- Intended to secure an outcome relating to a specific issue (such as a city centre project) or for a specific purpose (such as a district plan)

- Time-restricted and often subject to time pressures

- Required to fit into policy cycles and time-bound funding streams

- Designed to motivate responses from the community on one-off issues, but not to have people staying involved beyond the consultation exercise

- Likely, for any one governing authority, to use and repeat tried and tested methods whatever the issue being consulted on

- Not a commitment to take on board views put forward in the consultation process.

- A means by which decisions emerge from an administrative process (in community engagement answers emerge from local people).

Consultation is also increasingly seen as offering just the one opportunity for the citizen or community to put forward information or views relating to a council proposal. Consultation as such does not contain within it the opportunity for ongoing dialogue either between the council and individuals or communities, or amongst individuals and communities themselves.

It can also, unintentionally, become a divisive process, highlighting divisions within the community rather than resolving them. The reason for this is that in the typical consultation, the council seeks views from across its community as a means of helping it arrive at a decision on an issue that may be quite controversial. There is an incentive for both supporters and opponents to treat the consultation process as something of a zero-sum game – it can be a process which will result in losers and winners, and the incentive for participants is to exaggerate the consequences if the council decision is not one which the participants support (New Brunswick 2008).

In contrast, a community engagement process can and normally will allow for a dialogue amongst the different interests within the community so that people have a chance to absorb new information, respond to different views and at least, in an ideal world, arrive at an outcome which everyone can accept.

Another important point to consider is the nature and scope of community engagement as compared with consultation. Consultation as conventionally understood within a local government framework is invariably focused on a matter for which the local authority has at least some responsibility. In contrast, community engagement may or may not be focused on something which is primarily a local authority responsibility. Rather, the focus of community engagement is best seen as enabling the community to make decisions regarding its future, including how any related actions or activities should be undertaken and people held accountable.

In this sense, community engagement may encompass interaction between the community and the local authority, and/or it may be interaction primarily between the community and some other tier of government.

For the purpose of this report, it is accordingly useful to draw a distinction between two roles for local government within the consultation/engagement spectrum:

- decision-making on matters ranging from high-level strategy, to micro-level service delivery, and

- supporting the community in developing its own capability to scope options and determine its preferred direction, whether or not the matter concerned is formally a local government responsibility. Within the New Zealand context, this can be seen as part of the council's role in promoting community well-being, and would certainly justify bringing within community engagement options such

as asset transfer to community-based organisations as a means of building the community's capability to address its own issues.

This distinction can be highlighted by considering briefly one of the most commonly used resources to support the role and practice of consultation, the International Association of Public Participation or IAP2. It offers the following spectrum as a comprehensive coverage of the participation environment:

Increasing Level of Public Impact →

	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
Promise to the public	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
Example techniques	▪ Fact sheets ▪ Web sites ▪ Open houses	▪ Public comment ▪ Focus groups ▪ Surveys ▪ Public meetings	▪ Workshops ▪ Deliberative polling	▪ Citizen advisory committees ▪ Consensus-building ▪ Participatory decision-making	▪ Citizen juries ▪ Ballots ▪ Delegated decision

Implicit in that model is that the 'decision right' on the matter which is the subject of the participatory endeavour belongs to the organisation which is undertaking the participatory activity. As such it excludes much of what, at a community level, would be seen as critical to the community's future.

Implications of this are drawn out below under the heading 'role and functions of local government'.

Next, in reflecting on the current consultation framework it is important to remember that it was introduced at a time when local authorities had virtually no obligation to consult, so that it actually represented, for the time, an important step forward. It was also introduced at a time when local authorities, both in New Zealand and in comparable jurisdictions, were seen as largely concerned with the traditional 'roads, rates and rubbish' role. The complex issues that now face localities, to the extent that

they were seen as a public sector responsibility, were largely thought of as the responsibility of central government.

Much of that has now changed. Local authorities have a statutory responsibility to promote community well-being. Internationally, councils are increasingly operating in an environment where it is recognised that much of what we need to achieve can only be achieved through effective collaboration amongst different stakeholders at a community level. We are in a world of complex interconnected issues which play out on a local rather than a national stage even though they may formally still look like being a central government responsibility (and in many cases should remain so at least on the funding side). This may not necessarily involve the local authority as a service deliverer but it certainly involves it as a facilitator, and the community's own principal resource, in the sense of having the necessary capability and resources for working through what are the important issues locally and what are the options.

Associated with this is a growing concern about the nature of consultation as a means of dealing with complex issues where attitudes across the community may vary, and critical information may be held by a range of different players outside the local authority itself.   Two recent New Zealand examples illustrate concerns about the nature of New Zealand consultation practice:

- At the 2007 Local Government New Zealand conference the chair of the Local Government Rating Inquiry commented that :

    o Current consultation with the community doesn't work – better, not more consultation needed.
    o The LTCCP concept is sound - but the process is constipated?

- In June 2007 the Department of Internal Affairs received a report which it had commissioned , *Barriers & Enablers to Participate in Local Government*, prepared by UMR Research. In a key paragraph the report's authors comment:

    o Respondents cited examples where they believed genuine consultation between council and residents had not occurred. For instance, consultation had taken place so late in the decision-making process that they felt their voice would not hold any sway, or at times the outcome of consultation was disregarded which was particularly damaging to further engagement. Sometimes consultation timeframes were so tight as to frustrate genuine consultation. These barriers drove to the heart of trust and confidence in councils and affected the confidence respondents had in engagement.

Community engagement and community development

Alongside the broad arena of community engagement is the rich vein of community development work that is taking place internationally and in New Zealand.

While a field in its own right, community development nevertheless has an important connection to community engagement, which is the support it gives to developing the skills and confidence to allow people and groups within communities to 'engage in engaging' – in other words, building the capacity within communities to enable them to participate in activities for improving their social and economic status. This is the work of community development and is as much part of the bigger picture of local government's interest in community outcomes as community engagement itself.

Role and functions of local government

A final and fundamental factor in scoping community engagement is in many ways the first: that is, how the role and functions of local government are seen. This is

important because the purpose of the community engagement project is to focus on aspects that:

- deal with issues where local government can make a unique contribution, and

- involve the local authority and other interests and agencies within the community working collaboratively.

An important part of this is the changing understanding of the role and functions of local government. Traditionally, local government was seen as being responsible for 'roads, rates and rubbish' - primarily an agency responsible for a range of infrastructure and related services focused on property.

That understanding has been undergoing very significant change. In New Zealand this can be seen in the rewrite of the statutory purpose of local government in the 2002 legislation (which itself followed changes which had already been put in place elsewhere, notably in England and Wales). By statute, the purpose of local government in New Zealand is now to:

- enable democratic local decision-making and action by, and on behalf of, communities; and

- promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

It is entirely consistent with this that local government should recognise as an integral part of its role supporting the community's capability to engage - internally within the community itself, or externally with other bodies ranging from central government to local government to the business or voluntary and community sectors. This follows from the fundamental nature of the shift the 2002 legislation put in place. The focus of local government was shifted by that Act from being primarily on councils as a subsidiary and statute bound form of government activity, to being primarily on communities, with the responsibility on councils to consider doing whatever was necessary to improve community well-being, broadly defined.

In England the report of the Lyons Inquiry into the future of local government has taken a similar approach to the role of local government, emphasising its crucial role in place shaping - helping create the environment desired by its community.

This shift in role and function is not a suggestion that infrastructure and other core services no longer matter – these are perhaps more critical now than ever. Instead it is a recognition that much of the purpose of governance in a modern state lies in addressing critical social issues which will play themselves out at a regional or local level rather than nationally, and which require building partnerships across localities to be effective.

PART 3: DRIVERS FOR COMMUNITY ENGAGEMENT

As part of setting the context, this section provides a brief overview of the main factors driving an increased interest in community engagement. Appendix 2 provides a more detailed discussion.

A review of international research and practice shows that there are a number of factors driving an increased interest in community engagement. The underlying motivators are a mix of concerns including:

- addressing the 'democratic deficit'

- improving the efficiency of service delivery through close engagement with end users

- enhancing public understanding of the constraints under which local government functions and creating the constituencies required to address some of the more complex social issues which local communities face.

It includes recognising that the scope of community engagement extends beyond engagement between public sector entities, - whether local or central - and the community, to engagement within the community itself and between the community and other stakeholders. This involves an acceptance that from the perspective of improving outcomes at the community level, drawing boundaries around the nature of community engagement, based on the stakeholders in any particular instance, misunderstands the nature of community and the holistic approach often required to address issues at the community level. It also draws what may be increasingly an artificial distinction between the formal role of local government in service delivery, and the facilitative role of local government in enabling community outcomes.

Consistent themes are:

- recognition of the limits on the ability of the machinery of government to tackle big, complex issues, hence the need to find a different balance between government and community that involves more players and more collaborative working;

- changing perceptions about democracy and the role of local government, along with a leadership role for local government in 'place-shaping'; and

- the search for new ways of tapping the knowledge and experience of people at the local level to improve services and better meet the needs and aspirations of local communities.

A fuller discussion of the various drivers is contained in Appendix 2. Here we simply note the main drivers in order to set the context for the remainder of this report:

The limits on government - in complex modern societies, neither central government nor local governments, operating on their own or in partnership with each other, have all the capabilities needed to resolve intractable economic and social issues. Engagement with the community in its different capacities is essential.

The changing role of local government - on balance public expectations of local government have moved from 'roads, rates and rubbish' as their principal focus to an expectation that councils will play an active role in promoting community well-being.

Government v governance - for many of the outcomes communities seek, it is no longer sufficient to rely on the formal institutions of government. A wider range of stakeholders need to be engaged in a broad process of governance, working collaboratively to achieve the community's desired outcomes.

Place shaping - 'quality of place' is an increasingly important factor in the competition for scarce skills as people emphasise livability as a critical factor in their location decisions. The place-shaping role of local government, with its locality-based responsibilities, is increasingly recognised as a key element in developing a community's competitive advantage.

Devolution - worldwide governments are focused on the level at which decisions are best taken, with an increased emphasis on the principle of subsidiarity: that decisions should be taken at the lowest possible level and as close as possible to those affected by the decision.

The 'democratic deficit' - strong local representation, including low ratios of residents to elected members, is now recognised as an important prerequisite for public trust in government because of what it means for ease of engagement between councils and residents. As a consequence, many jurisdictions are now revisiting the efficiency-driven emphasis on reducing the scale of representative government which characterised many countries in the 1980s and 1990s.

The impact of services at the local level - it is in the nature of local government services that they impact much more specifically at a very local level than central government services. This in turn promotes a growing demand for community engagement with just what is done, where and how.

Local expertise - it is local citizens who in many cases best understand their own communities, including what needs to be addressed and how.

Globalisation - paradoxically, as the world globalises, people increasingly value their own local places, hence the new term glocalisation.

PART 4: THE RATIONALE: WHY SHOULD NZ LOCAL AUTHORITIES ADOPT A COMMUNITY ENGAGEMENT STRATEGY?

This section argues that there are both economic and political rationales for community engagement.

Much of the debate in recent years on matters such as consultation and community engagement, especially as reflected in the research literature on the role and practice of local government, has reflected a growing interest in the differences between representative and participatory democracy. It is a debate which has opened up a wide range of differences, both ideologically and practically based, both as regards the role and function of local government, and how it should connect with its communities (for an excellent example of how complicated this debate has become, see the discussion in Lowery (2000) on the difference between the public choice theorists' approach to local government in the United States and the approach of the new consolidationists).

In preparing this report we have been very conscious of the need to produce a document which is user-friendly and accessible to a wide range of readers. We also recognised the importance of providing practical examples which have the potential to produce some immediate gains across local government. In terms of rationale, this has led us to focus on arguments in support of an enhanced approach to community grounded solidly in the practicalities of the economic and political realities facing local government, rather than on some of the more esoteric debates - even although these may also have relevance as part of a reconsideration of local government's role and function.

This has led us to distil the work of international researchers into a set of twin rationales – economic and political – which should address the concerns elected members may have about the relationship between theoretical frameworks based, for example, on the aspirational goals of community engagement activists, and the everyday challenges of delivering local government services within a fiscally constrained environment.

In New Zealand, the practical influence of these two rationales can be seen in the work of the Local Government Commission on the 1989 *Final Reorganisation Schemes*: in economic terms, the Commission's concern to ensure that there were close linkages between local government service delivery and the publics it served; and on the political rationale, the Commission's argument for the establishment of ward committees (which became community boards in the 1989 legislation) by devolving decision-making to representatives of communities within a district on matters of particular concern to those communities.

The economic and political rationale

In summary:

- **The economic rationale** is one based on public choice theory which sees local governance (including community engagement) as supportive of efficient service delivery, and the expression of citizen preferences leading to more efficient outcomes.

- **The political rationale** is based on notions of democratic citizen participation and representation - a normative view that local governance contributes to greater democracy better serving the interests of citizens.

Although these two rationales have quite different theoretical bases, in practice they can be quite complementary. Local governance that enables greater community participation in the policy process (more 'democratic' policy-making) should also support service delivery that is more sensitive to local needs and hence more 'efficient' in public choice terms.

In her work on neighbourhood governance Madeleine Pill (Pill 2007) expressed these twin rationales in a similar way.[2]

Rationale	Premise	Link to community engagement
Competence and coordination (The economic rationale)	Local people have expertise about their locality that can improve service delivery effectiveness and efficiency. Neighbourhoods as "sites of innovation" and "units of action".	More responsive services through tapping residents' knowledge and understanding. " Involving citizens in planning and implementing practices that affect them is seen as promoting better (as in more connected, co-ordinated and responsive) polices and programmes tailored to their needs and priorities." May increase the likely success of a policy or service (and minimise the risk of policy or service failure).
Democracy and devolution (The political rationale)	Public participation in planning and decision-making.	Fills the 'democratic deficit' left by formal electoral systems and administrative decision-making. Based on the principle of the rights of citizens to have some control over policies that will affect them. Taken to the neighbourhood level, "provides accessible, responsible and accountable decision-making where residents encounter the most tangible consequences of public decisions and have the motivation and knowledge to get engaged."

Broadly speaking, most examples of community engagement can be aligned with either or both of these rationales, thus putting some order over the diversity of community engagement theory and practice, and setting the scene for the practical examples set out in Part 5 below.

The current economic environment

There is a further factor which should also be recognised as part of the rationale for a stronger emphasis on community engagement, especially in terms of seeking out

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[2] Pill added two further rationales describing the more 'top down' approach to local governance in the UK: "steering" (devolution that occurs within the bounds set by centrally-driven policies and priorities, where central government remains the dominant influence) and "containment" (which is about managing deprivation in a deprived locality through programmes separate from the mainstream).

ways the community can contribute to the delivery of desired outcomes. This is the impact of the current economic downturn.

New Zealand, in common with much of the rest of the world, has just come through a decade in which incomes grew relatively strongly, and along with them the principal tax revenues (income and GST/sales tax). As a consequence, most governments enjoyed a stronger fiscal position than they had for many years. This made it far easier, especially in social service areas, for governments to rely on government interventions as the first and natural response to complex social and community issues - governments saw themselves as having both the mandate and the financial resources.

That has now changed significantly. In New Zealand central government has moved dramatically from a period of substantial fiscal surpluses to one of substantial fiscal deficits. The present government has made it clear it expects to be operating under conditions of austerity for at least a decade.

The practical implication is that central government's ability to write cheques to support programmes designed to address problems at the local or community level will be dramatically reduced at much the same time as the nature and extent of those problems seem set to increase (for example as the result of increased unemployment, and reduced incomes for those still in employment).

This will put an emphasis on moving from centrally designed interventions to initiatives developed locally, and drawing on local knowledge, networks and resources. To put it another way it will put a stronger emphasis on community engagement as a principal means of developing and delivering new solutions.

PART 5: COMMUNITY ENGAGEMENT IN PRACTICE: WORKING EXAMPLES FOR NEW ZEALAND LOCAL GOVERNMENT

In this part of the report we discuss practical options for community engagement in practice, which could be used by New Zealand local government.

We have drawn together a range of different tools, some from England, some from Canada, some from the United States, some from Australia and some local. In selecting these options we have been influenced by feedback from a number of local authorities which have contributed to this project that, to be useful, new modes of community engagement must:

- Be practical.

- Be clear and easy to understand.

- Have a strong value-adding element - for example, in terms of better use of council resources, or offering a means of cutting through difficult issues which would otherwise be hard to resolve.

- Be able to attract the support and involvement of elected members.

We have also been mindful that community engagement, in the current environment for local government, can serve one or more of a number of very different purposes including:

- Providing the council with additional information to assist in making a decision on something which is the council's responsibility.

- Helping resolve complex and difficult issues which have multiple and contending interests.

- Improving the quality and efficiency of service delivery.

- Strengthening local democracy.

- Building community capability.

- Enabling the community itself (whether a community of place, or interest) to better take responsibility for and manage aspects of its own environment.

For presentation purposes, it makes sense to divide the community engagement tools this report presents into two separate categories:

- Tools whose principal purpose is to **improve the quality of information** available to support decisions affecting the community, whether those are decisions taken by the local authority regarding its own actions, decisions on collaborative working between the local authority and other community stakeholders, or decisions taken by interests within the community itself but where the local authority can play a key facilitation role.

- Tools whose principal purpose is to **improve the quality of service delivery**, which may include strengthening local democracy and thus support for what the council is seeking to achieve, and its credibility in working with communities, or strengthening capability within the community itself to play a role in improving the quality of service delivery.[3] It may include the community itself taking the

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[3] Improvement in quality may result from a better match in understanding between the service deliverer and the service recipient, so that the service is more relevant to the recipient's needs; it may result from drawing on capability

lead, delivering services through community owned and/or managed assets or resources, and/or working in partnership with other stakeholders outside local or central government.

Some preliminary points are worth making:

▪ Much of community engagement practice takes place at a community level amongst different interest groups with no or minimal involvement from local government or any higher tier of government. Obvious examples include the role of faith groups in working with and supporting their congregations, service clubs, philanthropic trusts, and community-based initiatives such as cooperatives, trusts etc. The role of local government in relation to these initiatives may be relatively minimal.

▪ The emphasis on community engagement, with local government taking the lead, is most often on communities which, although they may be geographically defined, have no other formal structure or organisation.

▪ Typically, there is a substantial resource imbalance between local government (or any other tier of government), and community-based participants in community engagement. Local government will come to the engagement process with the support of the local tax base, and predominantly through the services of paid professional staff or contractors. Community based participants may have 'expert' knowledge of what happens in their own communities, but will lack the equivalent of the technical and financial resource base available to local government. This is an issue in at least two ways. First, resource constraints may make it extremely difficult for the community to put in the time and effort required to maintain its side of the engagement process. Secondly, it can undermine any declared purpose of establishing a partnership, when one partner has significantly more resources than the other, especially when that partner's resources can be seen as the product of a compulsory exaction on the other.

Tools to improve the quality of information

A new model for public engagement

In April 2008 the government of New Brunswick released the final report of its *Public Engagement Initiative* (New Brunswick 2008). The report describes a new role for governments in these words "Insofar as government policies and programs contribute to societal goals, it is safe to say citizens want government to use its powers and resources to the best of its ability. But increasingly citizens want something more from government. They want government to provide the kind of leadership required to get the whole community or province working together to achieve these goals. They want key players to align their actions in ways that combine to produce maximum effect."

The different approach to public engagement emerging from this work is summed up in the following eight basic points:

1. **The traditional view that government planning and policy-making should be the sole responsibility of government officials is too narrow and must change.** There is a role for the public in making choices, developing plans and taking action for the achievement of important social goals and government needs to sit down with the public and work it through.

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within the community enabling better and more effective use of resources; it may result from community input leading to a change in priorities, or the adoption of a different means of achieving a council objective.

2. **Government must learn to be a convener, facilitator, enabler and partner in the process.** This is a different role than the one it normally plays in traditional consultations.

3. **The public is not a monolith, but a complex entity made up of different subgroups,** including stakeholders, opinion leaders, ordinary citizens and communities, all of whom can and should be engaged for different purposes.

4. **If the public is a complex entity, so is public dialogue.** Different kinds of dialogues should be used for different tasks; and different subgroups are suited to different kinds of dialogue. At present, all these things get entangled in confused and confusing ways – sometimes intentionally. As a result, public dialogue is often far less ordered, coherent and disciplined than it could be.

5. **A more ordered, coherent and disciplined public dialogue is necessary if New Brunswickers are to meet the economic, social and environmental challenges they are facing.** Everyone has a role to play and we must work together. By adopting the right approach to public engagement the government could help stakeholders, citizens and communities work together more effectively with government to achieve important societal goals, while also strengthening our democratic practices.

6. **To effectively develop public policy or community-wide goals in response to complex issues, governments and communities must move beyond the traditional four-year planning cycle.** Community planning should be seen as a critical next step in the evolution of good government and governance. To accomplish this, communities must learn to:
   - plan together to set long-term priorities and societal goals that balance their economic, social and environmental needs and interests;
   - form practical plans to achieve these goals; and,
   - work together to implement the plans and solve problems that arise along the way.

7. **Technology, and in particular web-based and wireless tools and applications, can help governments extend the scope and reach of public engagement.** Web-based and wireless tools enable us to transfer the dialogue from the face-to-face conversations to an online discussion. This is important because, in our model, people need time to think through the ideas. It is too costly and time consuming to keep bringing people together face-to-face for this kind of in-depth discussion. Web based and wireless technologies are a welcome alternative.

8. **Public engagement requires strong leadership, but that leadership must come at least as much from the bottom-up as the top-down.** Without the right leadership the project will quickly stall and fail. We need leaders who are ready, willing and able to challenge the public to assume ownership of, and responsibility for, solving issues.

The New Brunswick report sets out three basic ways in which dialogue can assist in dealing with complex issues. It can:

- Align various groups behind a common goal;
- Change public attitudes and behaviour; and
- Make important choices about the future.

These are all necessary if we are to address complex issues, but all difficult to achieve within conventional consultative processes. For a local authority interested in new ways of engagement, the immediate question is what would a dialogue process look like. The Canadian suggestion is a three stage process described as:

Stage I opens the dialogue by asking participants to explain their views on an issue. This is the natural starting point for any real dialogue. We all need to hear each others' point of view. This gets differences of opinion on the table and lets us identify the issues we will need to work through in Stages II and III, if the process is to arrive at solutions that are acceptable to everyone.

Stage II takes us to the next step. Once positions are on the table, differences will appear. We deliberate and try to find common ground. Ideally, this culminates in decisions that bring the participants closer to a shared position.

Stage III shifts the focus again, this time to action. Once a decision is made, we must work together to develop an action plan and then implement it.
We call these three stages of the dialogue process the engagement continuum. It is represented as follows:

It also recognises different types of dialogue, making the very important point that you need to know what kind of dialogue you are embarking on if you want to get good results. It identifies five types:

Citizens and the Visioning Dialogue. This is a dialogue about the goal or goals which the community and the council should be setting.

Stakeholders and the means-ends dialogue. We know what our goal is; what we do not yet know is the best way or ways of achieving it.

Citizens and the Action Dialogue. Again, we know what our goal is; a challenge is how to move people from acknowledging the goal to achieving the goal (how do we get the community to change their behaviour or attitudes).

Opinion Leaders and the Community Leadership Dialogue. The focus of this dialogue is on how to engage leaders within the community - not as agents for the local authority, but as independent people whose status can be an important asset in helping achieve a desired goal.

The Community Dialogue. This is a dialogue with community members (whether a community of interest or a community of place) around a matter of concern both to the local government and the community.

Relevance for New Zealand

For a New Zealand local authority, this brief overview of the new Canadian approach to public engagement, based on dialogue, can make the process seem very long drawn out and time-consuming. The first point to make in response is that the dialogue process is focused on working through to achieve an outcome which is broadly acceptable and is likely to hold over time. This is a marked contrast to what can often happen as the consequence of the standard consultation process – because there is no means within that for resolving differences, other than taking a formal decision, opposition may continue and indeed strengthen. It is the trade-off between doing something relatively slowly but getting an outcome which works, and doing it quickly but with an outcome that may not work and indeed may deepen divisions.

The second response is that the dialogue process is not just about getting an outcome from particular issue; it is also about building trust within the community so

that, over time, it becomes easier for the council, and the various stakeholders or interests within and beyond the community, to work through complex issues and arrive at an acceptable position.

The Canadian report itself contains five examples of the public engagement process at work. It is worth reading in full to gain an understanding of the benefits which come from this different approach and its potential for strengthening both local democracy, and the legitimacy of individual decisions.

We look now at two Australian and two New Zealand examples which come broadly within the spirit of this new and different approach of working collaboratively with communities through a dialogue process. The examples are:

- Community planning in Golden Plains Shire
- Port Phillip's community summit
- Palmerston North's informal community meetings
- Waitaki District Council's older persons' forum.

Community Planning: Golden Plains Shire

Golden Plains is a substantially rural council in the State of Victoria lying between the regional centres of Geelong and Ballarat. Its district includes more than 20 small townships.

Golden Plains has developed a practice of community planning, under which members of the community themselves determine what the priorities for the community should be.

The council's website briefly describes the approach in the following terms

> "The Community Development Program engages residents and local communities in planning for their future. The program assists community members to work together to:
>
> - Identify needs, issues and opportunities
> - Decide on the priority actions or projects
> - Establish groups they will work with to achieve agreed goals
>
> Twenty communities have developed their own community plans with the assistance of a community development facilitator. These plans have become one of the most important planning tools, with each community identifying what it needs or requires to meet the challenges of the future."

The community planning process was covered in more detail in a presentation to the Municipal Association of Victoria's 2007 Future of Local Government Forum (available at http://www.mav.asn.au/CA256C320013CB4B/Lookup/Golden_Plains_Presentation/$file/Golden%20Plains.pdf)

Amongst the basic principles set out in that presentation were:

1. Communities owning the 'Township or Community Plan'	• Confirming interest • Generating energy and ideas • Creating a 'Township/Community Plan' • Determining Priorities • The final 'Township Plan'
4. Maintaining Council's investment and commitment	• Respecting community ownership • 'Hands off' approach by local Councillors • Building goodwill through collaboration • Communication systems • Supporting 'quick wins' • An open approach to conflict • Acknowledging effort and achievement • Shared celebrations

West and Raysmith (2008) report on research into community planning within nine Victorian local authorities including Golden Plains. Their assessment is somewhat more measured, recognising that there are still very significant obstacles to achieving the goals of community planning. They include process issues - the outcomes of community planning are often taken over by the local authority and then fed into its own planning without further community engagement - and issues around legislative definition and the role of state government. Currently local government legislation makes no specific provision for community planning. Nor are state government arrangements well aligned to dealing with the outcomes of community planning, especially if doing so requires a response across a number of different state agencies.

They conclude that:

> Community planning is part of a much wider public policy agenda that seeks to strengthen communities, resolve complex social issues, and modernise government. It is also a mechanism for enhancing participatory or deliberative democracy within the context of representative democracy.

> Our research shows that community planning as a process, has been embraced and is widely supported. It has the potential to build communities, build trust, tap community resources and resourcefulness and leads to better informed citizens and local governments (Carley 2004). The methodology of community engagement, consultation and planning, together with issues of empowerment and partnership are constantly evolving and the case studies show that community planning has many benefits (West and Raysmith 2007).

> Giving people a say in creating a vision or identifying local priorities is important, but doing something about what has been said will make the most difference. The research reveals that the nexus between community planning and the implementation of community priorities is problematic. The links between community and council planning and between council planning and broader policy and resource allocation are weak.

The last comments go to the heart of what is required to make community engagement effective. Councils considering initiatives such as the Canadian approach to public engagement, or community planning, should think of how they approach engagement as being akin to a contract with the community. This includes being clear about what the council proposes, how it will perform, what it will do in response to community input, and how it will be held accountable. For example, if the Council agrees that it will accept whatever recommendations the community puts forward on the development of local facilities, local street works or other

improvements, or some other matter important to the community, then it should do so regardless of what councillors or staff think about the recommendations.

If the council is worried that the community may put forward proposals which exceed the budgetary provision the council has available, or conflict with other council policies, the time to address that is when the process is first being put in place - as part of the 'ground rules' for community planning and not as an afterthought when the council sees the outcomes

Community Summit: Port Phillip City Council

This presents a somewhat different approach within the general spectrum of community planning - a one-off but well resourced town hall meeting to set the direction of the city for the next 10 years. Port Phillip is a relatively wealthy inner-city Melbourne local authority.

One of the engagement initiatives which this Council adopts is a 10 yearly Community Summit, the purpose of which is to identify the community's priorities for the city's ten-year community plan.

The community summit discussion guide put out by the council, and available at http://www.portphillip.vic.gov.au/attachments/o28386.pdf describes the purpose as follows:

Why are we having a community summit?

Back in 1997, following amalgamation of the cities of Port Melbourne, South Melbourne and St Kilda, the City of Port Phillip worked with the community to develop a 10-year Community Plan.

It's now time to develop Port Phillip's second Community Plan – 2007 to 2017. The community summit on April 28 is a way to bring all sorts of different people together to discuss, listen and learn from others about what the shared priorities for the next ten years will be. We need a new 10-year Community Plan to describe the way we want to see the city develop as its population increases and its popularity to visit also increases.

The process involves a facilitated town hall meeting which the discussion guide describes as:

What will happen on the day?

The day will focus mainly on roundtable discussion among participants rather than speeches. Participants will be discussing the range of views at the table on a series of topics and possible options for action. But you won't just be talking – you'll also be listening and responding to the views expressed by others.

Table discussions will be helped along by a trained volunteer facilitator. Each table's ideas will be sent to a central coordination group who will collate the results and present them back to the entire room for review and continuing discussion. Participants use individual keypads (just like the audience does in television shows like "Who Wants to be a Millionaire") to record their opinions on priorities and actions. So everyone gets to know what is happening in the whole room, not just at their table.

Councillors and senior Council staff will be taking part and will respond at the end of the day. A report setting out what people have agreed to (both in terms of priorities but also next steps to ensure things happen) will be given to participants as they leave.

It is a process which invites the community to focus on a few 'big issues' rather than the full A-Z of everything which the council is or could be engaged with.

As part of the preparation for the Community Summit, the council had undertaken a community survey in 2006 which identified the community's five priority topics. The purpose of the Community Summit was to determine the top three priorities for action within each of the five agreed topics. The council's commitment, stated on its website, is that those 15 priorities will guide the development of the ten-year community plan.

There is a sense in which the Community Summit process could be seen as very much guided by the council but:

- The five main topic areas were identified through a community survey which appears to have been reasonably robust.

- The Town hall meeting itself was attended by some 3000 people, and the facilitation process was designed and run to ensure that the views which came through were those of the people attending the meeting, rather than those of the council itself or its staff.

Certainly, the process compares favourably with New Zealand's community outcomes process, with the advantage that the Port Phillip community had a clear commitment about how the deliberations at the town hall meeting would guide the future activities of the council.

Informal community meetings: Palmerston North

Beginning from January 2008, the Council holds quarterly informal community meetings in each of its six wards.

The council's website states that:

> The meetings provide an opportunity for discussion between Ward residents and the Council on matters affecting Ward residents.

Key features of the meetings are as follows:

- They provide opportunities for the residents of the city to engage with the Council, enhancing a two-way flow of information and ideas.

- They are "informal" in the sense they are not part of the Council's formal committee structure, and therefore the procedure is not bound by the Local Government Official Information and Meetings Act 1987, nor are they subject to the Council's Standing Orders.

- They are chaired by Councillors from respective areas or wards of the city, who then report back outcomes of the informal meetings to the relevant Council committee(s).

The council has made a 'rapid response' commitment that each matter raised at a community meeting will receive a response, via the Council's website, within four days. The website shows that each issue raised at each of the last round of community meetings has received a response, often quite detailed. This initiative has the appearance of a very effective means of achieving quick responses on matters which are bothering members of the community. One obvious advantage is the combination of some structure (meetings take place at known and regular intervals; councillors chair them and have a commitment to following through) and their relative informality.

This initiative appears to have some parallels with recent changes in English local government practice, including the greater emphasis on the role of the ward councillor as a channel of communication between ward residents and the council itself.

Relevance for New Zealand

It will be interesting to watch how this unfolds in a New Zealand environment, including whether New Zealand local authorities are prepared to adopt the equivalent of the community challenge which allows a ward councillor to require a council to review a matter, or give the ward councillor some budgetary authority over expenditure within the ward to be exercised in consultation with the community - and the community meeting could provide a useful means for this. Certainly, Palmerston North has instituted a very worthwhile initiative in terms of making it easier for ratepayers to get responses on matters concerning them which might normally have simply got lost within council administration. It is also an initiative which should assist the process of maintaining strong connections between elected members and the people whom they represent.

Palmerston North has also instituted a system of centralising the receipt of all councillor enquires. One staff member tracks all local enquires/issues received from elected members that relate to local problems raised by constituents. These are tracked to ensure that issues are responded to within 24 hours (urgent status) or 5 days (non-urgent status). Failure to achieve these response times results in the respective issue being escalated within the line management structure. The council reports that this simple system has resulted in improved communications between elected members and their constituents and has improved the responsiveness of Council overall.

Positive Ageing Forum: Waitaki District Council

The council has recently established a Positive Ageing Forum to provide a focal point for older members of the community and service providers to this sector. Its terms of reference and structure as set out in the paper which went to council are to:

- Enable the gathering of a wide sector of this community of interest to focus around topics that are specific to their sector

- Provide a specific perspective in relation to wider community issues

- Act as a clearly defined consultative body for Council

- Provide a clear conduit and point of access from this sector to Council and its processes

- Enhance the collaboration of existing networks within the community and the development of a unified voice

- Enhance the community's access to health, social service and recreational providers

- Increase the efficiency and timeliness of information delivery to the sector by Council, other government agencies and the wider service provider network

- Identify and support any specific project or training needs particular to this group

- Improve delivery of projects, programmes and initiatives for this group.

- Act as a link between the Waitaki community of older people and the national Positive Ageing Strategy.

Quoting the Council on the forum's structure:

- It is proposed that this forum consist of older people and community, social service, recreational and church groups that service the needs of this group.

- That they meet on a quarterly basis, and that a smaller group nominated by their peers meet on a monthly basis.

- This smaller group would consist of representatives from, but not limited to, the following sectors disability, health, education such as Senior Net, and community groups such as Age Concern and/ or Grey Power.

More than 20% of the population within the Council's district are aged 65 years or older. In this respect, the Council is amongst a group of New Zealand councils who already have a proportion of their population over 65 years at or around 20%.

This raises major issues, especially in the medium to long term, associated with health care costs, housing, access to services, mobility, community safety and much else besides. This is happening in a context in which, from research evidence, it appears that people aged 65 years or older are some three times more likely to vote in local government elections than people aged 35 years or under. This puts a very real emphasis on finding ways of working effectively with older people which balance their reasonable demands for services with the community's ability to pay, including finding innovative means of sharing the burden between the community (local or central), and individual older people.

The Council has developed a terms of reference which enable it to cover most or all of the matters of significance likely to arise in respect of its older population, and has created a structure which should bring together virtually all of the key stakeholders. It is a model which could be replicated by other councils (note that Waitaki is not the only council to have established an older person's forum although it has probably gone further than most in the scope of the coverage it contemplates).

The issues for community engagement

The principal issue which will confront both Waitaki, and other councils going down this path, is to ensure that their actions meet the expectations they have raised. Establishing an older persons' forum amounts to an implicit commitment to treat it as a respected source of input into council decision-making, and as the basis for a form of partnership with the council's older community. A failure to deliver on that implicit undertaking will almost certainly have political consequences, especially given the increasing emphasis within New Zealand's older population on organising to forward their collective interests. Indeed, in this respect, the establishment and effective working with an older persons' forum can be seen as a form of risk management.

Tools to improve the quality of service delivery

The section considers a range of tools all of which focus on actual service delivery ranging from community involvement in decisions about expenditure priorities within local area budgets, to community based management of council assets, to the potential for changes in ownership and management to deliver improved performance and wealth enhancement for the benefit of communities, through to community-based initiatives designed to address community concerns such as affordable housing, employment and economic development, and social inclusion.

One common theme runs through all of these examples. It is that in today's environment local authorities will be much more likely to embrace community engagement initiatives if there is a reasonable expectation this will result in better use of council resources, and better community outcomes at the same or a lesser overall cost.

The initiatives considered are:
- Participatory budgeting
- Asset transfer
- Co-production
- Social enterprise

- Community land trusts
- Community development corporations
- Community centres.

Participatory budgeting

The English government has given the encouragement of participatory budgeting a high priority, with a government ambition that participatory budgeting should be used in all local authorities by 2012.

The 2008 Local Government White Paper has this to say of participatory budgeting:

> "Participatory budgeting involves people in making decisions about how sections of local public budgets are allocated and invested. Originating among the poorest communities in Porto Alegre, Brazil in 1989, the system has been used in 300 cities with 12 million people. The Government currently supports the Participatory Budgeting Unit, a project of the Church Action Group on Poverty, to encourage the spread of participatory budgeting in England.

> "Participatory budgeting helps to develop the skills, experience and confidence of those involved. It helps to bring people together across divides of race, age, class and background to build a stronger community and engenders greater understanding of the complexities of local councils' decision-making, including compromises and trade-offs. The decisions taken can be better tailored to local needs because local community views are built into the process from the start, and the process enables local councillors to adopt a position of strong community leadership. It is important that socially excluded groups are not marginalised in the development of these approaches and that their inclusion helps to inform and balance community decision-making."

The emphasis is not just on democracy as such, but on building capability at a community level. Other potential advantages include:

- Tapping into the community's knowledge base about what could be achieved, and gaining the community's positive support including contribution of time and expertise.
- Helping communities understand the fact that local governments have constrained resources and continually face trade-offs in terms of what expenditure commitments they make.
- Strengthening local democracy through building public trust in the local authority and better linkages between people at a community level, and elected members and staff of the council.

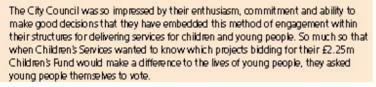As the following case study shows, there is a real scope for innovation:

It is important not to see participatory budgeting as an easy option for improving community engagement. There are a number of preconditions which must be satisfied. They include:

- Setting local budgets which are realistic, and apply to a recognised community of place.

- Selecting activities to which people can readily relate, and which do not require a high degree of expertise to comprehend.

- Working with communities of place to raise their awareness of the opportunity to engage, including the potential benefits for the community.

- Supporting the participatory budgeting process with good, timely and user-friendly information on possible options. For example, if the local budget is concerned with minor street works, the community in the participatory budgeting process will need access to good information on the costs of different options. This requires that engineering and finance staff from the council not only know the information required, but can communicate effectively to people who may not be used to dealing with either engineering or financial information.

Asset transfer

This can be seen as another capability building tool, as well as a way of strengthening local democracy, and making services more relevant and accountable. It is also, properly managed, a tool for improving the use of community assets and the quality of the services delivered through them.

The UK government has adopted an objective that:

"in every locality a proportion of all public assets are in the ownership or management of sustainable and energetic community organisations".

Its vision is that:

> Where local asset management and ownership works well, it can create a new cadre of active citizens, owning, directing and running a service as well as providing good value for money for local authorities and other public bodies. It can support the creation of new co-operatives, mutuals and social enterprises which are responsive to local needs, reflect local ambitions and which generate loyalty from the local community.

It has established a specialist Asset Transfer Unit with responsibility for developing demonstration projects, and building capability.

There are rough parallels with New Zealand examples, for example, the creation of standalone trusts to run recreational facilities, public libraries, and other community-based assets. The principal difference is that the emphasis in England is on using asset transfer as a means of building capability within the community, as opposed to the New Zealand approach which has been more one of establishing 'fit for purpose' governance of activities by bringing in people who have both relevant expertise and a specific commitment to the activity concerned.

The English emphasis is on strengthening local democracy through growing peoples' capability to take part in the governance of community based activities. Part of the context is a growing concern that the majority of elected councillors are drawn from a very narrow spectrum of the community - they are atypically white, middle-class and older than the majority of their constituents.

New Zealand examples of asset transfer

New Zealand already has some experience of the benefits of asset transfer or, occasionally, the creation of new services through community based trusts and other organisations. As examples:

Hamilton City Gardens

Hamilton City Gardens are owned by the Hamilton City Council but benefit from the activities of 15 individual trusts committed to fundraising for and supporting different themes in the gardens themselves. This provides the council with a very strong support base, expertise and funding (see: www.hamiltongardens.co.nz).

Horowhenua Library Trust

This charitable trust is responsible for the management of Horowhenua District Council's libraries which it does under a multi-year contract (see http://www.library.org.nz)

The library trust reports the main benefits of this arrangement as:

> In Horowhenua, library users have benefited from more money being spent on new books, libraries open for longer hours and extensions to the premises of one of our libraries. But the biggest advantage is a different attitude. We now have a more empowered approach to library service - if something is worth doing, we find a way to get it done.

This claimed benefit should not be underestimated. One conclusion from the review of successful arm's-length entities, undertaking activities which were previously carried out by councils in house, is that the change to an external but community-based entity, with governance drawn from the community on a 'fit for purpose' basis can significantly change the operating environment. It is both the fact that the people responsible for the facility are specifically committed to it, and the absence of the regulatory and compliance burdens which often weigh down local government activity.

Wellington City Council

Wellington City has made quite extensive use of incorporated charitable trusts as a means of managing important cultural, artistic and recreational facilities. As examples:

The Wellington Zoo Trust

- manages the zoo
- runs an education centre to educate the community on zoology and conservation
- supports conservation initiatives
- was established as a charitable trust in 2003

The Wellington Museums Trust

- manages Trust facilities
- acquires museum collections
- sets up exhibition programmes and educational policies for Trust facilities
- ensures Trust facilities compliment those provided by Te Papa, the Museum of NZ
- cooperates with related facilities in the Wellington region

Trust Facilities

- Capital E
- Museum of Wellington City and Sea
- City Gallery
- Colonial Cottage Museum
- Cable Car Museum

The City Council remains the owner of the various facilities but the trust structure allows it to bring in highly experienced people committed to the effective governance and performance of the facilities themselves, rather than, as with councils, a commitment spread across the entire spectrum of City Council activity. It also facilitates fundraising, and gives the management of the various facilities direct access to committed governance. It also serves a useful purpose in building community support as the trustees of the various trusts in practice act as ambassadors for the facilities themselves.

Issues in asset transfer

As these three New Zealand examples have shown, there can be a number of different motivations for using the asset transfer or arm's-length entity approach to the management and/or ownership of community facilities. They include:

- Placing an activity under 'fit for purpose' governance.

- Making better use of council resources.

- Building community and other support, especially for fundraising.

- Capability building - providing opportunities to develop governance skills within the community.

- Realising the full commercial potential of council assets, skills or intellectual property. This may include shifting inherently commercial activities away from the non-commercial aspects of local government compliance requirements.

Asset transfer should not, however, be regarded as something of a 'magic bullet' for improving the performance of council activities or the efficiency with which council resources are used. Experience both in New Zealand and elsewhere shows that considerable care is required both in deciding what the council's objectives might be, and in the design and implementation of the asset transfer option.

As a first general point the council needs to be clear both about what it is intending to achieve and in communicating that effectively to the other parties who will be involved. As an example, some years ago a New Zealand local authority decided that the best way of dealing with a major deferred maintenance issue with an iconic recreational asset was to transfer it to a charitable trust in the expectation that trustees would be able to raise the substantial funding required. However, the council failed either to brief the trustees, or give them the information they needed to know that there was a major deferred maintenance issue. The result was a two-year stand-off as the trustees refused to accept responsibility for deferred maintenance and the council gradually came to accept that it had to deal with pre-transfer liabilities. A review of this experience led to a recommendation that any major asset transfer from a council to an arm's-length entity (whether a trust or not) should incorporate proper due diligence so that both parties would know the true state of the asset or activity being taken over, and how any pre-transfer liabilities or other issues (obviously including staff) would be handled.

Other issues which need to be addressed include:

- Public perceptions - how will the proposal be seen by the council's public? Note that there still seems to be a deep-seated resistance within the New Zealand community to the idea of privatising public assets. This suggests using trusts rather than companies if the same overall objectives can be achieved.

- Capability - is the necessary capability present in the community or can it be developed? This is particularly important if the main purpose of the asset transfer is to give the community an opportunity for closer involvement in the management of a local asset (perhaps a community centre, perhaps a local recreational facility, perhaps an older persons' housing portfolio).

- Structure - should the entity receiving the asset transfer be a council controlled organisation? CCOs are not universally favoured for reasons including the fact that their accounts need to be consolidated with those of the council, which can blur issues of accountability, and the powers which councils have to intervene arbitrarily in governance through the statement of intent provisions of the Local Government Act. On the other hand councils can be reluctant to transfer major assets to organisations over which they have no formal control. There are now effective means of resolving this dilemma. The asset transfer process can be staged, commencing with a transfer of management only and then perhaps progressing through a lease arrangement to ultimate transfer of ownership. Transfer of ownership itself can be used as an ongoing control mechanism. Rather than 'gifting' the asset, it can be sold for value with the purchase price left owing as an on demand interest free debt callable only if the entity fails to meet agreed KPIs. Governance can be handled through the use of an electoral college process. An option is to provide for the council to appoint initial trustees or directors, with subsequent trustees or directors to be appointed through an electoral college constituted by the council under powers set out in the entity's constitution.

- Funding - unless there is a shared expectation that the entity receiving the asset transfer should be able to generate its required revenue through user fees or other non-council sources, the council should be clear on its funding commitment, and the conditions under which that commitment might change. It is important to avoid any possibility that the asset transfer is simply a 'dumping' on the community to minimise council expenditure.

- If the effect of asset transfer is to pass over control of an asset and the delivery of associated services to an entity which has no ongoing connection with the council, is this truly community engagement rather than simply a form of divestment? There are likely to be very few occasions when transfer of an asset completely ends any relationship between the council and the services associated with that asset. It is much more likely that there will be ongoing relationships, perhaps through a funding or procurement relationship, perhaps through the nature of the transfer itself which will seldom be absolute at least in the first instance (especially where capability building is an issue, asset transfer is much more likely to commence with a management contract or lease. Even when the asset is transferred absolutely, good practice suggests that the purchase price should remain owing with conditions attached including KPIs that support the council's objectives in entering in to the transfer arrangement).

Co-production

Here we simply note the emergence of a new way of thinking about service design and delivery. The following is an extract from a 2007 paper from the Institute of Local Government at the University of Birmingham (Bovaird 2007) developing a conceptual framework for considering the role of co-production:

> Whereas traditional public administration saw public servants acting in the public interest and New Public Management suggested ways in which service providers could be made more responsive to the needs of users and communities, the co-production approach assumes that service users and their communities can — and often should — be part of service planning and delivery. This is a revolutionary concept in public service. It has major implications for democratic practices beyond representative government because it locates users and communities more centrally in the decision-making process. Moreover, it sheds light on the way emergent strategies are developed at the front line in public services. Finally, it demands that politicians and professionals find new ways to interface with service users and their communities.

In a recent presentation, the author gave some examples of co-production as:

Different types of co-production	
Co-planning of policy	e.g. deliberative participation, *Planning for Real, Open Space*
Co-design of services	e.g. user consultation, *Smart Houses*
Co-commissioning services	e.g. devolved grant systems, *Community Chest*
Co-financing services	fundraising, charges, agreement to tax increases
Co-delivery of services	expert patients, volunteer firefighters, *Neighbourhood Watch*

Social Enterprise

A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than driven by the need to maximise profits for shareholders and owners. There are at least 55,000 social enterprises in the UK, with a combined turnover of £27bn per year.

The social enterprise sector is seen by the UK government as an important partner in building a fairer society and stronger economy. Its Social Enterprise Action Plan identifies four ways in which social enterprises play a part, by:

- Meeting social need using business success for social or environmental ends and providing opportunity and skills for marginalised groups.

- Encouraging ethical markets, driven by ethical consumerism and through pioneering ethical practice such as fair trade.

- Improving public services, through shaping service design and pioneering new approaches.

- Increasing enterprise by attracting new entrepreneurs who want to make a difference to society or the environment, and encouraging more women, under-represented groups and young people to start their own businesses.

According to the 2008 Local Government White Paper, the government's interest in encouraging the growth of social enterprise appears to be very much in the areas of community regeneration, social housing etc., and in creating economic opportunities for relatively disadvantaged people. It states its objectives as:

> [the Department of] Communities and Local Government wants communities to benefit fully from the skills, knowledge and expertise of social enterprises. A new **Social Enterprise Unit** is in the process of being established that will champion the role of social enterprise models in delivering Communities and Local Government's strategic objectives, by recognising their contribution in areas such as housing, regeneration and creating empowered and cohesive communities. Supporting social enterprises to empower communities and local residents is a key theme of the new Empowerment Fund, details of which are published alongside this White Paper.

The White Paper also suggests that local authorities can encourage the development of social enterprises through their procurement policies, arguing that currently it is difficult for social enterprises to break into the local government market. Although clearly in England the intention is that local government should play a significant role in the encouragement of social enterprises, as part of community engagement, in New Zealand this might be seen as just as much a central government obligation given its more prominent role in areas such as housing and social disadvantage, and thus greater scope to support community-based initiatives through well-designed procurement policies and practices.

Despite the 'politically correct' nature of the UK government's current emphasis on social enterprise, there is good evidence that this approach has a very real place in making better use of council assets, and improving service delivery. One brief case study will illustrate this:

Greenwich Leisure Ltd

In 1993 the London Borough of Greenwich was required to make very substantial budget cuts. One area in which it looked for savings was its leisure activities. The conventional approach would have been to cut back its investment in the management of leisure facilities. Instead the council decided to convert the leisure management activity into a separate business. The form chosen was an Industrial and Provident Society - a not-for-profit entity controlled by its employees with council support coming through its procurement policy – by purchasing leisure management services from the new entity.

It commenced business operating seven leisure centres all on behalf of Greenwich Borough Council. It has grown to become one of the largest leisure management businesses in the United Kingdom, providing management services to a number of local authorities, operating more than 70 centres, employing in excess of 4000 staff and winning a number of national awards for service and quality.

The council has benefited significantly as the success of Greenwich Leisure Ltd has underpinned the establishment of additional leisure centres within Greenwich, as well as the provision of a wider range of leisure services and the business itself has become a significant employer.

Australia provides another interesting example of a social enterprise, especially relevant for councils which are interested in promoting energy efficiency.

Moreland Energy Foundation Ltd (MEFL)

MEFL is an independent not-for-profit organization established by the Moreland City Council, with the proceeds from compulsory privatisation of its municipal electricity undertaking, to help reduce greenhouse gas emissions across the municipality.

MEFL works with households, businesses, schools and community groups helping to:

- reduce wasteful energy use
- save money on power bills
- make buildings more comfortable to live and work in all year round.

This work is done through:

- advice, training, consultancy services and advocacy work
- cheap and easy energy-saving tips, resource guides and info kits
- Five Star Home Renovator's Service
- detailed energy audits and recommendations.

Moreland municipality is on the inner-city fringe of the city of Melbourne, Australia. The foundation works on climate change and energy initiatives with other councils in its part of Melbourne. One of its recent initiatives, working with Darebin City Council, is Community Power, a partnership with Origin Energy to supply green power (see www.communitypower.org).

Opportunities for social enterprise

The success of Greenwich Leisure Ltd is partly due to fortunate circumstance - the combination of an opportunity created by pressure on the borough's leisure activities, and the presence of key people who had the vision and capability needed. It also reflects the potential which exists within many council activities to operate them more effectively and efficiently by placing them in a business structure - not necessarily a for-profit structure, but one or other of the not-for-profit options available such as trusts or employee owned organisations.

In New Zealand there are signs of a social enterprise approach emerging in areas such as housing (the Queenstown Housing Trust), and in trusts to make better use of council assets (the Opotiki Community Trust).

The key combination for success when the council takes the initiative in developing a social enterprise is typically a council asset or service which is underperforming (perhaps because of the impact of the compliance costs and decision-making constraints which councils face), and individuals with good commercial skills who are prepared to make these available for the benefit of the community.

This report's description of social enterprise can make it look very much like a subset of asset transfer. Technically this may be the case in the sense that the social enterprise begins with the transfer of an existing business or asset from a council. The difference lies more in the purpose of the transfer. Generally the following conditions will apply where a social enterprise is seen as the preferred solution:

- The activity or asset involved is best managed in accordance with commercial principles.

- There is recognised potential through the creation of a social enterprise to grow the business, with attendant benefits for employment and potentially return to the community at large.

- The council itself is not the ideal owner, perhaps because the commercial decision-making requirements for the activity do not fit well with council decision processes, perhaps because it does require a measure of commercial risk taking inconsistent with the role of a council, perhaps because people with the technical and managerial skills required may be reluctant to work within a council environment.

The next two initiatives are both examples of approaches which are also inherently social enterprises, but where the leadership has come from within the community, rather than from the local authority. Both examples are drawn from international experience, but both have immediate relevance for New Zealand in relation to affordable housing and economic development respectively.

Community land trusts

Over the past 20 years or so the United States has seen the emergence of a new approach to addressing housing affordability, the Community Land Trust. The model is based on the assumption that the critical issue in housing affordability is land cost and that the appropriate response is to take land 'out of the market'.

The Canada Mortgage and Housing Corporation, in an overview of community land trusts in North America, observes that CLTs are based on "the notion that land is not a commodity, but a fundamental resource in which the community as well as the users have interests. CLTs see themselves as performing a stewardship role over the land on behalf of the community."

In the United States, CLTs are supported by a national non-profit organisation, the Institute of Community Economics, which defines a CLT as an organisation which must meet these conditions:

- Be incorporated as a non-profit.

- Have a membership open to all residents of the community.

- Have a board of directors elected by the membership, and that allows for separate representation by residents and non-residents of trust lands.

- Have as its purpose providing access to the land and housing for low-income people.

- Hold title to the land in perpetuity for the benefit of the community.

- Allow for ownership of the buildings on the land, subject to limits keeping the property affordable for future lower-income people.

CLTs have often worked closely with local government, receiving part of their land bank by way of transfer from local councils as part of their promotion of affordable housing. The model is now also gaining a foothold in England where it is common for local authorities to facilitate the establishment by permitting zoning changes, enabling residential development, which would not have been granted for normal private sector owners.

Affordability is commonly addressed through means such as selling the house but not land, with the land leased on a peppercorn or other non-market rental, and with the owner under an obligation to offer the property back to the CLT when it is sold so it can then be re-offered as an affordable house. Eligible purchasers are people whose income and assets meet predetermined limits.

It is an option which is attracting interest in New Zealand also. The Queenstown Housing Trust is partly based on CLT principles. One other local authority is in the process of supporting a local affordable housing trust by making developed sections available to it for the construction of housing targeted to households too well off to qualify for social housing assistance but not well off enough to purchase housing on the open market. Both trusts will make housing available to households who qualify through a combination of income and employment in defined sectors in the local economy as part of a strategy to attract and retain key workers.

Council support will be provided through means designed to ensure ongoing commitment to affordable housing, including the use of the interest-free on demand loan tool incorporating KPIs to meet the council's objectives.

Community development corporations

Community development corporations (CDCs) have developed, initially in the United States, as an important means of applying commercial and entrepreneurial skills to community issues. They have been particularly successful in the areas of affordable housing and employment generation.

Their success has been partly dependent on the web of subsidies and regulatory support both federal and state governments in the US provide for activities such as affordable housing, and small business, as well as regulatory advantages in access to capital as a result of the Community Reinvestment Act (legislation which requires banks to invest a stated proportion of their assets in low income communities). CDCs typically work closely with the local government(s) for their districts.

The model has not only been successful in the United States, but is being imitated elsewhere although in ways which fit local contexts and legislative arrangements. In England the development trust movement is largely modelled on community development corporations. In New Zealand the creative use of incorporated charitable trusts has also drawn on the US experience.

The following description of community development corporations is taken from the website www.community-wealth.org

Community development corporations are non-profit, community-based organizations that anchor capital locally through the development of both residential and commercial property, ranging from affordable housing to developing shopping centers and even owning businesses. First formed in the 1960s, they have expanded rapidly in size and numbers since. An industry survey published in 2006 found that 4,600 CDCs promote community economic stability by developing over 86,000 units of affordable housing and 8.75 million square feet of commercial and industrial space a year.

No sector of the expanding community wealth-building economy is more celebrated for its success than community development corporations (CDCs). From humble beginnings, the CDC movement today has grown to an estimated 4,600 CDCs spread throughout all 50 states and in nearly every major city. Community development corporations are typically neighborhood-based, 501(c)3 non-profit corporations, with a board composed of at least one-third community residents, that promote the improvement of the physical and social infrastructures in neighborhoods with populations significantly below the area median income. Many CDCs perform a wide variety of roles, including housing, commercial, and retail development, as well as leading community planning, assisting with community improvement programs (improved lighting, streetscapes, and the like) and providing social services. In some cases, CDCs extend far beyond the bounds of a single community to cover an entire city, county, multi-county region, or even an entire state.

The critical success factor is the willingness of local people with good business and commercial skills to make themselves available in a governance role to guide the development of the CDC.

In New Zealand the **Opotiki Community Trust** provides an example.

The Opotiki District Council is a relatively small, well performing council based in one of New Zealand's more isolated areas, and serving a community which, on conventional indicators, is one of New Zealand's most deprived.

It has a strong commitment to improving the community's resource base reflected, for example, in its initiative to reopen the former Opotiki river harbour to serve as a base for major offshore marine farming activity. It believes that this initiative and other characteristics of the district mean that there are likely to be a number of development opportunities based in part on council owned land.

The Council recognises that it does not have the skills and capabilities required to undertake the significant wealth creation activities which could be open to it. It has accordingly created a separate and carefully designed charitable trust, with trustees chosen on the basis of their commitment to the community, and their commercial and related capabilities, to undertake wealth creation, wealth management and wealth distribution activities for the community. Amongst the measures which the council will take to support the work of the trust is likely to be making council land suitable for development available to the trust under a development license. This will allow the trust access to the land without the need to pay for it before development is completed. Licences will contain appropriate KPIs, including provisions to ensure that the land reverts to the council if development does not proceed within a defined period.

Community centres

The term 'community centre' covers a very wide range of activities, ranging from a modern equivalent of a community hall, providing a meeting facility and delivering a range of recreational and community education services, to organisations strongly committed to delivering services addressing some of the most complex issues of disadvantage within our society.

The former category will typically be funded by the local authority, and often occupy premises owned by the authority. The rationale fits within the range of recreational and cultural services most local authorities see as part of their core activities. They will often have been established as a way of creating a partnership between the council, possibly a local school and the community, as a way of providing for the sharing of facilities.

The Birkenhead Northcote Community Facilities Trust provides a typical example (http://www.birkenheadnorthcote.org.nz/). It began as a local trust with the purpose of assisting in the management of the swimming pool at the local school, including helping with funding. It has moved on from there to providing a range of local services including a crèche, a meeting facility, and a range of educational and other activities.

Community centres of this type, and there are many across New Zealand, fall at the lower end of community engagement. Rather than being focused on major issues of community governance, they are more in the nature of 'user-friendly' service delivery mechanisms for a range of conventional local authority supported services. From the community engagement perspective the issue for this type of centre is whether it contains within it the potential to become more proactive in a neighbourhood or community government sense. Would this require a shift from a user perspective to a citizen perspective within the Centre? What would the resource implications be?

The latter category of community centre will more usually have arisen out of a need to deal with some pressing local issue such as community safety (the Merivale Community Centre in Tauranga), or substandard housing (the Aranui Community Trust). These centres will be much more consciously focused on neighbourhood governance - how to bring the community together to deal with quite difficult and challenging problems.

Although they may run some programmes which are superficially similar to those run by the first category (a crèche, after-school programs etc) their kaupapa will be much more focused on issues of disadvantage, community safety, employment, affordable housing and the other concerns of relatively poor communities albeit ones which may have strong community spirit and a very real sense of identity.

For these centres, community engagement raises some very direct issues including:

- How to maintain/achieve the autonomy required to set their own agenda as the community's instrument, when much of their funding is derived from contracts based on delivering specific outputs to suit a funder's purposes.

- When dealing with questions of community development within their communities, how do they manage the resource imbalance between themselves and their local or central government 'partners'? This is the classic issue of the often unpaid community representative negotiating with the well-paid official backed by the resources of a tax funded agency.

- How does the community centre maintain effective lines of communication when it wants to deal holistically with issues of community need and both central government and local government organise themselves on the silo principle?

Community centres of this latter type present a very real challenge for local government. They can be seen as an assertion of a community's interest in being self-governing in a place making sense. Often they will have a degree of local presence and networks unmatched by either local or central government and thus be extremely well-placed to assist in the delivery of services designed to address the more intractable social issues communities face.

In this sense they are a very real asset from the public sector perspective. However, often they will also assert their own autonomy and the fact that they are the agent of the community, not of any public sector funder who may resource them.

For local government, community centres represent a potentially significant ally in dealing with issues ranging from community planning to managing the physical and social space of the community.

They also reflect the wider understanding of 'community engagement' adopted in this report as not just how the council works with the community, but how the community works with itself and other stakeholders - essentially a continuum in finding the most appropriate means of promoting community well-being.

PART 6: IMPLEMENTING COMMUNITY ENGAGEMENT

This section provides guidance on implementation, covering matters such as the prerequisites for effective community engagement, governance and structure and means of mitigating risks.

Genuine community engagement could involve substantial investment of time and other resources, from the community itself and the local authority. Expected returns should be commensurate. It is thus important to understand what needs to be considered and what ingredients are required for successfully implementing community engagement.

Because of the wide range of approaches and practices in community engagement, there is no single implementation blueprint. This section summarises key factors highlighted in the writings on, and practical experiences with, community engagement: context, prerequisites, and risks and mitigations.

Context

Every community is different, and what works in one place might not work, or might not be appropriate, in another. Implementation therefore needs to be guided by the particular character, interests, history and concerns of the community in question, and the existence (or otherwise) of networks, leadership, capability, community organisations and incentives to engage.

The context will also depend on whether the potential for community engagement is seen, for example, as a form of local governance (such as with the transfer of funding and assets, and/or a role in service provision) or dialogue that allows a community to have direct influence over policy and resource allocation:

- the former will need stable, ongoing arrangements for planning, decision-making and resource management and accountability

- the latter will need more than just talk: it will require dialogue focused on encouraging people in communities to play a role in each stage of the decision-making cycle: forming the agenda; identifying the relevant issues from the community's perspective; deciding on possible options; and a say on how the adopted options are to be delivered.

Prerequisites

Commitment and capability

To be fully effective, community engagement requires commitment and capability at the level of the local authority and within the community.

For the local authority there will need to be:

- Forms of democratic practice and management that are supportive of community engagement. Council structures will need to be capable of responding flexibly to whatever local priorities emerge from the engagement process and to time-frames that are likely to vary from established planning cycles. Council management and staff will need to take a 'community engagement' approach to the way they deal with the community at large and with the individuals and organisations which make up the community - essentially taking much more of a partnership approach than an hierarchical one.

- An understanding of the costs and benefits of effective community engagement at the political and executive levels of the Council.

- Services that are planned and provided consistent with the principles and intents of engagement with residents. Community engagement developed as part of the council's strategic planning should translate right through to service delivery so as to bridge the "practice gap".

- Adequate resourcing of and support for community engagement activity, possibly including investment in capacity building to ensure the community is properly placed to play its role, and not bound to fail. This may be a long-term commitment – certainly multi-year.

- The skills to design and implement new governance and contracting arrangements where community engagement takes the form of asset transfer, or passing over the responsibility for some services to a community organisation.

- Skills in risk management, especially where multi-year arrangements are involved - for example in supporting the development of affordable housing trusts.

For the community there will need to be:

- The necessary capability (already present, or be able (enabled) to evolve). It may simply not be feasible, in some situations, to try and adopt a community engagement approach if the people, financial and other resources are not readily available within the community, or not able to be provided from elsewhere.

- A wish for engagement. This will in part be a function of the encouragement given by the local authority and includes a practice of mutual respect and trust. An important element will be the local authority's experts respecting the views of residents and community leaders whom they might typically regard as non-experts.

For both:

- *Direction* – a clear sense of purpose to which both are committed. This will mean a shared belief that community engagement is going to make a difference, and how it will do that. While it would seem desirable to have clearly defined outcomes from the outset, it may be more realistic to start small, creating the space and capability for the bigger goals to grow.

  UK research on community engagement produced the finding that the most effective catalyst for participation is to bring people together around issues that connect them, and to work on issues that affect their day-to-day lives:

  "Bring[ing] people together around a common cause is more likely to generate enthusiasm and engagement than initiatives centred around issues identified as a priority by a local authority, or abstract debates to identify shared values and visions."[4]

  The report quotes a research interviewee as saying:

  "I think finding shared values is slightly idealistic. … Because if people don't feel their needs are being met … then I think that asking them to share values and share ideals is kind of pie in the sky really."

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[4] *Everybody Needs Good Neighbours? A Study of the Link Between Public Participation and Community Cohesion*, Stella Creasy, Karin Gavelin and Dominic Potter. A publication of the UK not-for-profit institute Involve. http://www.involve.org.uk

- *Leadership.* The leadership role for the local authority is likely to be a mix of pro-activity and responsiveness – and in either case, one of 'enabling'. This may mean a shift in policy and management culture. In line with the point above, one shift that may be required is towards focusing the council's leadership effort less on community strategies and more on working in practical ways with communities.

  Community engagement also creates an opportunity to develop a leadership role for council members, distinct from their responsibilities as elected representatives and more about their role in facilitating community choice and action at a local or neighbourhood level – akin to a ward or community board role. This will need to be well-structured to avoid the tension between councillors fulfilling a 'neighbourhood' role and the overall responsibilities of the council.

  It makes good sense for the local authority to proceed on the basis that its leadership role in a community engagement process is not one based on statute but one that, if it wishes to exercise it, must be based on a combination of sensitivity to the community's interests (especially in respect of scale and priorities) and as good an understanding as possible of where relative capabilities, resources and knowledge rest within the community.

  For the community, leadership will mean the emergence of thought-leaders and people willing and able to take on the task of guiding the community engagement process. A particular leadership attribute will be the ability to bring people together. The leadership demand will be greater the more community engagement is a community-driven initiative.

Governance and structure

The essence of community engagement, and a fundamental rationale for it, is tapping into the informal networks and informal arenas of the local community where people interact. It is thus important to ensure that governance arrangements are compatible with this purpose, and that 'structure' does not get in the way of the engagement process.

Community engagement however still has to occur within the wider economic, social and political governance remit of the local authority.

Appropriate governance linkages, both vertical and horizontal, between the local authority and the community engagement process will be necessary to make anything happen, and particularly:

- To balance local autonomy with broader strategy, policy, decision-making and consequent resource allocation, and with issues that have to be dealt with at a higher geographical level.

- Equally importantly, to secure outcomes reflecting the priorities and service delivery improvements which emerge from engagement and to reconcile these with community-wide priorities.

The potential tension in the relationship between the fluidity of community engagement and the formal machinery of local government can be resolved in part by taking a local governance approach to the role of the local authority.

On the structure side, some proponents of community engagement argue that community engagement does not need much structure. It may however require that council functions are set up in a way that aligns with community engagement – in particular that community engagement activity is not confined to a separate unit tacked on the side, rather that it is at the heart of its operations, or at least cross-functional. As will have been seen from the examples from international experience

in Part 5 above, many of the practical initiatives for community engagement require input from across the local authority, for example:.

- Participatory budgeting – within the council participatory budgeting will probably be led by community engagement/community development people, but will require the active involvement of the finance team. If the funding being dealt with through participatory budgeting is for minor street works, people working at the community level need to know the costs of different options which will entail engineering/maintenance expertise.

- Similar issues arise with asset transfer where, additionally, there is the question of reconciling community preferences and priorities with specifying the service delivery levels the council wants to see.

These considerations of governance and structure can be summed up in the prerequisite that community engagement is entered into with an understanding of the need for reconciliation with the formal tiers of governance and management, a well-designed and agreed means for this and a commitment to flexibility and informality so as not to 'kill off' the flow of engagement.

It is as much as anything a matter of remembering that one purpose of community engagement is change, at a very local level, of the kind that no formal process or structure can make happen.

Establishing good practice

The New Zealand experience with techniques such as asset transfer has been largely ad hoc, with few examples of experience (good practice) being transferred from one council to another. One consequence is a high degree of variability in understanding across the local government sector of the crucial governance, accountability and structural issues involved, as well is what is required to ensure that those responsible for the governance and management of the resultant community entity either have the requisite capability, or the support and commitment to develop it.

Of the various options for further developing community engagement canvassed in this paper, two offer the most immediate promise, participatory budgeting and asset transfer (including asset transfer as a means of developing community capability rather than the common New Zealand purpose to date of establishing 'fit for purpose' governance).

Both require a considerable measure of capability and understanding on the part of the local authority. The potential gains, especially in the current economic circumstances, are considerable but so are the risks, especially if individual local authorities seek to innovate on their own.

In England the government has dealt with this by the establishment of specialist units drawing on expertise which has already developed in the voluntary and community sector - the Development Trusts Association in respect of asset transfer and the Participatory Budgeting Unit, a project of the Church Action Group on Poverty for participatory budgeting expertise.

In New Zealand there would be very real merit in the establishment of equivalent centres of expertise to provide a resource for local government on good practice in implementing these two initiatives. Indeed there is a case for recommending that unless such centres of expertise are established, local government should be relatively wary about innovating in either of these areas.

These are both initiatives which should attract the attention of central government because of their potential to help address New Zealand's current economic and fiscal

situation. In the first instance, it might be recommended that the Department of Internal Affairs consider supporting the establishment of one or more centres of expertise, perhaps in conjunction with the officials who will be responsible for the further development of recommendations coming out of the Prime Minister's Employment Summit.

Risks and mitigations

The following table summarises the most frequently cited risks arising from community engagement and ways they can be mitigated.

Risk	Mitigate by (for example)
Keeping people motivated and engaged	Clearly expressed purposes for the community engagement initiative that are not open to conflicting interpretations.
	Sticking to the issues that matter to the local community and focus on tangible actions rather than abstract plans.
	Trying to get some early 'wins'
	Avoiding adding community engagement to existing layers of public particaption (eg consultation).
	Budget allocations sufficient to: 'get things done'; convince community players of the council's commitment and avoid 'tokenism'; and ensure the claim on community input and resources is realistic.
	Respecting the expertise of people and groups in the community concerned.
	Considering logistical support (eg travel, childcare) and incentives (eg vouchers).
Dominance by a few strong players	Avoiding any suggestion that community participants are representative of any particular group or interest.
	Keeping a wide range of informal networks consistently involved, and foster informal connections and relationships.
Community becoming too parochial	Reaching accommodation between the council and the community players on where minimum standards might need to take priority over any local/neigbourhood service differentation sought by the community.
Justifying cost, especially when outcomes are hard to define and measure, and concern that devolved priority-setting, and possibly service delivery, will cost more than conventional methods.	Transparent budget-setting.
Managing expectations	Again, being clear about what it is that the community engagement initiative seeks to achieve.
	Also being clear about what level of influence, autonomy or control is to be devolved over priority-setting, decision-making, service delivery and spending.
Council assets being placed at risk, for example, through premature transfer of ownership to a community entity, or inadequate specification of the terms and conditions on which assets are transferred	Clear specification of council expectations, and applying the contracting and governance skills required to ensure that these are embedded in the relationship with the community entity. Considering a multi-staged approach, perhaps starting with a management agreement and moving on to outright transfer only once performance has been demonstrated. Staging outright transfer so that, initially, the purchase price remains owing to the council, possibly as an unsecured interest free debt, to be written off only if the community entity meets preagreed targets.

PART 7: CONCLUDING REMARKS

This section argues that in the current fiscal and economic environment, any initiative which offers the potential for worthwhile savings deserves close investigation, and places community engagement squarely in this context.

Community engagement covers a very wide range of opportunities and possibilities. Some options will be focused on adding value to council assets, and working with business and other community leaders. Others will be focused on capability building, providing opportunities for communities to upgrade their skills.

Interest in new forms of community engagement has been driven partly by advocates for local democracy, arguing the case for engagement on grounds of principle. Increasingly, though, governments and local government are becoming more interested in community engagement because of the potential it offers in areas such as:

- More focused service delivery through better understanding of end user requirements.

- The perceived benefits of engaging directly with affected communities in finding solutions to their intractable social and economic problems.

- The opportunities for making better use of council resources - whether delivering services more efficiently, or utilising council assets to better effect, including the potential to bring in community-based skills in adding value.

In the present fiscal and economic climate, it is this latter benefit which may most immediately attract the interest of local government. At a time when ratepayers are strongly resistant to increased demands, central government itself is under very heavy fiscal pressure, and local authorities face increasing demands for investment in infrastructure and services, any initiative which offers the potential for worthwhile savings deserves close investigation.

In words attributed to Lord Rutherford "We don't have the money, so we have to think."

APPENDIX 1:   BRISBANE DECLARATION

In 2005 the United Nations and the government of the State of Queensland jointly sponsored The International Conference on Engaging Communities which resulted in what is known as the Brisbane Declaration on Community Engagement.

Extract:

We, representatives of countries and communities, including Indigenous peoples, international institutions, national, state and local governments, academic institutions, and business and civil society organizations from across the world, participating in the International Conference on Engaging Communities, held at Brisbane, Australia, from 15 to 17 August 2005, …

Community Engagement

7. Affirm that community engagement is critical to *effective*, *transparent* and accountable governance in the public, community and private sectors.

8. Recognise that community engagement is a two way process:

– by which the aspirations, concerns, needs and values of citizens and communities are incorporated at all levels and in all sectors in policy development, planning, decision-making, service delivery and assessment; and

– by which governments and other business and civil society organisations involve citizens, clients, communities and other stakeholders in these processes.

9. Affirm that effective engagement generates better *decisions*, delivering sustainable economic, environmental, social and cultural benefits.

10. Also recognise that effective community engagement enables the free and full development of human potential, *fosters* relationships based on mutual understanding, trust and respect, facilitates the sharing of responsibilities, and creates more inclusive and sustainable communities.

11. Further recognise that meaningful community engagement seeks to address barriers and build the capacity and confidence of people to participate in, and negotiate and partner with, institutions that affect their lives, in *particular* those previously excluded or disenfranchised.

12. Further recognise that inclusive engagement requires that Indigenous peoples and *the* poor and marginalized, are adequately resourced to participate meaningfully in the broader community and that they have a stake in the outcome and benefit equitably as a result of being involved.

13. Endorse the core principles of integrity, inclusion, *deliberation* and influence in community engagement:

Integrity – when there is openness and honesty about the scope and purpose of engagement;

Inclusion - when there is an opportunity for a diverse range of values and perspectives to be freely and fairly expressed and heard;

Deliberation – when there is sufficient and credible information for dialogue, choice and decisions, and when there is space to weigh options, develop common understandings and to appreciate respective roles and responsibilities;

Influence – when people have input in designing how they participate, when policies and services reflect their involvement and when their impact is apparent.

14. Recognise the availability of a wide range of methods and technologies, including new and emerging tools associated with the internet, to facilitate *appropriate* and effective community engagement.

15. Affirm the value of education, ongoing monitoring and evaluation, and knowledge sharing about active citizenship and community engagement processes and outcomes.

APPENDIX 2: THE DRIVERS FOR COMMUNITY ENGAGEMENT

This section is a fuller treatment of the factors driving community engagement internationally, summarised in Part 3 of the report.

Recent academic research into the role of local government and its relationship with its communities supports the proposition that community expectations of local government are changing, from seeing local government as primarily an expression of representative democracy, to requiring a much more participatory approach. This includes councils actively facilitating greater engagement on the range of issues for which they are responsible and/or for which the community or elements within it see the council as having a role in enabling the community to take part in governance. Pill (op. cit.) draws on a wide range of research literature to describe the normative understanding of the significance of governance as:

> The normative view is that governance contributes to democracy (Fung and Wright, 2001). Klijn and Skelcher (2007: 587) term this perceived relationship the "complementarity conjecture", where governance enables greater participation in the policy process and sensitivity in programme implementation, with participatory democracy complementing representative democracy. The neighbourhood is perceived as the foundation for other levels of governance (Docherty et al., 2001). It is seen as the level at which more accessible, responsive and accountable decisionmaking is possible as it is the level at which citizens can most easily access governance and understand the issues at stake (what Jessop, 2005b, would term the "lifeworld" of civic society). In the US, Berry et al (1993) describe the level of the neighbourhood as that at which residents encounter the most tangible consequences of public decisions and have the motivation and knowledge to get engaged. It is assumed that participatory governance structures will operate as de Tocquevillian "schools of democracy", developing greater awareness of and interest in policymaking and increasing turnout in local elections.

This understanding of the shifting role of local government has had an important influence on the development of local government policy in England and Wales and can also be seen as an influence behind the changed definition of the purpose of local government in the Local Government Act 2002. What is less clear is whether New Zealand local government, in its entirety, has yet embraced this shift in understanding. Instead, many, possibly the majority, of elected members still appear to believe that the primary function of local government is the traditional role of "roads, rates and rubbish" and that they have a collateral duty to protect the ratepayer against pressures to extend the council's engagement in ways which will impose additional costs on ratepayers.

The discussion in this section of the different drivers behind a greater interest in community engagement draws substantially on international experience and research but also recognises current New Zealand attitudes. It seeks to reconcile the interest in new and different roles for local government with the traditional focus on efficiency in service delivery, including the building of inclusive communities (which in many respects is a shorthand term for addressing the intractable social issues which impose significant financial and non-financial costs on many of New Zealand's communities).

The limits on government

Sir Michael Lyons, in the preface to the final report of his *Inquiry into Local Government in England and Wales* speaks of:

> "the need to build a cohesive society in which everyone feels they have a stake; to improve our own competitiveness and meet the growing challenge of the emerging economies; to respond to climate change; and to strike a balance between immediate improvements to public services and the longer-term investments in infrastructure, skills and research that will underpin our future prosperity."

It is an implicit recognition, repeated in much of current writing on the role of government (whether central or local) that there are very real limits on the ability of governments, working by themselves, to address the complex issues which face modern societies. Amongst the matters which are now widely recognised as driving the need for new ways of addressing issues in the community sphere are:

- Our tradition of dependency on government to solve big issues, often despite evidence of the insufficiency of government action.

- Government responses tend to be confined to an issue-by-issue approach and 'one size fits all' policy aimed at mitigating the impact of one or other social ill, or improving social and economic conditions for one group, rather than taking an holistic approach (Tanner et al 2008)

- Traditional approaches are not sufficient to deal with causes and to effect social and economic change at the level of communities where social issues play out – by its very nature the formal machinery of government cannot achieve outcomes which are essentially about the everyday interaction of policies and services with people in communities.

- Recognition of (and much rhetoric on) the reality that government (whether central or local) cannot do everything for everybody – that the best answers will use the collective wisdom and experiences of many players amongst other things as the underpinning for new options for designing policy and providing services.

- Hence a need now to widen the ownership of, and responsibility for, tackling societal issues in such a way as to enlist the many different voices and talents that exist in the public space, including people as citizens, stakeholders, opinion leaders, service users and providers and officials and politicians in central and local government.

- Hence community engagement as one approach to utilising the networks and capability within local communities as a key resource in problem-definition, problem-solving and acting to implement change both complementing the more traditional functions of government, and compensating for their inherent shortcomings.

The changing role of local government

Here we briefly consider a number of the drivers directly affecting the way in which people think about the purpose and function of New Zealand local government. They include the role of local government - is it 'core' functions or community well-being, government as an administrative activity versus governance as a collaborative activity, 'place-shaping', devolution, especially as a means of refreshing local

democracy, the 'democratic deficit' resulting from a perceived lack of local representation and how local authority services impact at a local level.

The 'role' argument: selected 'core' functions or community well-being?

At the heart of community engagement is the question of how people - citizens, interest groups, councils themselves - perceive the role of local government.

- Is it simply as a junior tier in the administrative structure of the public sector?

- Is it as some form of community enterprise 'owned' by and accountable to its citizens for helping them meet their needs and aspirations?

- Are council powers formal statutory enablers to support the discharge of a defined set of activities, or are they a resource held in trust for the benefit of the community?

- Should the re-definition of the purpose of local government in the Local Government Act 2002 as:

  - to enable democratic local decision-making and action by, and on behalf of, communities; and

  - to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future

  be seen as reorienting the focus of local government on acting as the instrument of its communities, rather than as a semi-autonomous agency concerned primarily with the delivery of public good infrastructure and regulatory services?

Views differ considerably within New Zealand.

The 'core' role

In a submission to the Rating Inquiry in 2007 the Local Government Forum[5] argued that local government should keep to its 'core business'. Its basic principle was stated as:

> The mandate of local authorities should be more tightly constrained in the interests of protecting property and promoting prosperity. As a general rule, councils should only be permitted to engage in those activities, including regulatory activities, that fall within the proper role of government and that should be the responsibility of local rather than central government. This is referred to as the core role of councils.[6]

The Forum's view of the proper role of government, at the local level, is the delivery of local 'public goods' as that term is understood in economic theory. It is a view of the role of local government which would see it as essentially tied back to services to property, which could not conveniently be funded through a user pays approach, and to local regulation. The market and the voluntary sector (and central government in its social services role) should undertake all other activity.

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[5] A grouping of business organisations including Federated Farmers, Business New Zealand, the New Zealand Business Roundtable, the New Zealand Chambers of Commerce, the Electricity Networks Association and the New Zealand Forest Owners Association.

[6] *Democracy and Performance: a Manifesto for Local Government*

Community well-being

Twenty years previously the Local Government Commission, in each of the 1989 Final Reorganisation Schemes for Local Government, took a very forward-looking stance on what we now term 'community engagement' and consider within a community well-being framework. It looked at both the democratic and the economic rationale for democratic structures below the level of the council itself. The Commission made the case for ward committees which, in the 1989 legislation, were renamed as community boards. It argued (emphasis added) that such committees should be:

> "designed to allow for the recognition of communities **within** a district, to increase involvement in the local government system and permit devolution of decision-making to representatives of communities **within** a district on matters of particular concern to those communities."

It also made the efficiency case for decentralised strategies for service delivery:

> "The commission emphasises the need to decentralise service delivery to the public from a smaller number of authorities [i.e., a smaller number than pre-reform]. The new authorities would generally be larger and managerially and technically stronger. But that does not require the operation of a centralised management and service delivery system. The requirement to establish service delivery centres emphasises the significance which the commission places on taking to the public the system of local government and the services it provides …. where not provided in the schemes, the new authorities should consider whether service to the public can be improved at reasonable cost by the use of decentralised service delivery strategies with or without the establishment of formal service centres."

In the years immediately following the restructuring of local government, the Commission's emphasis on decision-making at a community level on matters of concern to communities was not widely followed within local government. Recently, however, and especially following the new emphasis on community well-being in the 2002 Local Government Act, many councils are paying increased recognition to the importance of quality-of-life, and working closely with communities. A good example of this can be seen in mayoral comments in the most recent quality-of-life survey covering New Zealand's 12 large cities[7]:

> "An increasing challenge for us all is to sustain and develop the cities we have created, in order to provide people the quality of life they desire. Ensuring that the qualities that make our cities unique are protected and enhanced - now and in the future – is a very important part of this."

> "A better quality of life for all city residents will come about only if we work toward common outcomes in partnership with each other, central government and our communities."

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[7] The New Zealand Quality of Life Project was initiated in response to growing pressures on urban communities, concern about the impacts of urbanisation and the effects of this on the well being of residents. Its purpose is to provide information to decision-makers to improve the quality of life in major New Zealand urban areas. Reports have been published for 2001, 2003 and 2007. See http://www.bigcities.govt.nz/

These few quotations make it clear that there is no settled understanding of the 'core role' of local government. Rather, there is an ongoing public debate yet to be resolved. At the heart of that debate is the question of who carries the responsibility for addressing the intractable social issues which bedevil many of our communities. Should it be central government? Perhaps in terms of the funding responsibility, as central government holds the main taxes which underpin the costs of social intervention that central government manifestly lacks the local networks, knowledge and presence required. Should it be the market? There is very little evidence that the market is the most appropriate tool for addressing social disadvantage. Should it be the community or communities which themselves are the locus of social disadvantage? Here issues of capability and resource come into play. The weight of research-based argument internationally is that the community has a lead role to play but that it needs the strong support of local government to help address issues of capability and resource.

It is this balance of tensions between cost, capability and closeness to affected communities which is at the heart of the 'core role' argument. Much of the case against an extended role for local government is based on the cost - that these are matters for which the ratepayer should not be responsible. That is an entirely separate argument from the question of where in the public arena should the responsibility lie. Increasingly it is local government which is seen as having the 'core role' in enabling community-based responses at the same time as central government through its superior taxing powers is properly seen as the principal funder.

Government v governance

Internationally, it is now commonplace to recognise the difference between government and governance at the local level, something which is only now starting to be recognised in New Zealand partly as a result of the work of the Royal Commission on the Governance of Auckland. Its importance as a driver of community engagement is its emphasis on the need for local government to work collaboratively with other interests capable of influencing the future direction of its communities.

Robin Hambleton, Professor of City Leadership at the University of the West of England (and a consultant to the Royal Commission) has expressed the difference in these terms:

> *Government* refers to the formal institutions of the state. Government makes decisions within specific administrative and legal frameworks and uses public resources in a financially accountable way. Most important, government decisions are backed up by the legitimate hierarchical power of the state.

> *Governance*, on the other hand, involves government *plus* the looser processes of influencing and negotiating with a range of public and private sector agencies to achieve desired outcomes. A governance perspective encourages collaboration between the public, private and non-profit sectors to achieve mutual goals. Whilst the hierarchical power of the state does not vanish, the emphasis in governance is on steering, influencing and co-coordinating the actions of others. There is recognition here that government can't go it alone. In governance relationships no one organisation can exercise hierarchical power over the others. The process is interactive because no single agency, public or private, has the knowledge and resource capacity to tackle the key problems unilaterally.

It is this understanding that simply relying on the statutory powers of statutory agencies is no longer a sufficient means of dealing with the complexities of modern societies which has driven much of recent developments in local government internationally. The whole emphasis on partnership working in England and Wales through regeneration partnerships, local strategic partnerships, local area agreements, multiple area agreements and other strategies is on bringing together all of the parties who need to be 'at the table'. In New Zealand the reappraisal of government contracting processes which it seems that the new government intends to undertake looks as though it may be driven by the same sense of the need to engage more widely to get the outcomes the government seeks.

For local government it is both an opportunity and challenge. It is an approach which requires acceptance that, even within its own jurisdiction, and dealing with activities which have been part of its core business for many years, the local authority may not hold all of the knowledge, influence or powers required to get the results it wants at an acceptable cost.

Among other things it is essentially an argument that effective governance now requires close collaboration between those who have traditionally been seen as the 'governance' and those who have traditionally been seen as the 'governed'. Of particular importance for this report, is the fact that local governance is inherently a matter of community engagement, and community engagement is at the core of local governance.

Place-shaping

Another important driver in community engagement is the growing emphasis on the role of local government in 'place shaping', something which first came to international prominence with the 2007 report of the Lyons Inquiry into the future role, function and funding of local government in England. The report is subtitled "Place-Shaping: A Shared Ambition for the Future of Local Government". At the heart of this is an increased emphasis on engagement. Of this, Lyons observes:

> "Local government's ability to engage local people lies at the heart of its place shaping role. If local government is to act in the interests of its community, influence its partners and ensure it tailors its work to the most important local priorities, it needs to make a step-change in the quality of its engagement work. Councils need to be selective with their resources with a focus on what matters, avoid allowing statutory requirements for consultation to dictate their approach and to accord higher status to the skills needed by officers and councillors to engage effectively with the public."

Lyons includes both user engagement in the design of services, and considering whether services are best produced in-house, or commissioned from external providers including the community itself as elements in the place-shaping role:

> "Public engagement can help councils to develop innovative solutions which can deliver more effective outcomes. Councils should consistently involve users in the design and delivery of services, to find ways to enhance user choice and harness the benefits of co-production."

> and

> "The need for innovation also requires local authorities to assess whether they are the optimum provider of services or whether they should adopt a commissioning role, working in partnership with other public service providers, the third sector or the private sector. Such commissioning can have a number of benefits in bringing skills and experience from other sectors, a

greater focus on user involvement and users as co-producers. It can also change the dynamic of local government away from being a provider of service, to one of a stronger community advocate taking a strategic view on the needs of the community at times – seeking to help develop community and market responses which reduce the pressure on the public purse."

Place shaping is seen as an important role in what is increasingly the international competition to attract and retain skilled people. The experience of local authorities and economic development agencies in New Zealand working to attract needed skills is that potential migrants put more weight on the quality of the local environment in terms of its physical attributes, cultural and recreational opportunities, educational strengths and other services than they do on the job itself. The primary actor in creating the environment which attracts and retains skilled people is the local authority with its focus on 'quality of place'. The evidence suggests that the most successful local authorities in this context are those which have understood how to engage across their communities so that there is a shared sense of purpose about creating an environment which will give the locality a competitive edge.

Devolution

The major focus of the Lyons Inquiry was on the funding of local government, in particular the need to reform the council tax. So far, the Inquiry's recommendations on funding have been ignored by the Government which has, however, picked up strongly on the emphasis on greater engagement with, and devolution to, communities. *Communities in Control: Real People, Real Power*, the recent UK White Paper on local government, is written very much around greater devolution to and engagement with communities. Its arguments, although put forward in the context of local government in England and Wales, have clear implications for local government in other Westminster systems.

The Secretary of State for local government, in her introduction to the White Paper, sets out her perspective as:

> "My 30 years in politics, as a community activist, councillor, Member of Parliament and Minister have convinced me that there are few issues so complex, few problems so knotty, that they cannot be tackled and solved by the innate common sense and genius of local people. With the right support, guidance and advice, community groups and organisations have a huge, largely latent, capacity for self-government and self-organisation. This should be the hallmark of the modern state: devolved, decentralised, with power diffused throughout our society."

> "We want to shift power, influence and responsibility away from existing centres of power into the hands of communities and individual citizens. This is because we believe that they can take difficult decisions and solve complex problems for themselves. The state's role should be to set national priorities and minimum standards, while providing support and a fair distribution of resources."

Much of the argument in the White Paper can be seen as focused on how to improve efficiency in the design and delivery of services, through recognising the expertise and commitment of people and communities themselves. However it also concludes that the initiatives it proposes are essential to rebuilding the health of democracy itself:

> "Unless we give citizens similar choices in our democratic system to those they have in their everyday lives – and the same rights to demand the best –

we will see a further erosion of trust and participation in democracy. There are no limits to the capacity of the British people for self-government, given the right platforms, mechanisms and incentives. Empowering citizens and communities is an urgent task for us all."

Devolution can alternatively be thought of as an expression of the European principle of subsidiarity, that decisions should be taken at the lowest possible level consistent with being able to implement and contain the impact of the decision itself. It is a principle which can be variously seen as supportive of local democracy, or simply as an intelligent way of promoting efficiency. If local people are given influence over matters which affect their local space they are much more likely to be supportive of the governing processes which allowed that influence. Equally, if local people as service recipients have a role in determining the nature and quality of 1/5 service, it is far more likely to be targeted to actual local needs, rather than designed to fit a generic template.

The 'democratic deficit'

The emphasis on devolution in the local government White Paper, including the greater use of neighbourhood or parish councils, can also be seen as reflecting a concern with what can be termed the 'democratic deficit' within English local government. There is a growing concern that the English equivalent of the territorial level within New Zealand local government is simply not adequately representative of its communities - the ratio of residents to elected members is simply too great for the type of interaction required to sustain effective local democracy.

The New Local Government Network, a London based think tank, notes in a recent report *Pacing Lyons: a route map to localism:*

> Today there are 19,850 councillors in England. In the UK on average one councillor represents 2605 citizens. In France the average is one councillor for every 116 citizens; Germany 250 citizens; Italy 397 citizens; Spain 597 citizens; Sweden 667 citizens and Denmark 1084 citizens. England may have more councillors than it needs to lead local government executives, but it has barely enough to represent England's citizens.

This relative lack of representation in England is clearly one of the drivers for the new emphasis on neighbourhood councils, and on other means of creating sub-council governance arrangements as a means of enhancing the engagement between councils and their communities.

In terms of the 'democratic deficit' - which can be seen as a proxy for the potential for effective engagement - it is instructive to compare the ratio of citizens to elected members in the Auckland region with the English ratio of 2605:1. Across Auckland the ratios range from a low of approximately 5000:1 in Papakura to a high of 21,000:1 in Auckland city itself.

It is also instructive to note that a number of the submissions to the Royal Commission themselves emphasise the relative lack of representation within local government. This concern is likely to drive recommendations for a strengthening of government at the local level, and is clearly one of the underlying factors in growing demands for greater community engagement and participation.

The impact of services at the local level

Many of the matters for which local government is responsible have their impact at a very local level, and are best understood by the people most directly involved. Although many individual council actions may look as though they fit within a general policy with application across the district of the council as a whole, this will often

disguise the strength of the immediately local impact. Simple examples such as minor street repairs, the choice of colour schemes for council buildings and infrastructure, the maintenance of trees, lawns and gardens, the design of and management policy for local reserves and much besides illustrate the point. Standard council policies will often dictate how these activities should be handled across the district of the council as a whole, but the impact in terms of visual and other amenity values may be immediately local, and have a profound impact on how individuals feel about their immediate local space.

There remains a strong argument that in terms such as efficient resource use, equity and quality of service, and in cost sharing, that many council activities should be framed by policies that apply across the district as a whole, and may be properly decided within a representative democracy framework. However, when it comes to the actual implementation, the case for local community involvement - joint Council/community decision making - is gaining significant traction across the developed world precisely because conventional representative democracy is seen as an inadequate process for addressing many of the issues which councils are required to manage. It is this concern which is driving some of the initiatives which can be observed internationally including participatory budgeting, asset transfer and devolution.

There is also an increasing recognition that many of the intractable social issues which modern societies are endeavouring to manage are best addressed at a very local level for a variety of reasons including:

- The complexity of the local networks and knowledge involved.

- The need to get strong local 'buy-in' from the people most directly involved - the individuals and families affected, and the local agencies, formal and informal, working with them.

- The nature of the interventions required which to be effective are typically highly interactive, trust based and locality focused.

Local expertise

Associated with this there is a growing recognition that much of the expertise in dealing with the challenges for government and governance at the local level resides within communities themselves - it is local citizens who in many cases best understand their own communities, including what needs to be addressed and how.

The American academic Archon Fung (Fung 2006) has expressed this as "Citizens can be the shock troops of democracy. Properly deployed, their local knowledge, wisdom, commitment, authority, even rectitude can address wicked failures of legitimacy, justice, and effectiveness in representative and bureaucratic institutions."

It is also supporting a shift to a new approach to policy making and service delivery at the local level. Bovaird (2007) observes:

> In recent years, there has been a radical reinterpretation of the role of policy making and service delivery in the public domain. No longer are these seen as one-way processes. Policy is now seen as the negotiated outcome of many interacting policy systems, not simply the preserve of policy planners and top decision makers. Similarly, the delivery and management of services are no longer just the preserve of professionals and managers — users and other members of the community are playing a large role in shaping decisions and outcomes.

Summation

In summary, there is a growing acceptance internationally of the need for much closer engagement between local authorities and the communities they serve. The rationale is not just a belief in the merits of local democracy. It is just as much recognition of the knowledge and expertise which resides in individual communities, and a realisation that being able to tap into this is an important factor both in the efficient and effective design and delivery of local services and the strengthening of democracy.

At its best, it offers the win-win opportunity for improving the efficiency of service delivery whilst at the same time strengthening local democracy, as the greater engagement which is inherent in improved local democracy provides better information about the requirements for and optimal means for delivery of individual services.

It puts a renewed emphasis for New Zealand local government on understanding how best to engage with its communities, and on seeing their knowledge, expertise and commitment as a key resource in addressing both local government's statutory responsibility for promoting community well-being and its interest in ensuring that desired services are delivered in the most cost-effective ways.

Globalisation

A final driver is the impact of globalisation which is impacting in a number of ways.

First, it is now common to argue that the increased exposure to a globalising world is at the same time encouraging people to place greater value on the local - the space/place where they live (Harmsworth 2001).

Next, with globalisation has come a much greater mobility both of people and of capital. There is a very real sense that we are in the early stages of a major international contest for skilled labour, and that one of the critical success factors, especially for countries such as New Zealand which are relatively disadvantaged in any competition based purely on income levels, is quality-of-life. New Zealand agencies engaged in recruiting skilled labour from offshore will often report that when potential recruits do their 'due diligence' they put far more time into researching issues such as quality of education, recreational facilities, cultural activities, and quality-of-life generally than they do into the specific job opportunity (where typically their own industry knowledge will mean they already have a good level of understanding).

A further issue for New Zealand policymakers, both in central and in local government, is that they may not yet have fully confronted the reality of what globalisation means in economic and social terms, both generally, and in its likely differential impacts across the country, thus presenting further challenges for local government in particular as some areas turn out to be winners in relative terms and others to be losers.

A sharp perspective on this impact of globalisation can be seen in the following quotation from the author of a recent Centre for Cities study, UK Cities in a Global Economy available at www.centreforcities.org/globalisation

> Cities' experiences of globalisation will be determined largely by their economic history and geography, by their local industries, and by their own specific assets and strengths, including the individuals that make up their labour force. Cities that are well-connected and host businesses in high

value, knowledge-based industries will attract investment, trade, mobile skilled workers, and jobs. Bristol and Cambridge are two cities that stand to do well out of global integration, having specialised successfully in high tech engineering, and biotechnology, and attracting investment from global firms such as Toshiba and Microsoft. London stands out as one of only very few truly *global* cities - a world centre for international business, for key world markets and transport and communication networks - Heathrow attracts more passengers than any other world airport, with Gatwick eighth in the list.

But focusing on these success stories overlooks the prospects for cities with concentrations of more traditional manufacturing industries, or which are isolated and poorly connected to key markets. These cities, many in the north, face significant economic restructuring, which can involve considerable costs for their residents as their skills become obsolete, and they may face periods of unemployment, or have to accept lower-paid jobs. Reminding the residents of Middlesborough, who have suffered from the decline of their heavy industries, that the UK as a whole is reaping great benefits from trade will provide little comfort in a city where 20 percent of working-age people are claiming benefits.

New Zealand can expect similarly differential impacts, with the added twist of the rural/urban split because of the strength of our primary sector. Responding to - keeping ahead of - the impact of these changes will require a high measure of understanding and collaboration across all of New Zealand's communities.

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