

# Britain's Sustainable Communities Bill – a model for New Zealand?

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## Introduction

It is not very often that the leader of a political party publicly admits his team got it wrong, but that is exactly what David Cameron, the leader of the Conservative Party in the United Kingdom, has recently done. In his manifesto-like paper 'The Permissive Society' (2006), in which he outlines his thinking on a new social philosophy, Cameron discusses the apparently sorry state of local government and comments that 'there is a renewed need for greater local fiscal autonomy and for strong civic institutions'. In discussing how this need arose he further notes, reflecting on the Conservatives' last period in office, that 'we Conservatives must accept our share of the blame' (Cameron and Spelman, 2006, p.7)

Mr Cameron's road to Damascus experience is associated with the Sustainable Communities Bill, an initiative intended to provide communities with a greater say about how public resources are allocated in their cities and districts. The bill, which is a private members' bill, was introduced into the House of Commons in November 2006 with the active support of the Conservatives, the Social Democrats and a significant number of Labour MPs. If enacted it could radically reshape the centralised nature of the British polity.

## The Sustainable Communities Bill

Having begun its with a call from the Social Democrats for greater devolution,<sup>1</sup> the Sustainable Communities Bill sets out to give communities a greater say over the way in which government spending within their boundaries is allocated and prioritised. The bill allows communities, through their local authorities, to require the secretary of state to provide a 'local communities account' for their area. This account sets out, as far as practicable, the amount government departments and agencies are planning to spend on services in the relevant

local authority area, as well as identifying individual proposals to which money has already been allocated. Spending plans are required to cover a four-year period and must be provided within three months of any request. Services of national significance, which are to be defined in advance, are excluded from the process.<sup>2</sup>

Having received its local communities account, a series of duties are imposed on the local authority. These include:

- to prepare, within six months, a spending plan containing a range of proposed services and projects that will benefit its communities;
- to give public notice of its intention to prepare a spending plan and invite representatives from a variety of local 'peak' organisations to take part in the preparation of the plan;
- to make the plan available for public inspection.

The local authority must also ensure that the plan contributes to the sustainability of communities, while taking into account the government's action plan for sustainable communities. On completion, local spending plans are submitted to the secretary of state, who must then approve them, with or without amendments, within three months. If a local spending plan is amended, the secretary of state must publish a statement explaining the reasons for the changes. The secretary of state must also:

- monitor the implementation of the plans by government departments;
- provide an annual report to parliament on the implementation of such plans; and
- direct, if necessary, a government agency to implement the plans.

1 *Guardian Unlimited*, 3 November 2006.

2 To reduce 'game playing' the secretary of state must justify why any service classed as 'national' has been given that classification.

In addition, the bill requires the secretary of state, within two years of enactment, to publish an action plan to promote the sustainability of local communities. This plan must have a ten-year focus, contain a range of local and general measures, and invite local authorities to comment. Any local authority that wishes to make representations must have given its citizens, including youth and marginalised communities, an opportunity to comment on the content of the action plan before such representations are made. The bill makes provision for the secretary of state to initiate revisions of both local communities' accounts and the action plan for sustainable communities.

The bill is framed in both sustainability and localist terms, and represents an interesting challenge to the centralised nature of the British polity. Its endorsement of a kind of participatory budgeting treats citizen participation and engagement as having more than just instrumental value. While engaged individuals and groups taking a more active say in the way their local environments are shaped and resources allocated may contribute to sustainability, participation also has substantive value, not only helping to ensure that government spending is well targeted but also strengthening communities, building social capital and enhancing trust in public institutions. The bill, by allowing local citizens and their representatives to comment on and effectively supplant the allocation decisions of government departments, addresses a range of public policy issues that are not confined to the United Kingdom. These include:

- the information problems faced by national decision makers and their advisers when attempting to design services and programmes for communities which are becoming increasingly diverse;
- the problem of providing contestable advice on whether or not proposed spending plans are relevant and appropriate for the targeted communities;
- the challenge of increasing the responsiveness of government departments and agencies by providing an additional mechanism through which the clients and consumers of the services provided by those departments and agencies can exercise voice and express their views to decision makers;
- a method for addressing the problem of silos by subjecting departmental spending plans to greater public scrutiny in a manner that can highlight gaps and duplication, potentially a form of 'joining up'.

In summary, the bill not only provides a way of dealing with what we might call the problem of centralisation; it also shifts to a more citizen-oriented form of politics, something approaching a co-production model. While the bill is unlikely to succeed, at least in its original form, it provides an interesting approach to achieving increased responsiveness to local diversity while still allowing the state to exercise a national mandate. In effect it proposes what Sir Michael Lyons has described in his inquiry report as a state of 'managed difference' (Lyons, 2007).

### The United Kingdom context

The United Kingdom represents one of the more centralised states within the OECD. but it has not always been that way. In the past British local government was amongst the most autonomous in Europe, but while the role and function of European local government has advanced, the UK has suffered a reversal and experienced a 'consistent erosion of local government powers and responsibilities' (Banner, 2002, p.218). Arguably, this decline was halted by the election of New Labour in 1997 and its embrace of a range of modernisation strategies to revitalise local politics, for example the Best Practice Regime, Strategic Local Partnerships, Local Area Agreements, Compulsory Performance Assessments (CPA) and directly-elected mayors. It has even experimented with regional assemblies and the idea of 'double devolution' or devolution to neighbourhoods.<sup>3</sup> Modernisation, however, does not necessarily reflect a consistent move towards greater locality empowerment, despite the rhetoric. Stoker (2002) argues that the government has adopted a conscious 'policy as lottery' approach to reform in which local government is used as a laboratory to try out a range of random initiatives with a view to seeing which ones might take root and flower. While the emphasis has been placed on responsiveness and efficiency, the government has not yet embraced the level of devolution desired by many in the local government sector, such as the Local Government Association. As of early 2007, local government rates were still capped, business rates were taken by the Treasury<sup>4</sup> and councils were subject to annual compulsory performance audits with targets set by Whitehall. Cameron argues that

3 Ironically, since consolidation in the UK, councils are now regarded as too distant from communities to be effective models of local democracy, therefore the need for double devolution.

the national inspection regime is now costing councils more than one billion pounds per annum (Cameron and Spelman, 2006, p.9).

Not surprisingly, alternative narratives have developed that aim to give greater voice to communities and autonomy to councils. Since the late 90s the debate has become framed by the concept of 'new localism', a concept promoted in a paper produced by the New Local Government Network entitled *Towards a New Localism* (Filkin et al., 2000). The idea of new localism challenges the notion that councils are in essence service providers for the Crown, and argues the need to restore the legitimacy of local public services, strong local leadership and greater responsiveness. To that degree it merges much of the modernisation agenda endorsed by New Labour, particularly its emphasis on accountability and performance, with the more traditional localist concerns of autonomy, self-management and place. The vision advanced by the new localists is one in which local authorities have a strong and popular democratic mandate to represent and promote the well-being of citizens, as opposed to the alternative functionalist interpretation of local government's role.

*The local authority should be the guardian of the public realm, the champion and protector of consumers, the supporter of social citizenship goals and of civic society and the promoter of the economic and social health of the community and of inclusive and cohesive communities.* (Filkin et al., 2000, p.7)

The localist agenda has also been taken up by the national organisations of local government, although with some qualifications. The chief executive of the Local Government Association, Sir Brian Briscoe, argued that the opportunity had to be seized to 'establish councils as the champions of localism, and to reaffirm their role in securing local democratic accountability of public services'.<sup>5</sup> Briscoe, however, also expressed concern that the new localist brand was in danger of being used to undermine the intent of its supporters and to 'take the politics out of local government',<sup>6</sup> an oblique reference to the growing enthusiasm for networks and other forms of joined-up governance that have oblique forms of accountability (Bound et al., 2005).

The idea of new localism has set the context for the emergence of the Sustainable Communities Bill.

While supporters of the bill may have one eye on the forthcoming general election, its recognition of the new localist agenda, the role it gives to communities of place and the opportunities it provides for citizen participation, not to mention its anti-centralisation rhetoric, appear to resonate with a wide audience. Yet will it resonate in the New Zealand context? Is the New Zealand electorate ready for a 'down under' brand of new localism? Certainly, the lack of any clearly articulated devolutionary viewpoint within the New Zealand parliament doesn't augur well so far.

### Is the Sustainable Communities Bill relevant to New Zealand?

Given the disparity in population and size, one might be forgiven for assuming that a citizen-centred approach to public decision making would have a considerably greater chance of success in New Zealand than in the United Kingdom; however, it is worth considering not only the differences but also the similarities between the two systems. The British system of local government is characterised by high levels of national funding (more than 50% of council income is provided by the state), centrally-determined performance targets and rate capping, all of which create constraints that are not present in New Zealand, where councils have considerably more political and financial autonomy (approximately 11% of income is provided by the state). Councils in the United Kingdom play a major role in the provision of social and community services, in essence acting as agents of the Crown, while councils in New Zealand have a narrow range of mandatory functions and social services are delivered by the centre. Despite their differences, a common feature of both systems is the degree to which major policy and funding decisions are made by the departments and agencies of central government, despite the role councils in the United Kingdom play in the delivery of those services. Both are examples of highly centralised polities.<sup>7</sup>

4 The government re-distributes a proportion of the business tax back to councils on the basis of a formula.

5 Local Government Chronicle, 17 April 2003.

6 Ibid.

7 With perhaps the exception being the Resource Management Act 1991, which devolves a considerable (but diminishing) level of autonomy for environmental management to local government in New Zealand.

Two other features of New Zealand's institutional landscape may be relevant to the discussion: the centralisation of government offices in the capital (many councils have no government offices permanently based in their areas, other than the New Zealand Police), and the largely non-party political nature of our councils. The centralisation of government administration and the degree to which implementation is carried out through contract weakens the ability of the state to respond to local circumstances. The lack of staff 'on the ground' means that many departments have less direct information about community needs and preferences and are forced to rely on the views of third parties or the analysis technical data. A model like the Sustainable Communities Bill can fill the void left by the withdrawal of government offices. It might also act to fill the information gap created by the lack of a 'party politics' at the local level in New Zealand.

British local government is a microcosm of the national political landscape, with councils under the political control of local branches of national political parties. As with local government in Ireland, overlapping membership creates networks and informal channels through which councillors can both influence policy and exercise voice at the national level. The role of 'party politics' is so entrenched that even the UK Local Government Association is organised along national party political lines.<sup>8</sup> In contrast, the lack of any formal political presence by major parties in New Zealand local government effectively diminishes one of the potential channels through which localities might influence central policy makers. A Sustainable Communities Bill is one way of filling this gap. Of course, overlapping party membership of the UK type can also have the perverse effect of constraining local autonomy and limiting local dissent, in the interest of party unity.

The Sustainable Communities Bill addresses a core public policy issue about the appropriate role of the centre in determining policy and service priorities in local communities. The question, simply put, is how to design institutions and processes that allow governments to achieve their welfare objectives while recognising and accounting for community difference, difference that includes ethnicity, culture, social and economic conditions and, of course, preferences? Parker and O'Leary, in their work on the New Zealand public sector, note that governments are increasingly dealing

with complex or 'messy' problems, which are problems that are not amenable to traditional solutions: 'One size fits all solutions can alienate staff and produce unintended consequences by failing to engage with the complexity of peoples' needs' (Parker and O'Leary, 2006, p.29). The Sustainable Communities Bill offers a particular solution to this problem by providing for the participation of citizens in public policy making and is consistent with Considine's view that such participation has both instrumental and developmental benefits: instrumental, in that citizens will provide information that can improve policy making, and developmental because the process of participation itself contributes to social capital and 'creates and communicates moral principles [that] express personal and group needs' (Considine, 2005, p.192).

The idea that citizen participation strengthens public policy making is not new. Apart from being one of the underpinning values of local government's empowering legislation, it has also influenced recent thinking about public management reform. One of the criticisms of New Zealand's approach to public sector reform was that too much attention was focused on outputs at the expense of their effects on citizens, and that the enhanced Wellington-based policy making capacity that resulted undermined the role of the community in policy design and service delivery specifications (Ryan, 2003). The Review of the Centre (SSC, 2001) addressed this concern and rejected a 'one size fits all' approach in service delivery, preferring 'local customized responses within national strategic frameworks and an emphasis on participation and state/civil society relationships' (Ryan, 2003, p.15). More recently, Parker and O'Leary have noted the importance of involving citizens in governance as a way of addressing the complexity of life in the 21st century and, as they put it, 'learning how to create more outcome value for citizens without sacrificing the values of fairness, transparency, integrity or independence' (Parker and O'Leary, 2006, p.14): an approach that fits rather well with Lyons' idea of 'managed difference' noted above.

A New Zealand version of the Sustainable Communities Bill, with its enhanced opportunities for local advocacy, would not only reinforce the solutions proposed in

8 The president of the association is selected from the party that controls the most councils.



the Review of the Centre, but also complement the outcome-focused planning regime introduced by the Local Government Act 2002 (LGA 2002). The LGA 2002 requires councils to facilitate a process to identify community outcomes at least once every six years and to prepare long term council community plans (LTCCPs) every three years. Community outcomes represent the desired long-term expectations of communities of place. LTCCPs are required to explain to the community how the council will contribute to the achievement of those outcomes and may also include information on how other sectors will also contribute. The government was quite specific and saw the outcomes process as a way of promoting and guiding 'the setting of priorities in relation to the activities of the local authority and other organisations' (LGA 2002, s91(2)(e)). In other words, articulated community outcomes should not only guide the activities of councils, they should also assist other agencies, including government departments, to set locally appropriate targets and ultimately better align their policies and programmes.

By the end of June 2006 councils had completed their first full LTCCPs, for the 2006–2016 period. Although the quality and scope of this first tranche of LTCCPs probably reflected an over-emphasis on legislative compliance, a number of councils sought to use their plans, and the information gathered through their community engagement processes, to align central government programmes with locally determined outcomes. New Plymouth District Council, for example, used its LTCCP to show how government departments contribute to the region's outcomes, while Rangitikei, a rural authority without any government departments based in its district, took a particularly novel approach. Wishing to engage with departments and public agencies during the preparation of its LTCCP, the council organised a workshop in Wellington and invited relevant departments to attend in order to brief them on the district's priorities and needs. The workshop was well attended by government representatives and regarded by the council as an important first step in addressing the unique concerns of that district.<sup>9</sup> Having identified their communities' outcomes, councils are now well placed to initiate strategic conversations with central government agencies on strategies, programmes and projects to facilitate their achievement.<sup>10</sup> Likewise, they are well placed to contribute to the model envisaged by the Sustainable Communities Bill, which requires

information on local priorities to work. The caveat on this proposition is the quality and inclusiveness of the processes which councils have employed to identify outcomes and establish priorities, something that is addressed in the detail of the bill but which is not as well prescribed in the LGA 2002.

The process of implementing the LGA 2002 has given local authorities in New Zealand the information and experience to contribute to the sort of process envisaged in the Sustainable Communities Bill, and many would enthusiastically embrace the model it proposes in preference to the voluntary collaborative approach inherent within the LGA 2002, where the involvement of government departments and agencies is ultimately at the whim of senior management. Encouraging citizen-oriented decision making within a sustainable communities framework has the potential to promote policy learning and innovation as well as increasing trust in the political processes of government. Trust comes from the transparency achieved by 'opening up' departments' discretionary spending decisions to local scrutiny, something local authorities themselves are well used to. Greater openness should bring government closer to the people, an objective around which there should be substantial political consensus. It may also provide decision makers within the government with access to alternative sources of policy advice.

Inevitably, some local authorities will see the proposal as yet a further impost, another unfunded mandate, and be reluctant to participate. While it would be foolish to underestimate opposition on these grounds, it is interesting to note how the architects of the Sustainable Communities Bill have attempted to guard against such risks by refusing to make the requirement mandatory on local government. As long as the process remains a matter that is agreed between councils and their communities, then opposition is likely to be minor. Councils should be interested, as they have a direct interest in both the

9 Communities' access to government is consequently determined by macro political or policy factors – the chief executive of Kaipara district, for example, recently noted in a private conversation that his council has no difficulty in attracting departmental staff to meet, despite their distance from Wellington.

10 Despite a range of initiatives to encourage central local collaboration, it is interesting that no government agency has so far acknowledged local outcomes in their various statements of intent, even though a number of councils have used their LTCCPs as a way of acknowledging the contribution of central government programmes to their local outcomes.

quantity and quality of central government expenditure in their areas, and most should be conscious of the contribution to community well-being that can be achieved by ensuring that government investment in their districts is better targeted. Spending by central government agencies in towns and cities is considerably greater than the local government contribution, and one of the big questions local politicians inevitably face once in office is whether or not their community receives its fair share of that spending.

The bully pulpit is one of the core roles of local government and councils have become effective advocates for their communities, whether opposing the closure of rural schools, protecting access to local health services, demanding a greater share of road user charges or expressing concern at the uneven allocation of police numbers. Questions about the quality of government expenditure, however, are difficult, largely due to the lack of accurate information available to local decision makers and citizens and the lack of an effective local forum to enable trade-offs to be made between alternative spending proposals. There is currently no mechanism to allow communities to examine the relevance of central government spending in localities and whether or not that spending addresses local priorities and needs. Adapting the LGA 2002 might provide the next best opportunity.

## Conclusion

The Sustainable Communities Bill represents a largely symbolic attempt to redress the centralism of the UK state and give practical effect to the new localist agenda. Symbolic, because, despite the support of the Conservative and Social Democrat parties and a sizeable number of Labour MPs, its chances of success, at least in its original form, are likely to be slim.<sup>11</sup> Yet the call for change is not limited to the opposition. Alan Milburn, the former health secretary in the Blair government, has recently called for local councils to be given the power to decide how the National Health Service budget is spent. Milburn promotes the idea of the enabling state and a 'new politics' in which people have more control over services, and suggests that the 'masters' should be 'local communities not Whitehall departments'.<sup>12</sup> Milburn and the promoters of the Sustainable Communities Bill are testament to the strength of the new localist agenda, an agenda that has yet to appear in a New

Zealand political scene. At this point in our history, the New Zealand political and policy environment lacks any effective champion for a narrative which is both flax-root focused and citizen-centred. We are yet to see the emergence of an equivalent discourse of new localism that could seriously challenge our centralist orthodoxy.

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