



[Reading Room: Local Government](#)

The Strategic Role Of Local Government: A comparison of English and New Zealand experience

Introduction

This paper was originally prepared following discussions in England in April 1999 with officials, local government representatives and researchers with an interest in local government. The initial audience included MDL clients and people whose insights contributed to its development. With the growing emphasis on the strategic as opposed to the operational role of local government in New Zealand, we have updated the paper and decided to make it available on our website as a contribution to this increasingly important debate.

The purpose of this paper is to reflect on the strategic role of local government as opposed to the purely instrumental or service delivery role. It draws on, and compares and contrasts, current initiatives within New Zealand and England, both of which currently have governments which are taking an extremely activist approach towards redefining the role of local government *for their purposes*.

The comparison between experience in New Zealand and England is appropriate for another reason. Both are countries which lack a written constitution, and thus the clear definition of the relationship between central and local government characteristic of countries (the majority) which do have a written constitution. This lack is seen as both a weakness and a strength. A weakness in that it apparently gives central government (as the supreme law making power) the ability to change, fundamentally, the role and place of local government in society with the stroke of a legislative pen. A strength in that in the absence of a constitutional definition of its appropriate role and place, local government has the opportunity to redefine that role without the constraint of a constitutional restriction on shifting its role to meet changing circumstance.

Historically, local government in England has played a much more significant role in service delivery than has been the case in New Zealand. In England local authorities' responsibilities include social housing, education, social services, and fire services. They do not though, have responsibility for water or sewerage infrastructure but do maintain responsibility for local roading.

In New Zealand local government's major activities are roading and water (the supply of water and disposal of waste water and storm water). In addition local government undertakes a significant role in the delivery of local regulation and of recreational and cultural services (also the case in England).

This contrast is reflected in the different financial arrangements. In England, approximately 80% of local authority funding comes from central government¹. In

contrast, New Zealand local government receives very little funding from central government (other than for roading which has always been treated as a special case).

The differing financial arrangements have underpinned different approaches by central government in the two countries. In England, because of the very significant level of central government funding, and of local government's responsibility for delivering major social services which are commonly an important part of central government policy, government has played a very interventionist role both through mechanisms such as rate capping and equalisation grants and through direct intervention in service standards. In New Zealand central government has historically been somewhat less interventionist seeing its role as a regulatory one, akin to the role it plays in respect of other sectors of the economy, coupled with an obligation to ensure effective accountability which again can be seen as paralleling initiatives it has taken in other areas (such as Company and Securities Law).

The Current role of Central Government in England

These different histories lie behind and help explain the different approaches by governments in their reform programmes. In England, the Blair Labour Government is intervening directly in the structure and management of local government with the deliberate intention of forcing a higher standard of performance. Initiatives include:

Modernising Local Government, an initiative intended to improve the political performance and operation of local authorities, many of which operate with councils of a size approaching that of New Zealand's parliament. Key features of this initiative include the opportunity, for the first time, to opt for an elected mayor (in contrast to the present situation in which councillors, once elected, in turn elect their leader) and the creation of an executive committee broadly equivalent of a cabinet (and with 3 options available for the structure of the executive committee: the mayor plus the chief executive; the mayor and a group of senior councillors; a group of senior councillors plus a leader elected by councillors - the council might still have a separate elected mayor).

Best Value In Local Government. The purpose of the Best Value initiative is to require local authorities to adopt a policy of continuous improvement benchmarking themselves against the best performers in each area of service delivery. Amongst other things this policy is seen as replacing the compulsory competitive tender approach introduced under the previous Conservative Government but regarded by the present Government as overly rigid and not consistent with encouraging local authorities to search for the most appropriate solution to fit the specific circumstances with which they are dealing. The Best Value strategy requires local authorities to undertake comprehensive reviews of their activities on a five year rolling basis.

Central to the Best Value initiative are the so-called 4Cs which require local authorities to challenge the need for the service, consult with key stakeholders, compare their performance against others, specifically the top 25% of local authorities for that service, and ensure they compete in procurement by appraising different options and using the most effective means for provision of the service. The Best Value initiative is supported by an inspectorate operated through the Audit Commission with a strong compliance focus.

It also includes incentives for the best performers and sanctions for laggards including the potential for intervention by the Secretary for State in terms of a protocol agreed between the Secretary and the local Government Association.

Local authorities are also required to publish and consult on local performance plans in which they will set out their objectives for the services they deliver. This is a significant step forward in public accountability for local authorities which previously had been confined to public meetings/official information requirements coupled with an obligation to publish annual accounts.

Tenant Management Compacts. Under this initiative, local authorities are required to find means of increasing tenant participation in the management of local authority housing (collectively local government is by far the largest landlord for social housing). Local authorities may pursue the policy objective by means such as informing tenants, consulting with tenants, and involving tenants in decision making. The intention parallels that of the Modern Local Government initiative with its emphasis on improving local democracy and is also being treated as a subset of the Best Value initiative.

Economic and Social Development. The Government has introduced two initiatives. The first is the establishment of nine Regional Development Agencies with a commitment to move to directly elected regional government in England where there is a demand for it. The consultation paper on Regional Development Agencies includes the statement " the fundamental purpose of the regional strategy is to improve economic performance and enhance the region's competitiveness, addressing market failures which prevent sustainable economic development, regeneration and business growth in the region. Agencies' statutory purposes cover a broad spectrum of activity which will require them to take an integrated and sustainable approach to economic issues, tackling business competitiveness and the need to increase productivity and also the underlying problems of unemployment, skill shortages, inequalities, social exclusion and physical decay".

The second is an initiative, still undergoing public consultation, to require local authorities to develop community plans. The stated purpose of this initiative is that "A community strategy should aim to enhance the quality of life of local communities through action to improve the economic, social and environmental well-being of an area and its inhabitants."

Taken together, these two initiatives emphasise an expectation on the part of central government that local government - and local institutions - have a significant contribution to make in delivering on the Government's own economic and social objectives. At the same time, they also suggest some lack of clarity on how best to proceed which will require local authorities and Regional Development Agencies to work together to determine how best to co-ordinate their activities.

The Recent and Current Role of Central Government in New Zealand

The New Zealand approach until recently was very different. During the 1990s central government placed its emphasis primarily on micro economic management: improving the regulatory framework for the delivery of local government services. Specific initiatives included:

A roading review intended to place the country's roading network under commercial management and provide a context for charging for road use in relation to the costs imposed by particular users.

A review of the legislative / regulatory framework for water and waste water services with the primary objective of creating an environment in which owners, managers or providers of water and waste water services would not enjoy

any particular advantage or suffer any particular disadvantage merely by reason of the nature of their ownership. In practice this would have meant removing a number of statutory powers exclusive to local authorities (or alternatively making them available to any industry participant) and treating services as businesses, that is, making them taxable and requiring public sector owners/providers to target a normal rate of return on capital.

A review of the Rating Powers Act (the legislation which provides the main statutory authority for New Zealand's system of property taxation) primarily to line it up with the approach taken in what is known as the "Number 3 Act"², which sets out a very comprehensive accountability and reporting framework for New Zealand's local authorities.³

Following the change of government in November 1999 there has been a shift away from the market oriented approach which had characterised the previous Government's approach to dealing with local government issues. Both the roading review and the water and wastewater review are being revisited with a different emphasis. The review of the Rating Powers Act has been put on hold whilst the terms of reference are rewritten to remove what the new Minister of Local Government describes as a bias in favour of user charges.

The main enabling legislation for local government, the Local Government Act, is to be rewritten with an emphasis on moving away from its present prescriptive approach more towards one of a power of general (or local) competence⁴ but also with an increased emphasis on key government policy objectives such as clarifying the obligations of local authorities under the Treaty of Waitangi. There is an increasing emphasis in government statements on working in partnership with local government and the community towards achieving economic and social goals.

The Government has established a forum with local government to consider issues of mutual interest. It has three long term objectives:

- to identify key issues of significance to either or both partners and agree priorities for addressing them
- to identify issues of common interest and explore opportunities for jointly resolving them
- to give and receive feed back on the contribution of each sector on matters of shared national and local importance.

How the two Countries Compare

In broad terms the different approaches of central government in the two countries can be categorised respectively, as follows:

- England. Detailed intervention to require local authorities to adopt specific management practices throughout their organisations or face the risk of Government assuming the function itself
- New Zealand. Detailed attention to the regulatory framework and design of the accountability and reporting mechanisms so that local authorities will feel constrained, by the context within which they operate, to manage their affairs in a manner consistent with the Government's micro -economic and social objectives.

A common theme which comes through the English and New Zealand experience is of an activist government seeking to reshape local government (or its environment) in a direction consistent with government policy and with a focus directed more towards the micro than the strategic level although there does appear to be a stronger emphasis in England on the strategic role of local government. The Blair Labour Government's language explaining its reform agenda includes statements such as "Among all our public institutions councils have a special status and authority as local, directly-elected bodies. They are uniquely placed to provide vision and leadership to their local communities. They are able to make things happen on the ground - where it really matters" and "...we will want councils to have a duty to promote the economic, social and environmental well-being of their areas"⁵.

As already noted however those statements were made in a context in which the government has created Regional Development Agencies with an apparently superordinate role creating the impression that, although local authorities may have a role within their own local communities in activities such as economic development, the over riding role will be placed at a regional level.

In New Zealand, central government has been less clear. The previous Government with the general thrust of its reforms implied that it regarded the role of local government as that of delivering local public goods with activities outside that area to be tightly constrained and, preferably, undertaken by the market. The current Government appears to envisage a more extensive role but whether that will eventuate is still to be seen.

The picture in both countries appears to be one of the agenda for discussion of the role of local government being set, by default, by central government simply by the number and magnitude of the initiatives which it is putting in place. In each country local government as a sector appears to be primarily in a reactive mode determining how best to contend with an activist government with something of an emphasis on protecting the status quo. Exceptions to this are found more at the level of the individual local authority where particular combinations of circumstance, history, and the strength of elected members and management have seen a commitment to taking a longer term view rather than simply reacting to government initiatives.

What does seem clear, and is perhaps surprising, is that in neither country is the debate over the role of local government linked into other key strands in the public administration/governance debate internationally such as:

- the role and the capacity of national governments in a globalising world
- the emerging significance of subsidiarity as the principle that policy decisions and service delivery should take place at the lowest possible level (commonly seen as the lowest level at which costs and benefits are internalised)
- the distinction between government and governance.

Globalisation

This term encompasses a number of major and interlocking influences including trade and economic reconfiguration, the information revolution, the size and reach of multi national organisations and changing cultural and ethnic priorities (for example the increasing assertiveness of indigenous peoples)

In a recent paper looking at the impact of globalisation on traditional sovereignty, Randall Baker, Professor of Public and Environmental Affairs at Indiana University noted (beginning with a quotation from another observer): "The operation of states in an ever more complex international system both limits their autonomy and impinges increasingly on their sovereignty. Sovereignty ...[is] divided amongst a number of agencies - national, regional and international - and limited by the very nature of this plurality (quote from David Held "Democracy and the Global Order: from the Modern State to Cosmopolitan Governance") "The sum total of the various elements of globalisation have left the individual sovereign state less and less of a locus of policy and control as the WTO, the EU, NAFTA and other supranational organisations become more significant players. Indeed, it will be increasingly difficult for our future civil servant to draw meaningful distinctions between " national" and "international" dimensions of problems".

Baker's principal message is that the many facets of globalisation are highly dynamic. We cannot take a snap shot and tell ourselves that we know the exact situation with which we are dealing. At best we can identify continuing trends which, taken collectively, are more and more limiting the power of the national state.

The practical implication is that central governments, of whatever political hue, have less and less discretion over what have been traditionally seen as conventional tools for intervention. Thus, the ability of national governments to intervene in the economy in order to pursue particular outcomes - say employment growth or the promotion of particular industries or regions- is now much diminished, especially to the extent that intervention relies on mechanisms which have the effect of protecting local producers against imports. For example, as an open economy with international treaty obligations regarding its trade and investment practices, the constraints New Zealand faces include:

- any interventions which look as though they amount to a subsidy or preference for an export industry will be challenged and are likely to be found unlawful (the principal exception is phytosanitary regulation but even this will be challenged if it appears to be intended as a substitute trade barrier)
- Firms and skilled individuals are increasingly mobile internationally. As a consequence, to remain competitive as a location, New Zealand must have internationally competitive tax rates and be prepared to reward mobile labour on internationally comparable terms (part of which can reasonably be the non cash "quality of life" benefits from living in New Zealand.). Our ability to pursue a deliberately egalitarian tax/remuneration policy has largely gone
- specific interventions to shore up particular activities, sectors or regions (even if they escape the ambit of trade commitments) carry their own risks with them. In an open economy, cost structures need to be competitive not only in the tradable sector (that part of the economy which produces goods for export or that substitute for imports) but also in the non tradable sector as its cost structure feeds through into input prices for the tradable sector.

The implications for New Zealand are that the role of central government is increasingly being restricted to the creation of an efficient legal and regulatory framework and the provision of core national public goods such as defence and law and order, and income distribution within the constraint of the need to maintain an internationally competitive tax structure.

Subsidiarity

This term has been used in various ways as shorthand for the principle which should govern the relationship between different levels of government. In the Treaty on the European Union (the Maastricht treaty) it is set out as "in areas that are not under its exclusive power, the Community shall act in conformity with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the member states and can therefore, by reason of the scale and efforts of the proposed action be better achieved by the Community". That is a principle restraining the extent to which the Community rather than national states should have authority. Of itself it says nothing about the locus of authority within national states. Illustrations of resort to this principle within individual states can be found in statements such as:

- An Australian Local Government Association submission on tax policy describing the principle as "one of satisfying community needs by allocating responsibility for areas of service delivery to the sphere of government responsible for the smallest functioning units through which the service can be provided"
- " the principle of local autonomy and self government [which] allows us to build on local strengths, on adapting to the needs of each region and each province of the country" in an address to the 1996 National Conference of the Institute of Public Administration of Canada, by the President of the Privy Council and Minister of Intergovernmental Affairs

Subsidiarity has not been incorporated as a principle for determining the appropriate locus for decision making and service delivery within either the or New Zealand jurisdictions. One possible reason for this is the absence of a written constitution and hence of a framework within which to consider issues of allocation of political authority.

The principle is, though, one which is increasingly in the realm of the "taken for granted" in debate within jurisdictions which do have a written constitution. It is also attracting increasing attention in the context of development administration, partly because the focus of development administration is on countries whose own national governments have very limited capacity so that subsidiarity is as much a practical concern as it is a question of constitutional relationships.

Government versus governance

In both the English and New Zealand jurisdictions it has been common to regard governance as simply a way of describing the principal activity of government. Thus, the Blair Labour Government's consultation paper " Local Leadership, Local Choice" is intended to encourage debate about new forms of local governance but makes it clear that, whatever form is chosen, it will be delivered through local authorities. The consultation paper put forward three options, now incorporated in law, for the constitution and operation of the local authority.

In contrast to this approach, the international debate on governance quite specifically starts from a position that this is something separate from government as such. In a paper⁶ presented to the Public Administration and Development Jubilee Conference held at Oxford University in April 1999 Professor Patricia McCarney of the University of Toronto traced the evolution of the debate on governance both within major donor institutions such as the World Bank and in research examining the practice of governance in the developing world. McCarney argues that the World Bank, which has led the debate from a donor organisation

perspective, has taken a state-centric approach but even this goes outside the formal institutions of state government. In a 1994 report "Governance: the World Bank Experience" the Bank stated that 'Good governance is epitomised by predictable, open, and enlightened policy making (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law". On this definition, there is at least an implication that governance is a partnership between government and governed.

In looking at how understanding of governance has evolved through work by researchers, particularly those involved directly in development administration, McCarney observes that:

"When governance, defined as the relationship between civil society and the state, is considered at the local level, a notion of urban governance helps to shift thinking away from an equation with good government and, more generally, from state centred perspectives that have predominantly focused on urban management. An urban governance framework allows us to include elements which, in conventional terms, are often considered to be outside the public policy process, but none the less are instrumental in the socio-economic and cultural development of third world cities, and highly responsible for shaping the urban landscape and built form of these cities. These include civic associations, "illegal" operators, "informal sector" organisations, community groups and social movements, all of which in fact exert an indelible impact on the morphology and development of urban centres"

What McCarney is describing is a situation common in developing countries of civil society organisations, both formal and informal, filling the void created by lack of capacity on the part of formal organisations of the state.

There is a direct parallel with the situation in developed countries under the impact of globalisation as the capability of (primarily) national governments to intervene in pursuit of desired outcomes gradually diminishes. The main difference is the starkness with which the lack of capability appears.

What we are coming to understand is that in both the developing and the developed world the formal structures of government are just one of the means available to the community (civil society) to pursue its governance objectives. From this perspective, governance appears as the process of the community evolving its preferred futures and the means for pursuing those.

Against this background the nature of governance should now be at the heart of the debate on the role and function of local government both in England and in New Zealand as the capability of central government to intervene in the pursuit of specific local outcomes is increasingly under question. What is the relationship between local government and local governance? What is the role of the local authority in enabling the community to evolve an understanding of and move towards achieving its preferred future(s)?

One difficulty, in developed societies such as England and New Zealand, is the extent to which local government currently dominates "governance space" at a local level. Its resources, both in terms of finance and human capital, far outweigh those of the typical civil society organisation. Its focus typically is with managing its immediate responsibilities for delivery of a range of complex services.

The risk both for local authorities and for the communities whom they serve is

that this overhang of resource and activity will crowd out the opportunity of recognising the underlying governance dimension. As well as this, local authorities and their communities need to be very conscious that the term "community" in fact covers a wide range of different interests which, depending on the issue under consideration, may be defined by geography, ethnicity, gender, socio-economic status, age or a number of other variables. One promise of community governance is that it will no longer be possible to speak glibly of communities without acknowledging the diversity covered by this seemingly simple term.

There are some signs that this is being picked up at a government level, at least in England. The forward and introduction to "Modern Local Government: In Touch With The People" contains comments such as:

"There is a long and proud tradition of councils serving their communities. But the world and how we live today is very different from when our current systems of local government were established. There is no future in the old model of councils trying to plan and run most services. It does not provide the services which people want, and cannot do so in today's world. Equally there is no future for councils which are inward looking - more concerned to maintain their structures and to protect their vested interests than listening to their local people and leading their communities"

"A fundamental shift of culture throughout local government is essential so that councils become outward looking and responsive. Only in this way will local government fulfil its potential, and councils contribute to their communities' well being - that is what people have a right to expect from local democratic institutions".

There is no equivalent concern in the New Zealand policy environment,⁷ perhaps because unlike English local authorities those in New Zealand play little formal part in the delivery of mainstream social services.

Instead, in contrast to the English situation, encouragement for local authorities to pay more attention to questions of community governance has been happening more by default than by intention. There have been two main drivers:

- the rationalisation of central government activities which has included the withdrawal from provincial New Zealand of much of former central government representation, especially representation with a local democratic component such as the part elected Area Health Boards⁸ and Education Boards. Local authorities have found themselves drawn into an advocacy (and often research) role in areas such as health services as their citizens have turned to them on the basis that they are now the only entity with a democratic mandate capable of speaking on their behalf to central government
- the accumulated impact of changes in the reporting and accountability requirements for local government

Until 1989, in a parallel with what is still the situation with English local authorities, New Zealand's local authorities faced a relatively limited set of accountability requirements. Most meetings were to be held in public, local authorities had some (subsequently increased) obligations to release official information and they were required to publish audited annual accounts. The 1989 reforms introduced the annual plan/ annual report cycle and coupled this with a requirement for public consultation both on the annual plan and on other

significant decisions, such as major divestments. This was greatly enhanced by the introduction in 1996 of the requirements for a funding policy and a Long Term Financial Strategy or LTFS (see footnote 3)

Nearly a decade of experience with public participation has forced local authorities to pay much closer attention to understanding the different strands of opinion within their communities and has seen the development of a range of (non-statutory) initiatives as a result including, in a number of instances, quite sophisticated and independently run customer satisfaction surveys designed not just to establish absolute measures but to track progress over time.

The 1996 legislation is shifting this to a new dimension partly because of the impact of the more detailed requirements of the funding policy but much more importantly because of the requirement to develop a long term funding strategy. The original intention of the LTFS was to act as a further constraint on local authority discretion. The reality may be rather different. Generally, local authorities undertake activity in order to support activity by other parties - infrastructure for example is a service to residents, visitors and businesses.

The logical implication of this is that a New Zealand local authority cannot properly prepare a long term financial strategy without having a very good understanding of the intentions of other actors within the district for which it is responsible. To put this another way, there is a growing recognition that in order to comply with its statutory obligation to prepare a LTFS, the New Zealand local authority needs to undertake a strategic planning⁹ exercise for its district as a whole.

Performance however is still variable. Some local authorities have been quite innovative in developing community wide strategic plans. Others appear to be retreating to an almost mechanistic compliance with the legislation without any significant analytic input or consideration of the long-term future of the district for which they are responsible.

Current English initiatives are leading in the same direction, but within a more directive context. The Blair Labour Government is putting a heavy emphasis on increasing public participation in local government with the apparent objective of increasing public acceptance of the local authority as a tool through which the community achieves its objectives. The departmental paper "Guidance on Enhancing Public Participation in Local Government"¹⁰ notes that participation can contribute more broadly to solving problems in local communities by: increasing the resolution of issues and problems by local people: building social capital -- networks, trust and capacity -- so that Coparting and co-ordination can in general be advanced. It goes on to state that "participation may provide part of the infrastructure for working through other agencies and people to achieve the objectives of the community. The ultimate aim is to enable people to run their own lives and communities".

Towards Community-wide Strategic Planning

The Blair Labour Government's recent initiative on the introduction of a requirement for the development of community plans can be seen as quite specifically a requirement that local authorities focus on long-term strategic issues associated with the economic and social development of their communities.

In both countries it can be argued that we are seeing, deliberately or otherwise, the coming together of a range of influences which are:

- putting a new emphasis on the importance of community governance as the

capacity of formal government structures, especially at the national level, becomes more limited

- placing the local authority in a position, as the consequence of central government initiatives, which is leading it toward a role of undertaking strategic planning for the well being of the community it serves and not just as a means of more effective delivery of specific services.

There are three caveats on this judgement. They are:

- generally local government, in both countries, does not yet command the degree of respect for its competence and leadership potential required to be accepted as the leader in strategic planning for the community
- effective strategic planning clearly encompasses much more than the role of the local authority itself, whether it is planning for intervention within the community of a governance character (which would encompass the service delivery intentions of other public and semi-public entities as well as major civil society institutions) or simply planning for the long term development of its own service delivery activities and nor do local authorities command the private sector skills and resources central to economic development.
- there is, as yet, little indication that local authorities see themselves as appropriate for such a role, especially if it is to be in an empowerment/facilitation mode rather than in the prescriptive mode which has characterised most activity which local authorities would recognise as planning.

These difficulties are real. Resolving them is not just a matter of local authorities addressing such issues as how they consult with their communities. It will also require a concerted effort to improve the quality of governance. Both in England and in New Zealand local government is characterised by the "attendance fee" syndrome which has the practical effect of discouraging many of the community's most capable citizens from putting themselves forward for elected office. This issue is being addressed specifically in England through the several initiatives under the rubric of Modern Local Government. In New Zealand, the problem may be about to be addressed. The Government has announced its intention to bring in legislation passing over to the Higher Salaries Commission the responsibility for setting the remuneration of elected members. It is not yet clear whether this will include a move away from meeting fees.

A further question is the means which a local authority might employ to implement a community wide strategic plan. In neither country does local government have (or is it likely to acquire) the powers or resources to require people to comply with the terms of anything approaching a strategic plan for the community. In both countries local authorities are accustomed to planning as a process which does have the backing of legal sanction (as with statutory land use planning). By contrast strategic planning by or on behalf of the community is necessarily a consensual process (the alternative is a return to Soviet style central planning). If the role of the local authority is to move in this direction, it will need to be in an enabling/facilitatory manner and may require significant changes of attitude and skill within the typical council.

In New Zealand, the shift to a strategic planning role could be achieved by treating the current planning documents which local authorities are required to prepare, especially the annual plan and the long term financial strategy, as planning instruments which the authority "owns" on behalf of the community.

Developed as part of strategic planning for the community, those instruments would continue to include the local authority's own activities and proposals but it would also include those of other key interveners within the community (major public agencies as an example) and material developed in conjunction with key stake holders in the community identifying critical issues for social and economic development. Decision making authority on these various matters would continue to rest where it does at present. The point of bringing them together through a single medium would be to enhance co-ordination and highlight the potential for joint action where appropriate.

Such an approach can be seen as supported by current thinking on economic development which emphasises the importance of local factor endowments and their effective integration.

Currently, English local government lacks the formal instruments which could readily evolve into a strategic planning process for and in partnership with the community. The requirement to publish an annual local performance plan may provide a first step in this direction but its short term focus, in contrast with the 10 year minimum for a New Zealand council's Long Term Financial Strategy, may be insufficient to trigger this shift. It is possible that this will be resolved as current government initiatives are implemented and understanding grows of what will be needed to underpin the desired shift in focus towards councils having "a duty to promote the economic, social and environmental well-being of their areas" (Foreword to the white paper "Modern Local Government: In Touch with the People").

Concluding Comments

The remaining, and critical, factor is a leadership one. In this paper we have made the case that a number of different influences are coming together to make community governance (in the sense we have discussed it above) an essential requirement for dealing with the circumstances facing our respective societies. Regrettably, the mere fact that something may be necessary is not a sufficient condition for its emergence. At the level of the individual authority, it seems likely that the pressure of central government initiatives will continue to crowd out the time and resource needed to think through the kinds of issues outlined in the paper. At the level of representative organisations (the Local Government Association in England; Local Government New Zealand in New Zealand) diversity of membership and differing priorities may also make it difficult to engage.

Despite that, we conclude by arguing that the single major challenge facing local government in both countries is how to shift both public perception and the actuality of the core role of local government from concentration on individual service delivery to enabling the strategic planning (thinking) needed to underpin community governance, the process by which the community decides on and achieves its preferred future(s). The very different approaches which the two governments have been taking towards modernising local government - enhanced reporting and accountability requirements and micro-economic reform in New Zealand, detailed intervention to promote desired performance in England and Wales - provide a real opportunity for each country's local authorities to learn from the experience of the other. The starting point in doing so, though, is the recognition that the core business of local government, in each country, is increasingly that of enabling community governance.

FOOTNOTES

1. A figure which can be seen as a slight exaggeration of dependence on the taxpayer as the 80% includes funds sourced from the business rate. This results from a decision of the previous Conservative Government to abolish local government's power to rate businesses and replace it with a centrally collected property tax.
2. More technically the Local Government Amendment (Number 3) Act 1996.
3. Including requirements to: prepare and go to public consultation on an annual plan setting out the significant activities of the local authority, the proposed performance measures, and related cash flows which following public consultation is then adopted incorporating any amendments: at the conclusion of each financial year, prepare and publish an annual report in terms of the annual plan for the year: prepare and publish a funding policy which sets out, by function (a term not defined in the legislation), the Council's analysis of who benefits from that function (individuals, particular groups, the community at large) and, based on that analysis, its proposals for funding the function including who should bear the cost and the instruments that should be used (rates, user charges, borrowing, investment income): develop a long term financial strategy spelling out for a period of not less than 10 years the Council's intended activities, its rationale for undertaking those activities, its proposed cash flows and pro-forma balance sheets and any contingencies which it considers may affect those activities.
4. There is a suggestion that the trade off for this may be further changes in local government's accountability requirements as ministers have expressed concern at the apparent lack of effective engagement between councils and their communities based on data such as the number of submissions made on council annual plans.
5. Quotations from the forward and introduction to the consultation paper "Modern Local Government: In Touch with the People" available on the web site of the Department of the Environment, Transport and the Regions - www.detr.gov.uk
6. "Considerations on Governance in Global Perspective: Towards a Framework for Addressing Critical Disjunctures in Urban Policy"
7. The closest equivalent is the preoccupation, particularly within elements of the business community, with limiting the role of local government to the delivery of local public goods
8. The present Government's decision to create part-elected District Health Boards may paradoxically increase the pressure on local authorities to engage in a research/advocacy mode in health services if their communities look to them to play a role in responding to the requirement that DHSs consult on their service intentions
9. This term needs a little explanation. Too often strategic planning is seen as the process of developing a document intended to set out specific activities to be undertaken over a defined time period in order to achieve specified objectives. In a world characterised by uncertainty this approach to strategic planning can be more a barrier than a tool. We prefer to think of strategic planning as strategic thinking, a process of optimising the probability of achieving a preferred future or futures under conditions of uncertainty.
10. Available on www.detr.gov.uk

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