



An Overview of Developments in Community and Neighbourhood Governance

*A presentation by Peter McKinlay to the workshops Making Community
Governance Work for You and Your Communities, September-October 2014*



AN OVERVIEW OF DEVELOPMENTS IN COMMUNITY AND NEIGHBOURHOOD GOVERNANCE

This paper was prepared for presentation to a series of workshops in New Zealand and Australia during September and October 2014 for local councils and wider community interests on what is happening in community governance internationally. The workshop panel comprised leading researchers and practitioners Peter McKinlay and Dr Paul Leistner of the Office of Neighbourhood Involvement, Portland, Oregon, with representatives of the Thames Coromandel District Council and the Bendigo & Adelaide Bank Ltd.

Introduction

Community or neighbourhood governance is normally discussed in terms of how councils make decisions for their communities. Innovations in community governance are seen as resulting from council initiatives (or occasionally initiatives led by a higher tier of government but delivered through councils as with Victoria's experience with community planning).

An important theme for this workshop is a reassessment of this view. Community governance rather than being a means of conceptualising the different manners in which councils are working with their communities, may instead reflect an increasing predisposition within communities however defined, and the people who comprise them, to play a greater role in how decisions are made which affect 'their place' and the options open to them for how they live work and play.

It may also be a necessary component of any effective response to the changes in the external environment which have been significantly reshaping the opportunities and challenges for all of our councils and communities from the very small to the largest. The roll-call is familiar: demographic change, the rise of metropolitan centres, globalisation, the impact of technology...

There is an increasing realisation that effective responses to the changes now confronting our communities are going to be far from a 'one size fits all' handed down from a higher tier or tiers of government. Instead, although higher tiers of government will continue to play an extremely significant role (partly by informed choice, partly by inertia), more and more communities will need to find their own solutions, and have the freedom to do so. A recent publication¹ from the Institute of Public Policy Research in England provides a very useful overview of the need to change, and the evidence in support of the sorts of changes required. It is admittedly dealing with a somewhat different situation, both constitutionally and in terms of the role and function of local government, but the basic arguments look to be very transferable. It certainly supports the assertion that in both Australia and New Zealand we are on the cusp of a significant rebalancing of the respective roles of local government on the one hand and higher tiers of government on the other, coupled with a need for a much more collaborative approach to working at a local level.

The emerging reality is that community governance is an opportunity not just for councils, but for any organisation, entity or for that matter individual or groups of

¹ The Condition of Britain available at http://www.ippr.org/assets/media/publications/pdf/the-condition-of-britain_June2014.pdf

individuals. A number of the developments this workshop will cover fall very clearly within a community governance paradigm, but either do not involve local government at all, or simply bring in local government as one of a number of stakeholders.

It invites a first principles reassessment of the future of local government, and whether local government itself is facing the possibility it could be replaced in whole or in part by other forms of governance at the community or neighbourhood level.

The purpose of this presentation

The purpose of this presentation is to provide an overview of what has been happening in jurisdictions such as New Zealand and Australia with the evolution of community governance. It will draw on changes which have been taking place both within local government, and in the communities it serves, as well as the increasing role being played by other entities in the governance of communities. It will conclude with some speculation on how community governance could evolve on the alternative scenarios of active council engagement, or the lead being taken by others.

Definition - what is community or neighbourhood governance?

One of the challenges in any discussion of community or neighbourhood governance is the issue of definition - what is community or neighbourhood governance?

As this presentation will demonstrate, the term covers a very wide range of different practices and understandings. Indeed, it is fair to say that trying to define community or neighbourhood governance in such a way that an observer can be specific about whether or not any given activity or practice comes within the ambit of community or neighbourhood governance is virtually impossible.

This issue was addressed in a report looking at the evolution of community governance in Australia which chose a very broad description focusing on its usefulness in understanding, rather than whether or not it allowed a clear boundary to be drawn between what is and what is not neighbourhood or community governance. That report stated:

We have chosen to define 'community governance' as a collaborative approach to determining a community's preferred futures and developing and implementing the means of realising them. In practice it may or may not involve one or more of the different tiers of government, institutions of civil society, and private sector interests. We have taken the view that the critical issue in defining 'community governance' is not whether clear and specific boundaries can be set around it, but whether it has utility in the sense of improving understanding of how decisions which affect a community's future are best taken and implemented².

Community or neighbourhood governance as an emerging theme

Community or neighbourhood governance is very far from being a new phenomenon. Indeed arguably the very origins of local government itself grew

² *Evolution in Community Governance: Building on What Works*
http://www.mdl.co.nz/site/mckinley/Evolution_Community_Governance_200312.pdf

out of a need to find ways of making collaborative decisions at a community level. One example is England's parish councils (currently the lowest tier of elected local government) which have their origins in the formerly significant role of the church in community governance.

In the second half of the 20th century community governance in the sense of community development has been a major theme in a number of jurisdictions, especially within the United States where community development emerged as a major field of activity. Often, however, rather than an expression of collaborative working between communities and councils, community development was seen almost as a form of working against councils with community development workers cast in the role of "Guerillas in the Bureaucracy"³. Alternatively community governance may appear more akin to governance by informal elites as with the development, again in the United States, of urban regime theory. Mossberg & Stoker⁴ in a review of an extensive literature observe " Regime analysis views power as fragmented and regimes as the collaborative arrangements through which local governments and private actors assemble the capacity to govern....Both local government and business possess resources needed to govern legitimacy and policy-making authority, for example, in the case of government, and capital that generates jobs, tax revenues, and financing, in the case of business."

Perhaps reflective of the extraordinary richness of experience within the United States, a further development also emerged in the latter half of the 20th century, the practice of a number (but still very much a minority) of municipalities actively encouraging the development of networks of resilient neighbourhood or community associations as with Portland Oregon whose experience will be explored as part of this workshop.

Another strand, originating in Brazil but now followed in a number of different jurisdictions, is participatory budgeting. New York-based NGO 'The Participatory Budgeting Project'⁵ describes it thus:

Participatory budgeting (PB) is a different way to manage public money, and to engage people in government. It is a democratic process in which community members directly decide how to spend part of a public budget. It enables taxpayers to work with government [government in this context typically means council] to make the budget decisions that affect their lives.

Though each experience is different, most follow a similar basic process: residents brainstorm spending ideas, volunteer budget delegates develop proposals based on these ideas, residents vote on proposals, and the government implements the top projects.

Some recent developments and issues

Community governance in Australasian jurisdictions as part of the way in which councils work with their communities took a quantum leap forward as part of the discussion of the role and function of local government in the last decade of the 20th century. Local government legislation in New Zealand and Australian states required councils to go through a formal consultation process with their

³ Needleman, M.L. & Needleman, C.E. (1974). *Guerrillas in the bureaucracy: The community planning experiment in the United States*. New York: John Wiley & Sons.

⁴ Mossberger, K. & Stoker, G. (2001) *The Evolution of Urban Regime Theory: The Challenge of Conceptualization* *Urban Affairs Review* 2001 36: 810

⁵ <http://www.participatorybudgeting.org/about-participatory-budgeting/what-is-pb/>

communities in respect of major plans and other initiatives. A labour party led state government in Victoria initiated community planning, a process through which councils supported communities in preparing their own local plans outlining their key priorities. Some councils, notably Golden Plains, based much of their own long-term and strategic planning on the information fed through to them from community plans (see the report *Evolution in Community Governance* cited above).

In the UK, place shaping emerged as a major theme in the 2006 report of the Lyons Inquiry into Local Government⁶ with the report's author Sir Michael Lyons, observing:

Throughout my work, I have promoted a wider, strategic role for local government, which I have termed 'place-shaping' – the creative use of powers and influence to promote the general well-being of a community and its citizens. It includes the following components:

- building and shaping local identity;
- representing the community;
- maintaining the cohesiveness of the community and supporting debate within it,
- ensuring smaller voices are heard;

Many councils have sought to go beyond the formal consultative obligations which they face under statute to develop more comprehensive approaches to engagement, often using the principles developed by the International Association for Public Participation (IAP2), expressed in its public participation spectrum⁷ as a five-step process of:

- Inform
- Consult
- Involve
- Elaborate
- Empower

Though this approach has developed very considerable support within local government, both it and formal consultation more generally have been questioned for reasons including:

- The basic assumption in the IAP2 process that the Council sets the agenda and determines the question to be considered. As an approach, this does not sit well with an increasing public interest in determining what the issue is which should be addressed rather than simply being asked to consider the Council's answer to the Council's question.
- The traditional consultative approach can in fact divide communities rather build consensus around a shared perspective on a preferred solution (Lenihan 20128).

One response to growing concerns about the effectiveness of traditional consultative processes has been a growing interest in co-design, an approach which seeks to bring the agency or agencies delivering a service or services (council, government agency) and the communities in which those services will be delivered together to consider how best services should be targeted and

⁶ www.lyonsinquiry.org.uk

⁷ <http://www.iap2.org.au/documents/item/84>

⁸ Lenihan, D. (2012) *Rescuing Policy: the case for public engagement*, Ottawa, Public Policy Forum

delivered. Benefits include sharing of knowledge, and the potential for co-production as communities which feel that they have some ownership of the service delivery process commit resources, often time, to assisting with delivery.

Lenihan (op. cit.) includes a case study in which the Australian Department of Human Services, in partnership with the Municipal Association of Victoria, piloted a codesign approach in nine municipalities in Victoria to discuss ways to identify improvements to service delivery for selected customer groups. That pilot has been succeeded by the Department's *Better Futures Local Solutions* pilot, considered in more detail below, which is being trialled in 10 locations across Australia. In New Zealand, the Ministry of Social Development, as the lead agency for social sector trials, has been leading an approach which again involves working directly with communities and to a large extent bypassing the local council, even although generally the Mayor is represented on the governance body for the trial - but as a community leader, rather than as a means of establishing formal council involvement.⁹

In England, there have been successive endeavours to develop more of a joined up approach to service delivery, beginning with local strategic partnerships and community strategic plans some 10 or more years ago and, through successive evolutions and a change of government, now being pursued through the present coalition government's localism initiative. This is an approach which appears variously driven by an ideological view that small government is better, an apparently genuine belief that governments have intruded too far into the lives of individuals and communities, and should retreat, and a determined effort to reduce public expenditure, especially government funding of services which local government is required to deliver but which are substantially funded by central government.

Localism has seen a number of initiatives which have gone beyond focusing on community engagement by itself to actual devolution to communities and perhaps beyond. Examples include:

- The community right to challenge incorporated in the Localism Act, a process under which a community group can propose to a Council it should take over a service which the Council currently delivers, along with the associated funding. The process is complex mainly because it is designed to require the Council to deal with the challenge objectively and on its merits. It remains unclear whether this right is intended primarily to pass responsibility over to community groups, or to trigger the privatisation of services. The uncertainty results from the fact the legislation requires a successful challenge is followed not by the Council then passing the service to the community group, but by the Council then commencing a competitive procurement process.
- Provision in the new four tier planning system, the bottom tier of which is neighbourhood planning, for the establishment of neighbourhood forums to develop neighbourhood plans. Under this system, neighbourhood plans are restricted largely to determining where within a defined neighbourhood specific activities, already determined through higher tiers in the planning process, should be located. A common example is housing. The level of activity (number of household units) will have been determined higher in the planning hierarchy. The role of the neighbourhood plan is to decide where in the neighbourhood the predetermined level of activity should be

⁹ See <https://www.msd.govt.nz/about-msd-and-our-work/work-programmes/initiatives/social-sector-trials/>

located. The legislation gives parish councils, where they exist, first option to be the neighbourhood forum. In practice the NGO which has been providing capability development support for neighbourhood forums reports that the majority of neighbourhood forums, even where there are parish councils, are in practice community groups which have come together around an interest in planning even although in formal legal terms they may then be constituted as a subcommittee of the parish council.

Other factors highlighting the changing environment are the way in which residents' and ratepayers' attitudes towards participation in local government appear to be changing, and the emergence of what could be termed non-traditional entities as significant players in community governance including the community banking network of the Bendigo & Adelaide Bank limited and a number of the trusts and foundations which have resulted from public sector reform of 'ownerless' entities operating at a regional or local level (examples include Italy's foundations of banking origin and New Zealand's community trusts and energy trusts). All these are discussed below.

What the balance of this presentation will cover

The balance of this presentation will consider:

- A number of examples of the trends discussed in the introduction, including a wide range of emerging practices both within Australasia and further afield.
- The value proposition for councils, higher tiers of government and communities themselves.
- The implications for the future of local government, including the potential for local government increasingly to be bypassed in terms of the governance of the communities it currently serves.

Trends; emerging practices

How people want to engage

Residents' and ratepayers' attitudes towards participation in local government appear to be changing. Traditionally the main means of engagement has been to exercise your right to vote. In recent years, voter participation has been dropping significantly, so much so that a major preoccupation both for councils themselves, and for governments in their oversight role, has been how to reverse this trend. Suggestions include introducing civics courses in schools, shifting to electronic voting and re-examining the way in which postal balloting works (in New Zealand as an example, is a three week period too long - does it too often mean voters put the envelope to one side to deal with later because there is plenty of time, and then forget to vote?).

Recent European research¹⁰ suggests people now tend to think of themselves as having different types of relationships with the Council - as electors, as

¹⁰ See Haus, M. & Sweeting, D. 2006, 'Local Democracy and Political Leadership: Drawing a Map', *Political Studies*, vol. 54, pp. 267-288 and Schaap, L. et al. 2009, *Innovations in Sub-National Government in Europe*, Netherlands' Council for Public Administration, http://www.robrfv.nl/documenten/migratie/innovations_in_subnational_government_in_europe.pdf

consumers of services provided by councils, and as co-decision-makers. This latter is particularly important. There is more than a suggestion that the shift away from voting reflects a sense that voting by itself doesn't really make much difference to the things you are really concerned about (which usually concern your own local area - the local shopping centre, park, other local amenities and so on). Instead, if you genuinely want to have an impact, you need to be part of the decision-making process itself.

Some four years ago a blog by the general manager of a Sydney Council reporting on a recent resident survey the Council had undertaken provided a good illustration of the kind of change which is taking place:

What has surprised the council about the survey results is the fact that residents appear to be less concerned about what I would call the 'traditional' activities of local government – and much more interested in what could loosely be termed participatory democracy. The survey findings go on to say that out of ten drivers of satisfaction – what residents really want – the top two were access to Council information and support and community involvement in decision-making. Managing development came third, domestic waste fourth and perhaps most surprising of all, maintaining local roads came seventh.

Engagement by higher tiers of government

There's nothing new about higher tiers of government wanting to consult on proposals they are developing. What is new, though, is a shift in managing service delivery itself towards more of a community governance approach, with higher tiers of government looking to work directly and in a partnership approach with communities, sometimes with local government directly, sometimes potentially side-lining the role of local government as the community's leaders in community governance.

The work of Healthy Together Victoria provides a good insight into the motivation for wanting to work more closely with communities. The following table is taken from a presentation providing an overview of HTV's work and illustrating the shift from a health promotion tradition to a whole of systems approach:

Health Promotion Tradition	Whole of Systems Approach
Projects Planning Expert Leads Technical leadership Knowledge transfer and translation Meetings Training	System networks and activation Implementation and improvement Communities lead Adaptive leadership Knowledge co-creation Everyone in the room sessions Networks of practice

HTV is an example of a government agency actively seeking to work in collaboration with local government. Other examples suggest that higher tiers of government are equally capable of wanting to work directly with communities rather than through local government even although they may have prior experience of the benefits of working through local government in connecting with communities. In Australia the Federal Department of Human Services' Better Futures Local Solutions pilot project provides an example. As discussed above, it had taken part in a successful pilot of co-design in association with the Municipal

Association of Victoria as a means of improving its performance in service delivery.

The *Better Futures Local Solutions* pilot followed directly from the experience with the co-design project. This pilot involved 10 trials across Australia each within the district of a given local authority. The guidelines for the pilot¹¹ state that the measures aim to improve the circumstances of people experiencing high levels of disadvantage by supporting them to strengthen family capacity to participate in education and employment, prepare for or gain employment, and increase their earning capacity.

A local advisory group (LAG) was established for each trial site. Membership was drawn from a wide variety of community organisations with typically only one representative from the Council. Each LAG was required to develop a strategic plan. A review of the plan for Greater Shepparton¹² in Victoria supports the view that this was very much community governance in action, being developed for the most part independently of local government.

An example from New Zealand of a central government agency or agencies seeking to work directly with communities is the Social Sector Trials project being led by the Ministry of Social Development as part of the Government's *Better Public Services* initiative.

The Ministry's website provides a description of the social sector trials (see <http://www.msd.govt.nz/about-msd-and-our-work/work-programmes/initiatives/social-sector-trials/>). What follows is an extract from that description:

What Are the Social Sector Trials?

The Social Sector Trials involve Ministries of Education, Health, Justice and Social Development, and the New Zealand Police working together to change the way that social services are delivered.

The Trials test what happens when a local organisation or individual coordinates cross-agency resources, local organisations and government agencies to deliver collaborative social services.

What is the model?

At the core is:

- Either a contracted NGO or an employed individual in place in these communities to lead a programme of work using cross agency resources.
- NGOs and individuals planning social service delivery for young people, managing relevant contracts and funding that are within the scope of the programme, overseeing resources-in-kind, developing networks, engaging with the community and influencing social services outside of their direct control (like statutory services).
- The establishment of Social Sector Trial local advisory groups in each location - representatives include iwi, Council, government agencies, community representatives and social service providers, that oversee the direction and priority setting, engage community ownership and involvement.

¹¹ <http://www.humanservices.gov.au/spw/corporate/government-initiatives/resources/bfls-lsf-guidelines-part-a-program-overview.pdf>

¹² <http://www.humanservices.gov.au/spw/corporate/government-initiatives/resources/shepparton-lag-strategic-plan.pdf>

- The development and implementation of a Social Sector Trials Plan (or action plan) for each location.

What stands out from the description of the model is that programmes of work at the local level are being led by NGOs or individuals NOT local government. Discussion with officials suggests this is because of a perception that local government lacks the necessary capability - perhaps unsurprising given that local government in New Zealand generally has not had a significant involvement in social service delivery.

It seems likely that this approach will be carried forward as the trials experience evolves. A recent quarterly report to trials participants includes:

The Social Sector Integration work programme is developing an operating model for social sector integration community-led social service delivery. The model will inform national, regional and local levels of the social sector, and the future delivery of other cross-government and inter-sectoral initiatives.

The model's design has been informed by lessons (success factors and impediments) from the Trials and other initiatives. It will be based on principles for when the social sector could integrate and when decisions should be made close to communities. The project is working through how the approach can be used to achieve stronger community-led service delivery, improve the connectedness of existing integrated initiatives in communities, and deliver better outcomes.

This strongly suggests that the further evolution of social sector integration will be central government driven and coordinated rather than working through local government. It is a further illustration of the potential for local government to be bypassed as higher tiers of government seek to ensure greater community engagement in order to improve the effectiveness of service delivery.

A shift to bottom-up governance

Here we cover a number of what could loosely be termed 'bottom up' approaches to community governance. Some are of relatively recent origin, some are long-standing (as with Portland's neighbourhood associations). Some result from local initiatives, others are the direct or indirect result of actions by higher tiers of government. For descriptive purposes, we categorise them respectively as enabled by local government, responses to resource constraints, and community initiatives.

Enabled by local government

Four options are considered. They are Portland's neighbourhood associations, New Zealand's community boards, citizens committees in Australian local government and community planning in the state of Victoria.

Portland

The Portland experience is the subject of a separate presentation at this workshop. In brief it covers the establishment and support of a network of resilient neighbourhood associations including the various measures which the Council has put in place over the years to ensure the relative independence of neighbourhood associations, their on-going resilience, and the opportunity for them to contribute to decision-making in relation to their areas of interest.

New Zealand's community boards

These are elected sub-Council boards representing a community within the district of a territorial local authority. Provision for them was first made in the comprehensive restructuring of New Zealand local government which took place in 1989. As part of that restructuring, when two or more local authorities were merged to form a single territorial local authority, community boards were established to cover the areas represented by the former local authorities.

Under New Zealand's local government act, the core functions of community boards are to act as community advocates, making representations to the Council on behalf of their communities, and providing input on council plans and policies. The act does provide very substantial powers of delegation. Exercised to the full, these could bring a community board very close to having the same powers as the parent Council (exceptions from delegation include striking a rate, borrowing, and employing staff). Some councils have made extensive use of powers of delegation. The Thames-Coromandel District Council case study in this workshop provides one example. Interestingly, in each council where this has happened, the communities involved are geographically distinct. Thames-Coromandel covers a mountainous peninsula with geographically very separate communities. Queenstown Lakes District Council, which has delegated significant powers to the Wanaka community board, is responsible for an area separated by a significant mountain range - Queenstown itself is on one side of the mountain range and Wanaka on the other.

The community board model highlights the potential fragility of sub-Council governance arrangements. Delegations once granted can be withdrawn. Under the New Zealand local government act councils are required to carry out representation reviews at six yearly intervals. These reviews can, and a number have, include proposals to abolish community boards.

The conclusion to be drawn from the New Zealand experience is that this approach to creating community governance requires a strong and on-going commitment by the parent council, and inevitably leaves the community board structure dependent on continuing political will on the part of the parent council.

Community planning in Victoria

In the late 1990s the then Victorian state government mandated community planning across the state, effectively requiring councils to encourage/facilitate the development of community plans which would typically cover geographically separate communities or areas within contiguously developed authorities which were able to identify as communities.

Golden Plains Shire provides what is perhaps the best-known example¹³. This is a rural Shire which runs between the outskirts of Geelong and Ballarat. The Council recognises some 35 different communities of which 22 have established community planning groups. These have become closely integrated with the Council's own processes, with each Council meeting featuring a presentation from a community planning group. A synopsis of community plans is taken to the Council's annual retreat, and officers report six monthly to the Council on common issues arising from community plans. The ability to draw out common issues from a range of community plans has seen the Council itself leading

¹³ The description of the Golden Plains experience is sourced from *Evolution in Community Governance: Building on What Works*. See footnote 1 above.

significant initiatives in service development by other agencies including health services and public transport among others.

From the beginning of the community planning process, the Council provided funding for independent facilitators to work with communities taking the view that independence was an important element in enabling the creation of what were genuinely communities' own plans, rather than Council developed plans. More recently it has also provided annual grants to help community planning groups fund the implementation of the priorities they have established as well as assisting those groups identify complementary sources of funding.

Citizens committees

Across Australia, councils generally have the authority to establish subcommittees which may be made up entirely of non-councillors. This power has often been used to facilitate the establishment and operation of groups which may be formed to advise the Council on a particular issue, or to provide neighbourhood or community input on a significant initiative affecting their area. These committees may either be established to deal with a single issue, or have an on-going existence as with a number of precinct committees established to provide on-going representation of communities.

A recent report¹⁴ supported by the Australian Centre of Excellence for Local Government reviewed experience of three councils in Victoria with the objective of providing an overview of experience with citizens committees. The executive summary of the report provides the following overview of the research findings:

Key findings of the research are:

- Committees are a key element of councils' community engagement strategies.
- They predominantly service community and council needs, have limited influence and are not highly inclusive or representative.
- Those who are involved in the work of committees value them for multiple reasons, depending on their roles as members, officers or elected representatives.
- These parties have different interests in committees, and this may at times lead to misunderstandings and conflicts of interest.
- There are many factors influencing the effectiveness of citizen committees, and the report suggests ways of dealing with common issues.
- Committee sustainability and recruitment present challenges to the sector, given that many councils depend on them not only for consultation and decision making activities, but for public management of facilities.
- The research concludes that citizen committees, both council-appointed, and incorporated non-for-profits, enable the sector to draw on a considerable resource from the community for advice, issue

¹⁴ The role and future of citizens committees in Australian local government – see http://www.acefg.org.au/sites/default/files/ACELG_Citizen_Committees_Report.pdf

resolution and public management. Though other kinds of engagement have become more common, citizen committees remain well established in local governance. They work best when there is a clear vision of their role within the council's broader community governance approach, and when there is appropriate investment in capability building and group development. Good working relationships, clear points of contact and regular feedback are highly valued by members, as is the opportunity to work together with others to achieve an outcome for the public.

Response to resource constraints

We look at two from a number of examples emerging in England as what is a direct consequence of the coalition government's austerity programme. The impact of this programme was assessed in a 2013 report¹⁵ from the Joseph Rowntree Foundation as:

In England, local government spending (excluding police, schools, housing benefit) is set to fall by nearly 30 per cent in real terms between 2008 and 2015; an equivalent figure for Scotland would be 24 per cent. As funding covers some new service burdens, the underlying cut in funding for existing services is even higher.

Hardly surprisingly, the impact on English (and Scottish) local government has been very significant. Different councils have adopted different strategies. Some such as the London Borough of Barnet¹⁶ have concentrated on separating out the respective roles of provision (determining what services their communities should receive) and production (choosing who is best placed to produce) with a mix of in-sourcing, out-sourcing, centres of excellence, joint ventures and other initiatives.

Others have focused on a much greater engagement with communities. The London Borough of Lambeth decided it would respond by transforming itself into a cooperative Council, working to undertake service delivery in collaboration with its communities, and often by devolving delivery to mutuals, trusts, cooperatives and other community-based structures. A 2011 article¹⁷ set out its objective as:

To give public services a sustainable future we need to combat that loss of confidence by handing more power to individuals and communities as part of a rebalanced settlement between the citizen and the state. In handing more power to the people we can expect public services to change dramatically as they shift to meet people's real needs.

Specific options signalled in that article included encouraging schools to form cooperative trusts, vesting the Council's libraries in a trust, development of cooperative housing and:

encouraging local communities to develop neighbourhood micro-plans and to help take decisions over how their share of the council's overall budget is spent in their area. The council will make sure that all parts of local communities are listened to so the plan isn't run in the interests of only one part of the community.

¹⁵ Coping with the cuts? Local government and for communities. See

<http://www.jrf.org.uk/sites/files/jrf/local-government-communities-full.pdf>

¹⁶ See Meeting the challenge in Barnet: Lessons from becoming the Commissioning Council available at: http://www.localis.org.uk/images/LOC_Barnet_Commissioning_WEB.pdf

¹⁷ Lambeth launches the cooperative Council available at: <http://progressonline.org.uk/articles/article.asp?a=7482>

Subsequently, Lambeth has taken the lead in developing the Cooperative Councils Innovation Network whose website describes¹⁸ the work of the network as:

Our work recognises the need to define a new model for local government built on civic leadership, with councils working in equal partnership with local people to shape and strengthen communities. This means a new role for local authorities that replaces traditional models of top down governance and service delivery with local leadership, genuine co-operation, and a new approach built on the founding traditions of the co-operative movement: collective action, co-operation, empowerment and enterprise.

Community initiatives

Not all initiatives for new approaches to community engagement have emerged from local government or higher tiers of government. Here we consider two initiated at a community level which have much to offer as practical and effective ways of improving community engagement and getting better outcomes both for communities and for the councils which serve them.

Porirua City Council Village Planning

Porirua City is, in New Zealand terms, a medium-sized City Council and is located immediately to the north of Wellington, the capital city. It is primarily residential, with a mix of communities of very different ethnic and socio-economic composition.

One of the Council's seaside communities, Plimmerton, was instrumental in the establishment of the Village Planning Programme. Leveraging off the Local Government Act 2002 requirement for local government to consult with its communities, in 2003 the Plimmerton Residents Association approached Council for assistance to develop a village plan. In 2004 the first 'village plan' - the Plimmerton Village Strategy was presented to Council. The strategy detailed residents' aspirations for their community. It was developed through an extensive community consultation process involving 23 street meetings and more than 300 residents.

The Council has taken a flexible and enabling approach to the development of village planning. It will offer support to local communities where there is a community group, often residents Association, interested in taking the lead.

Eleven of the Council's 16 villages now have village plans either in place or under development. They both assist communities identify their priorities, and provide an important source of input for the Council in developing its own plans. The Council's website provides a detailed overview of the operation of village planning. See <http://www.pcc.govt.nz/Community/Community-Projects/Village-Planning-Programme>

Community planning in England

Community planning - the development of non-statutory plans for community - has quite a long history in England. Together, Action for Communities in Rural England (www.acre.org.uk) and the Association of Town Centre Management (www.atcm.org) have supported the development of more than 3000 community plans over the past 20 years.

ACRE describes its approach as:

¹⁸ see <http://www.coopinnovation.co.uk/about-us/>

ACRE has promoted self determination, via community plans, for rural communities since its inception. ACRE and its members have pioneered the approach of Community-Led Planning with an innovative toolkit and, more importantly, direct engagement with communities. ACRE Network members employ practitioners who live and work amongst rural communities and have always been best placed to help and support the development of a community plan in any form.

Community planning as an approach now has quite broad-based support with a dedicated website, <http://www.communityplanning.net/>, described as helping people shape their cities, towns and villages in any part of the world.

The emergence of non-traditional governance entities

Yet another influence is the impact of what we term non-traditional governance entities which because of the way they manage assets and/or income at their disposal are de facto an increasingly significant influence in community governance. Two in particular merit mention. They are the community banking network of the Bendigo & Adelaide Bank limited, and a number of the trusts and foundations which have emerged from various forms of public sector driven restructuring such as New Zealand's community trusts.

Over the past 15 or so years the Bendigo Bank has built up a network of more than 300 community banking branches. Each branch itself is owned locally and operates under a franchise from the bank. Branch profits when distributed go partly to shareholders (the shareholding structure itself is designed to ensure a widespread of ownership and discourage the emergence of one or more controlling shareholdings) and partly back to the community. Over the years many branches have changed from an essentially reactive distribution policy - responding to requests from the community - to recognising that they are in effect trustees of a significant community resource with an obligation to ensure it is applied so as to get the best outcomes for the community as a whole. That kind of approach is inherently a governance approach, working with the community to shape its preferred future.

The second is the emergence of a number of now quite significant trusts and foundations as the result of restructuring activities such as regional savings banks (New Zealand's community trusts, Italian foundations of banking origin, and a number of others in different jurisdictions) and electricity distribution - New Zealand's energy trusts.

Community trusts, Italian foundations of banking origin and a number of New Zealand's energy trusts all distribute some or all of their income for purposes of community benefit. The Italian foundations follow a well-established pattern which in some instances has been built up over centuries (recognising the long history of the savings bank movement in Italy) and so have a mandate established by practice and tradition although it is also frame-worked by the legislation under which the foundations operate.

The New Zealand trusts display quite a wide pattern of behaviour ranging from essentially reactive distributions, to highly developed distribution policies based on in-depth consultation with the communities they serve, and a shared understanding of the priorities and outcomes which distributions should be seeking to support. Increasingly, these trusts are an integral part of the governance of the communities they serve in the sense that their decisions play a significant role in shaping the futures of those communities. The question this begs is how they develop a mandate which genuinely reflects community

priorities, and influences the decisions which these trusts take. It's a challenge not just for this set of trusts, but for many trusts and foundations worldwide, including the burgeoning community foundations movement.

The value proposition for councils, higher tiers of government and communities themselves

It is still common for the merits of community or neighbourhood governance and, more broadly, better engagement with communities to be promoted as 'a good thing' because it promotes local democracy. Typically, also, responsibility for community governance/engagement will be assigned to a division of a Council responsible for community development, rather than being a 'whole of Council' responsibility.

From a practical perspective, it makes sense to look not just at the moral imperative, but also at the value in terms of what it contributes to significant measurable outcomes such as the better management of Council resources. MDL in its work with councils on community engagement will typically ask "what about the engineers?" We did this with one Australian Council, in a discussion with its community development manager. The response was the story of an approach from Council engineers who were working on a proposal for a new bus route. They had already designed the route, including determining where bus stops should be placed along it.

Before implementing the new route, the engineers decided to ask the Council's community development team whether they could use their community linkages to get feedback on the suggested route. The response from the community, with reasons and suggestions for change, was that the proposed bus stops were all in the wrong places. The community's proposals were implemented and the bus route was a success.

As more councils get better at engagement, and take more of a community governance approach, there are an increasing number of positive examples of the benefits which result.

The NSW Local Government Independent Review Panel in its first report¹⁹ cites the experience of the Waverley City Council (a Council within the Sydney metropolitan area) which undertook extensive dialogue with its communities about service level standards:

There is also scope for dialogue with communities to set somewhat lower levels of service and hence reduce expenditure needs – such a dialogue recently enabled Waverley Council in Sydney to reduce previously forecast backlog expenditure by more than 80%.

The same Council provides an even more striking example of the benefits which come from working closely with communities. NSW councils are subject to a rate capping regime which fixes the maximum percentage by which the general rate can be increased in any one year. The regime is administered by the Independent Pricing and Regulatory Tribunal (IPART) which not only fixes the cap but also administers applications for exemption. One requirement if councils wish to exceed the cap is to demonstrate community support for the additional rate. This

19

<http://www.localgovernmentreview.nsw.gov.au/documents/LGR/Stage%20One%20Consultation%20-%20The%20Case%20for%20Change.pdf>

is normally achieved through the development of the community strategic plan, the statutorily required 10 year planning document for NSW councils.

Waverley City Council went to its communities to discuss different options for setting future rates based on the level of service which communities were prepared to support - essentially giving communities a set of scenarios showing the mix of rate levels and service standards. The following extract from the Mayor's press release²⁰ announcing the IPART decision quite dramatically demonstrates the benefits from taking that approach and also undermines the standard myth that communities will always resist rates increases:

After extensive consultation Council had applied for an 11.12% increase for seven years to deliver the community's vision for Waverley. IPART's approval is an average increase of 10.6% each year above the rate peg amount for three years.

"Council had a sound case and we extensively consulted our community before making this application, which showed support for retaining and in some case enhancing our services," Mayor Betts said.

The experience of the Thames-Coromandel District Council, which will be covered in more detail as part of this workshop, provides another illustration²¹. A small dairying community within its district needed a new water system. The Council designed a proposed system with an estimated cost of \$16 million. The community was not impressed by the cost. In a series of meetings between Council staff, including engineers, and local farmers an alternative solution was designed at a third of the original proposed cost. This was a significant benefit not just for the Council itself but very much for the community especially as the capital and operating costs of the system were going to be met through a rate on that community alone.

The value proposition for governments of taking more of a community governance approach seems intuitively strong, but we are still in the early days of gathering hard evidence in large part because governments have only recently been moving to work in this way.

For Westminster jurisdiction councils, the best evidence comes from England and results from successive governments over the past 15 or more years looking to find ways of enhancing collaboration in service delivery and increasing efficiency through partnering at a community level. There is some evidence of benefits in terms of reducing complexity from the previous labour government's total place pilots.²²

More recently, the current coalition government's move to 'whole of place' community budgeting, and neighbourhood community budgeting (a lesser scale option) has provided the opportunity to evaluate the potential for savings from working more collaboratively. It does need to be emphasised that the English approaches differ somewhat from what would happen in either New Zealand or Australia, largely because English local government has a much more significant role in service delivery, and because most of its funding comes from central government grants to support that service delivery.

²⁰

http://www.waverley.nsw.gov.au/top_link_pages/news_and_media/council_news/2011_news/2011/ipart_determines_waverleys_application_for_special_rate_variation

²¹ Power to the People: New Zealand Local Government magazine, volume 51 August 2014 page 27

²² See <http://www.localleadership.gov.uk/totalplace/news/total-place-final-report/>

In a report prepared for the Local Government Association by Ernst & Young and delivered in January 2013, Ernst & Young, extrapolating from the evaluation of pilot studies, had this to say of the potential benefit from community budgets:

The potential five-year net benefit of Community Budgets is £9.4 billion-£20.6 billion. The net one year annual benefit is £4.2 billion-£7.9 billion of a one year annual addressable spend of £107.1 billion.

This is highly sensitive to the assumptions made about the ability of other places to apply the approaches taken by the pilots. It should also be noted that net financial benefits do not necessarily translate into budget savings and there is a lot of work to do before this potential can be realised on a national scale.

Effectively, the conclusion is that community budgets are very much 'work in progress' but that the potential is significant.

New Zealand and Australian experience is more limited but both the work of the Australian Federal Department of Human Services through the co-design pilot and more latterly through the Better Futures Local Solutions pilots, and of the Social Sector Trials in New Zealand suggest that there are significant benefits to be gained from working collaboratively at a community level, and engaging the community in enabling better service delivery.

The implications for the future of local government

This final and concluding section is necessarily speculative. It is so largely because we are looking at the early stages of what is potentially a very major transformation in the way in which our communities are governed.

It's still common, indeed probably almost universal, to assume that local government will remain as the primary governing entity for communities in New Zealand, Australia and similar jurisdictions.

The trends covered in this presentation suggest that this assumption may not necessarily hold true. First, and obviously, it's now clear that higher tiers of government are coming to understand the importance of involving communities in the design, targeting and delivery of major social services - it's not just cost. It's also the growing recognition that the so-called 'wicked issues' which have defied decades of welfare state experimentation cannot be addressed without involving communities.

Next, consider the point made at the beginning of this presentation that community governance may in fact be a reflection of the predilection of communities to want to play a greater role in the decisions that affect them. This way of thinking about community governance opens up our understanding of the potential for other entities, whether public, private or not-for-profit, to play an increasingly significant role.

In Australia, the Bendigo & Adelaide Bank limited is still at the very early stages of growing its community banking model when the scale of business handled through community banking is compared with the scale of business through the banking sector as a whole (even if you assume that major commercial entities are unlikely ever to become significant customers of community banking). Consider the potential of this network to become the major shaper of the future of many Australian communities as it increases in scale and its ability to distribute what is essentially discretionary funding multiplies.

The Bendigo model has not yet been imitated in other service areas but there is almost certainly potential in services ranging from insurance, to telecommunications, to energy supply and much more. One way of thinking about the model is to see it as a significant update on the development of cooperatives and similar entities, and one which is capable of overcoming a number of the significant dis-benefits of cooperative structures.

Add to this the potential of major trusts and foundations such as New Zealand's community and energy trusts, and the emerging community foundations. This should be seen not just in terms of the impact of the distribution of discretionary funding, but the potential for trust ownership, for example, of local infrastructure to provide a superior model to local government ownership - one very real opportunity is to develop ownership and governance models which are not subject to the short-term political opportunism which too often categorises local government decision-making.

A further potential comes from the perceived need to be much more innovative in the way in which we provide and manage local infrastructure. We still take it for granted that the hard infrastructure (the three waters, local roads) needed will be provided either by local government or by state agencies which have taken over a local government role. Elsewhere, notably in the US and China, there are emerging instances of the traditional range of local government services being delivered by residents associations established by developers as part of putting in place large-scale residential development.

Another trend is the likelihood that increasingly communities will need to play a more proactive role in developing responses to emerging needs, such as supporting ageing in place which are not capable of being fully funded through public sector entities of whatever kind.

Our hypothesis is that the changing nature of community governance has the potential not simply to bypass but ultimately to replace conventional local government if councils themselves do not understand the potential for change, and how they themselves have the opportunity of leading their communities, rather than simply acting as service providers and regulators.

