

Chapter 1

Introduction and Overview

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In 2009 the Research Advisory Group of the Commonwealth Local Government Forum (CLGF) came together for its biennial research colloquium in the lead-up to the Commonwealth Local Government Conference. Discussion was shaped by an awareness not only of the many challenges facing local authorities across the Commonwealth, but also of underlying changes in the nature and perceptions of the fundamental role of local government. The latter reflected a number of drivers, including globalisation and economic imperatives; decentralisation policies and the evident failings of central governments to deliver desired outcomes at local and regional levels; the emergence of ever-larger metropolitan centres; fiscal constraints following the global financial crisis; and the need for local government to contribute more substantially to the delivery of the United Nations Millennium Development Goals.¹

The colloquium also identified a number of key issues for local government across the Commonwealth, such as the need for transformational change, for a broad developmental model of local government and for structures which were ‘fit for purpose’ within their own local contexts. Participants acknowledged that ‘Western’ models of local governance would not always be appropriate; in some cases adapted systems of traditional governance may be the best way forward (as is substantially the case in parts of Africa and the Pacific).

Three basic propositions were developed which the colloquium considered were likely to shape the ongoing development of local government in Commonwealth countries. These reflected the combination of an increasing need for high-level expertise, on the one hand, and greater engagement with communities, on the other, the latter encompassing a shift from formal *local government* to the broader concept of *local governance*, facilitating community development and involving a wide range of citizens and stakeholders in decision-making.

Basic proposition 1

The shift from ‘government’ to ‘governance’ represents and requires an attitudinal change on the part of local government regarding its powers and responsibilities. These must be seen as more than delivering services and performing formal governmental functions. Rather, local governments should regard themselves as exercising their powers and holding their resources ‘in trust’ for local communities, to be used to support those communities in pursuing their preferred goals. The shift to governance should also be seen as transforming local government’s underlying purpose from that of a subsidiary level within a hierarchy of governments to one of community leadership working with communities to enhance local well-being.

This proposition recognises that, regardless of whether the focus is on developed or on developing countries, the role of local government is now much more than that of an efficient deliverer of services. In developed countries, increasingly the issues confronted by local government demand a partnership approach working across institutions of government, the market and civil society (see Hambleton 2004 for an oft-quoted discussion of the shift from government to governance).

In developing countries, local government is often the only public institution of governance with an on-the-ground presence and at least some ability to support initiatives to develop social or economic capacity within communities. South Africa's constitution recognises the developmental role of local government. The 1998 White Paper on Local Government expressed this role as 'local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives' (Department of Constitutional Development 1998: 17).

Basic proposition 2

Local government is potentially the single most critical catalytic resource for change at the community level, but unleashing its potential requires a rethinking of its role and this may be best realised through practical demonstration of what can be achieved.

This proposition specifically recognises both the magnitude of the necessary changes in local government's role and the way it operates, plus the importance of demonstrating what can and should be done through practical experience. This involves 'learning by doing', and in particular creating the means for individual local authorities to learn from their fellows both within their own jurisdictions and across the Commonwealth. Complex questions need to be addressed, such as how local governments can more effectively represent and reflect a wide range of community interests; how they are resourced and can be given (or can develop) the capacity to take on additional functions; and whether a shift in their role will be supported and respected by central governments.

Again, these are questions that face local government in both developed and developing countries, and they are explored in different ways in several of the chapters that follow. There is extensive scope for an ongoing exchange of practical experience and lessons learned among Commonwealth countries.

Basic proposition 3

An essential precondition is the shift from formal consultation to effective engagement with communities.

This proposition recognises the changing nature of the way in which many local governments work with their communities. It points to the need for a shift from the formal consultation processes often required by the statutory frameworks under which local governments operate, to a much more collaborative approach to working with local communities. In developed countries in particular, research has highlighted the changing ways in which people wish to engage with their local council: many no longer

wish to rely on electing council members as their principal means of engagement, instead seeking a variety of forms of consumer, network and participatory governance (Haus and Sweeting 2006; Schaap et al. 2009).

Adoption by the colloquium of these three propositions led to the decision to put together a collection of papers that would illustrate some of the challenges being faced in different parts of the Commonwealth, ways in which the role of local government is evolving, and practical examples of 'new' local government at work. In due course, 15 authors (in three cases two or more working in collaboration) accepted the invitation to contribute. CLGF offered encouragement, and the Commonwealth Secretariat agreed to publish the book and contribute to the costs of bringing it together, including a workshop for the authors held in early 2011.

The result is a series of chapters which contribute to understanding the changing role of local government and its relationships with central governments, and also discuss a number of initiatives aimed at improving local government's capacity and performance, as well as strengthening the bond between local government and its communities. Insights are provided into both the differing and similar challenges confronting local governments in developed and developing countries across the Commonwealth, establishing a basis for greater collaboration, especially in helping build capability in emerging systems of governance.

1.1 The emerging context

New Century Local Government may seem an ambitious title, with its implication of major change from what has gone before. The title was chosen deliberately, partly in recognition that there is indeed very significant change taking place across much of the Commonwealth, and partly with an aspirational focus. The world in which local government operates is changing dramatically as a consequence of a confluence of forces, including demographic change, the fallout from the global financial crisis, significant shifts in the patterns and location of economic growth, and the fiscal stress facing governments in most developed and many developing countries. There is both need and opportunity for local government across the Commonwealth to take stock and to play its part in leading the response.

As one example of the changing environment, it is now virtually a cliché to argue that the twenty-first century is the century of the city. In 2007 the percentage of the world's population living in urban centres passed 50 per cent. By 2050 it is expected to grow to approximately 70 per cent (United Nations Department of Economic and Social Affairs 2012). By itself, this growth in urban populations presents major challenges for local government across most of the Commonwealth. In some jurisdictions, principally in developing countries, it will be the challenge of coping with rapid urbanisation and providing the basic services needed to maintain an acceptable quality of life. In others, especially in more developed countries, it will be coping with the realisation that cross-border relations are now increasingly between major metropolitan centres rather than country to country. This has significant implications for relationships between central, subnational and local governments.

The challenges of urbanisation will be compounded by widely varying growth rates of population and economic development within individual countries, as major urban centres continue to draw in population at the expense of regional and rural areas. There is a need for effective place-based strategies in order to address the very different needs of individual communities.

This is just one change among many, but a change that underlies an important shift in perceptions of the role of local government. The growth of urban and especially metropolitan centres, and what that means in terms of the distribution of population and economic activity, has highlighted the new reality that local government cannot be treated as a broadly homogeneous set of subnational government arrangements delivering services designed to achieve broadly similar outcomes within predetermined national standards. Instead, we now increasingly realise that local government has responsibility for a wide range of highly diverse communities, facing different needs and opportunities, and requiring different locally developed strategies to address those needs.

In turn, this suggests that something more is required in terms of policies, legislation and programmes of reform than just the ongoing tinkering with local government structures that has characterised the approach of central governments (including state or provincial levels) across much the Commonwealth. Although there are still jurisdictions that evince a somewhat narrow view of the role of local government as primarily about local public services, infrastructure and regulation (evidenced, for example, by recent amendments to the *Local Government Act* in New Zealand), it is now becoming more common to see local government policy focused on the delivery of the broader outcomes which its communities seek.

Thus, in several Commonwealth countries we are seeing a growing recognition of 'local' as the pivotal node for co-ordinating delivery of a wide range of services. This is occurring for a number of reasons, including the need for cost savings, the often ponderous nature and silo mentality of centralised bureaucracies, and the scope to draw on local knowledge and networks, to encourage co-design and co-production, and to strengthen the community's own institutions. The concept is very much one of a partnership between the state, the private sector and civil society.

England has been one of the archetypes for this approach, and reveals the inherent tensions between central and local associated with it. Change began with the successive initiatives of the Blair/Brown Labour government, which came to office in 1997. These included the creation of the Greater London Authority with an elected executive mayor for London; the introduction in 2000 of a broad power for local authorities to promote community well-being, plus the establishment of Local Strategic Partnerships; and later a series of pilots of 'Total Place', the idea that public sector agencies within both central and local government should be jointly planning and resourcing local service delivery.

The coming to office of the Conservative/Liberal Democrat coalition government saw an even stronger emphasis – at least in rhetoric – on 'localism', including continued support for devolved and locally co-ordinated service delivery, but also a new emphasis on the 'Big Society', at the heart of which was a view that government had intruded too far into the lives of citizens and it was time to hand responsibility back. This was followed by 'Open Public Services', with its argument that responsibility for service

delivery should be devolved, not just from the centre to the local level, but further to individuals and community groups. Thus, while the 'local' is normally conceived as local government plus a range of other formal and informal institutions, sometimes it may not involve local government at all. Under the coalition government's policies, local government could be bypassed, and some of its services could also be taken over by community organisations.

This exemplifies the tensions that arise between levels of government competing for scarce resources, and for the electoral approval of the same local and regional communities. In this book evidence of such tensions is presented in several chapters, including those on England, India, Pakistan and the Caribbean. They seem to afflict any form of decentralisation that involves a meaningful transfer of resources and decision-making authority from central to local governments, and constitute a major barrier to strengthening local governance.

A related source of tension in pursuing new directions for local government is that between continuing pursuit of the concepts and prescriptions of the New Public Management, with its focus on efficiency and the role of managers, and emerging awareness of the need to foster community governance. Efforts to ensure increasingly efficient delivery of services have seen the use of practices drawn from the corporate sector, including casting elected councillors in the role of a 'board of directors' responsible for policy and strategy, with management delegated full responsibility and a high degree of autonomy to go about implementation.

However, local government's role as an institution of local democracy, and an enabler of community governance, points to a different approach from the corporate model. In this context, elected members are expected to have an intimate knowledge of the communities they serve and the way services are being delivered. Communities, in turn, look to have a say on decisions that affect them directly – something which cannot be achieved through the normal electoral process alone. This has been emerging as an important shift for local government in a number of Australian states (McKinlay et al. 2012).

A further manifestation of changing perceptions of its role has been a heightened interest in restructuring local government, partly in response to the rise of metropolitan centres and other shifts in the distribution of population, but increasingly as a means of enhancing the strategic capability of local governments – their ability to cope in an increasingly complex and challenging environment. The latter is seen to require more robust organisations that command a broader array of resources, and that can assemble the knowledge and high-level skills needed to understand and address 'wicked' issues and problems (Aulich et al. 2011).

Compulsory restructuring of local government has been widespread across the Commonwealth, either focused on a small number of authorities or across an entire sector. A few examples follow:

- In Canada, the provinces of Ottawa and Québec have both undertaken comprehensive restructurings, best known for their impact on the major metropolitan centres of Toronto, Ottawa and Montréal, and raising important questions about the nature and functioning of metropolitan governance.

- In England, the most significant initiative has been the creation of the Greater London Authority with a powerful, popularly elected executive mayor. Successive British governments have maintained a commitment to elected mayors with greatly enhanced authority as a means of strengthening political leadership, streamlining decision-making and imparting a stronger focus on strategy. However, the shift to elected mayors has been made voluntary, requiring a local referendum, and few have succeeded.
- In Australia, most states have undertaken extensive restructuring of their local government sectors. Queensland's was the most recent, completed in 2008. Like England, Queensland has also sought to extend the powers and responsibilities of mayors, and the Local Government Act was again amended accordingly in 2009. Mayors now lead policy development, play a significant role in formulating budgets and may direct both the chief executive and the next level of senior managers. For many years all mayors in Queensland have been popularly elected, while the Lord Mayor of Brisbane has long wielded executive powers.
- In New Zealand, following a major royal commission, the government implemented a radical restructuring of local government in the Auckland region in 2010, replacing a number of authorities with a single unitary council now responsible for all local government functions for one-third of New Zealand's population. The new mayor has what might be described as 'semi-executive' powers (see Chapter 12). More recently the Local Government Act has been amended to streamline the process of local government amalgamations, with the obvious intention of reducing the number of councils, and to give all mayors power similar to those of the Auckland mayor. As in Queensland, all New Zealand mayors have been popularly elected for several decades.
- In the Caribbean, local government reform has seen both consolidation and fragmentation of local government areas (see Chapter 2). The establishment of the Portmore Municipality in Jamaica is a particularly interesting case, involving partial excision of an area and transfer of some local government functions from an existing, much larger parish, as well as creating the position of a new, popularly elected mayor. This reflects a desire both to strengthen local leadership and to improve engagement with the local community and other key stakeholders.
- South Africa, rebuilding its institutions with the ending of apartheid, consciously adopted a new developmental model of local government, as described earlier. This move also involved a complete restructuring of local government areas, and a major reduction in their number. A key objective was to enhance the capacity of local government to support disadvantaged communities by combining previously under-serviced townships and rural areas with affluent 'white' towns and suburbs.

1.2 Issues, experience and findings

The following chapters are arranged in three sections. The aim is to link chapters that explore similar or related themes and to build up a picture of the different ways in which local government across the Commonwealth is responding to the basic

propositions set out earlier. Inevitably several chapters deal with more than one of those propositions. The three sections cover:

- decentralisation, localism and intergovernment relations;
- local government finance and economic development; and
- new approaches to governance.

1.2.1 Decentralisation, localism and intergovernment relations

This first section looks at recent moves to implement policies of decentralisation and localism, including empowering both local governments and their communities as agents of local governance and development, in the very different contexts of the Caribbean, Pakistan and England.

Eris Schoburgh and Bishnu Ragoonath analyse recent moves towards democratic decentralisation and local government reform in a number of smaller Caribbean states (Jamaica, Trinidad and Tobago, St Lucia, and Antigua and Barbuda) over the past two decades. They highlight the tensions in central–local relations mentioned earlier: how decentralisation is promoted by international agencies as a way forward for developing countries, but is often seen internally as a zero-sum game in which devolution means a loss of power and resources at the centre and is therefore resisted. Central government dominance thus remains intact with only marginal reform, and continued paternalism and lack of respect towards local government and its role.

However, Schoburgh and Ragoonath also assert that an effective reform process requires more than just the development of policy by central governments. It needs engagement by local government itself, by the private sector and by civil society. In their view local governments can be criticised for failing to articulate an authoritative position on their future, and failing to seek and incorporate the views of their citizens. They argue that local governments in the region must assume a greater share of the responsibility for reform outcomes – or the lack of progress. In particular, they make the case that local government must look beyond simply calling for additional funding and persuade the private and not-for-profit sectors in the region to become more involved in local affairs.

These are important lessons for local government in other jurisdictions, emphasising the need for local government itself and other local stakeholders to lead the debate about the future of local governance, rather than simply waiting for the centre to develop its proposals. They also reflect one of this book's central themes: that local government must develop new ways of working to respond to the challenges it now faces.

In the second chapter of this section, Munawwar Alam provides an overview of the history of local government in Pakistan post-independence, drawing lessons from the alternation between civilian and military governments. He finds that military governments have been far more willing to embrace decentralisation and strengthening of local government, perhaps because they are less fearful of the loss of their own power than are elected civilian governments, and also welcome the legitimacy to be gained

by nurturing democracy and citizen participation at the local level. Alam notes that this phenomenon is not unique to Pakistan, quoting comparable experience in Ghana and The Gambia.

Alam focuses in particular on the Devolution of Power Plan (DOPP) introduced by the Musharraf military government, which he sees as the first major and thoroughgoing attempt at decentralisation in Pakistan's history. The DOPP embraced the concept of subsidiarity, with a significant transfer of power from the provinces (Pakistan being a federation) to the districts and lower levels. This was matched by electoral reform (notably encouragement of women's participation), and reforms to the civil service and police. A further important element was the establishment of Citizen Community Boards (CCBs) as a form of community governance, promoting local input to development planning and self-help initiatives. The DOPP also saw the emergence of local government associations as a vehicle for advancing the sector.

Alam concludes that decentralisation is inherently neither good nor bad. It can improve the efficiency and responsiveness of the public sector, and also contribute to significant social change, but strong political will and leadership are needed to create and maintain conducive conditions for institutional change. Thus the success or failure of decentralisation programmes depends on a country's broader democratic and political culture. Parallel institutional development needs to be ongoing, and in Pakistan military governments have been more willing to accept this challenge. Since the return to civilian government in 2009, the provinces have reasserted their power over local government, and local elections have been repeatedly deferred. Albeit in a very different context, there are some obvious echoes of the Caribbean experience.

The next two chapters consider the recent history of local government reform in England and, as foreshadowed earlier, here too can evidence be found of the inter-government tensions inherent in the pursuit of decentralisation, devolution and localism. Nigel Keohane considers the lessons that can be learned from the latest development in more than a decade of endeavours to achieve a measure of devolution from central government to local government within England, namely community-based budgeting. He sets this in the context described earlier: the 1997–2010 Labour government's various initiatives aimed at a degree of devolution to local government and 'joined-up' delivery of services; followed by the Conservative/Liberal Democrat coalition's pursuit of localism and the Big Society, with its focus on far-reaching devolution that goes beyond local government to community organisations and potentially even individuals. In part, this more radical approach reflected the failure of Labour's reforms to make any significant impact on England's highly centralised system of government, especially when compared with the progress made through devolution of real power to the new Scottish parliament and Welsh assembly. The pursuit of 'joined-up' government had been frustrated by the imposition of uniform national targets, despite increasing differentiation of local needs, and by departmental and professional silos.

Keohane reviews what is very much work in progress, but which reveals the practical and cultural difficulties of managing complex change involving a number of different elements of the public sector bureaucracy. He also highlights the research evidence

suggesting that greater devolution and interagency collaboration in service delivery can both achieve significant savings and produce better outcomes. The former is a key motivating factor in the coalition government's approach: grants to local government have been cut by 28 per cent over four years. The English experience may thus be seen on the one hand as a cautionary tale highlighting the difficulty of achieving 'real' devolution; but on the other as an insight into the scale of the potential benefits – if new ways of delivering services can avoid the downside risks of such severe funding cuts. Keohane concludes that, in times of economic hardship and fiscal constraint, UK governments appear to think that the potential benefits justify any risk involved.

Mike Bennett and Kevin Orr then seek to place the challenges of localism in a long-term historical context. They view the tension between central and local as a permanent state of affairs, taking on different colourations depending on the ideology of the age, but persistent nonetheless. Looking back several centuries, this is illustrated by Henry VII's endeavours to bring local governance more under the control of the central state, rather than individual feudal lords. It is an experience that highlights a common theme: the interplay between the centre's need to control and its dependence on local compliance – with an element of discretion always present because of the inherent limitations associated with managing from the centre.

Bennett and Orr carry their discourse forward to what they see as the present ambivalence around localism. This is explored by contrasting the persistent promotion of 'localism', as a mantra for decentralisation, with a programme of implementation that is seen by some as reinforcing central control. The associated legislation gave local government a general power of competence, but also incorporated some 136 new opportunities for the Secretary of State to intervene in local affairs, prompting the president of the Local Government Association to observe that the bill actually centralised more powers than it localised. Bennett and Orr conclude that in all likelihood 'politics as usual' will continue between central and local actors and institutions in the ongoing struggle to promote their own ideas and interests. That effectively sums up the key messages of all four chapters in this first section.

1.2.2 Local government finance and economic development

The second section comprises three chapters. They focus first on how local government is funded. This remains one of the most fundamental issues for the sector's future, whether in terms of supporting the infrastructure needed to underpin the growth of modern cities and regions, or finding new ways to use property taxes to promote developmental objectives. This developmental theme also encompasses the further issue of how local government relates to the informal economy.

Om Prakash Mathur considers the prospects for adequate funding of Indian municipalities in a context of rapid urban growth and a significant infrastructure deficit. As is typically the case with federal polities, in India local government is primarily the responsibility of the states, but it is the federal government that commands the resources necessary to support development and in particular to provide essential urban infrastructure and services. Increasingly, this is leading to tensions between all three spheres, as the states have been slow to implement national policies (sanctioned

by a constitutional amendment and supported with considerable funding) that tend to shift the balance of power towards local governments.

Meanwhile, municipalities simply cannot cope with the pressures they face. Their taxation base is inadequate and they have failed to realise the revenue potential created by rapid economic growth. As a result, their own-source revenues are minimal relative to their expenditure needs. This deficiency is exacerbated by poor financial management and limited accountability for their actions.

Mathur thus points to one of India's major dilemmas as it seeks to maintain economic growth and improve living standards. In highly urbanised societies, economic growth is crucially dependent on the quality and functioning of the urban environment, which in turn depends on municipal governments both having and utilising own-source revenues – in addition to grants – that match their responsibilities to provide infrastructure and services. This requires a concerted multi-tier effort to bring about speedy implementation of India's established financial reform agenda, and to ensure that local government can play its proper role in the management of the country's burgeoning metropolises.

Jaap de Visser considers a different but related aspect of local government financing, namely the potential to use local rates (property tax) as a tool for achieving socio-economic goals within the South African framework of 'developmental local government'. This is articulated in South Africa's constitution and by the 1998 White Paper on Local Government. The objective is a system of local government committed to working with citizens and communities to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. There is a clear expectation that municipalities will apply property taxes in such a way as to achieve developmental goals such as reducing poverty, facilitating access to economic opportunities and encouraging sustainable use of resources – as well as to generate essential revenue.

De Visser reviews the rating policies of South Africa's 20 largest municipalities in order to assess the effectiveness of their use of property taxation as a developmental instrument. His overall finding is that, although the concept has merit, implementation can be extremely challenging. Among the many problems he identifies are the absence of a consistent approach to property valuation (with some municipalities effectively having no data) and the lack of sufficient technical expertise both to develop and to implement sophisticated rating policies and systems (are they well targeted and likely to achieve the intended results?). Skills shortages also lie at the heart of broader deficiencies in financial management across local government.

Simpler initiatives appear to work well, such as the exclusion from rating of low-value residential property, and there is evident potential to explore a number of other options, such as use of differential rating to redistribute wealth and to help achieve land-use planning objectives. Nonetheless, there is also a risk that overcomplicated rating systems will result in loss of transparency and accountability, and that offering too many concessions will significantly reduce revenues.

On the whole, however, de Visser concludes that technical and policy-making capability is a dominant issue, and one that should not be underestimated:

A key lesson for other jurisdictions would be that the successful deployment of property rating as a developmental instrument is contingent on the provision of strong support to municipalities. This should include a robust legal framework that provides the necessary tools to creatively use property rating, insists on transparent policy-making and demands good administration. However, because expertise in rating administration is hard to come by, particularly in a developmental context, support needs to go further.

Alison Brown explores a different aspect of the developmental role of local government, but one that also raises the issue of capability as a central concern: local government's role in respect of the informal economy. She presents three case studies of experience in Durban, Dar es Salaam and India. Clement Stone's urban regime theory is used as a lens through which to examine experience, drawing particularly on his insight that lower-status groups are weakly positioned to contribute to governance. This leads to two questions: first, how can lower-status populations mobilise as active partners for change; and, second, under what conditions can local government and non-government actors partner to expand opportunities?

All three case studies highlight the problem of the natural alliance between local politicians and local elites whose interests often run counter to, for example, supporting and enabling the informal economy, especially in highly visible activities such as street vending. Brown points to the often-held view among civic leaders that the international status and image of their cities demands that they be 'cleaned up', notably when they are about to host major events. This subverts the vital contribution of the informal economy to city life and community welfare.

Her work identifies a number of practical issues whose resolution should contribute a great deal to the willingness and capability of local councils to facilitate informal economy activity. First is addressing the absence of data: without an awareness of the significant contribution the informal economy can make, the incentive to support it may be lacking. Next is the question of council revenue: local street traders may be able to pay a relatively high proportion of their income in fees, but the absolute amounts may be small, requiring cost-effective collection systems which may be beyond the capability of individual local authorities. A third issue concerns the placement of responsibility for regulating the informal economy within the local authority's organisation: place it with the division responsible for traffic management, and street trading becomes a problem to be solved rather than an economic opportunity to be grasped.

Brown concludes by proposing that local government requires an attitudinal shift in the exercise of its powers and responsibilities, so that it grasps the potential value of the informal economy and how it can facilitate its development as part of global value chains. This links back to the idea that local government's role goes beyond service delivery, to holding powers in trust for communities and supporting them in pursuing their goals. It also means a shift from positioning local government as an

outpost of central administration to one of community leadership in enhancing local well-being.

1.2.3 New approaches to governance

The book's final section includes four chapters that examine experience from more developed Commonwealth countries in what may broadly be termed 'new approaches to governance'. These cover the need for effective regional co-operation, the increasing focus on strategic planning, new frameworks for service delivery and the evolving role of mayors.

Brian Walisser, Gary Paget and Michelle Dann and reflect on the experience of four decades of the development of British Columbia's regional districts – flexible groupings of municipalities that have come together to undertake shared services and other forms of mutual co-operation. They also consider the complexities and challenges that arise when matters which need to be addressed regionally entail a clash of local interests, and thus cannot be addressed purely on the basis of co-operative action to achieve mutual benefit.

British Columbia's regional districts are one of the lesser-known success stories of intra-local authority collaboration in the development of shared services. Walisser and colleagues explain how and why regional districts have evolved into quasi-governmental providers of a wide range of services to their local authority members (and occasionally beyond).

However, not all region-wide decisions necessarily result in mutual benefit for the parties involved. Walisser and colleagues offer valuable reflections on what should happen when the incentive of mutual benefit is insufficient to overcome legitimate differences, observing that, if forms of governance are designed solely to optimise outcomes for individual localities, horizontal and vertical bonds between the relevant institutions at a regional scale usually remain weak and fragile. They conclude by proposing that future pathways to effective regional governance must focus on enhancing regional leadership and co-ordination, expanding the regional decision-making 'toolkit' and developing new techniques of 'meta-governance' – the orchestration of complexity and plurality.

Michael Reid considers local government's use of strategic planning, concentrating on New Zealand experience since the restructuring of local government in 1989, but making extensive comparisons with practice in Australia, especially New South Wales, England and South Africa. He observes that New Zealand's 1989 reforms created larger, more capable local governments, which were willing and able to adopt new approaches to governance. By the mid-1990s most had voluntarily developed strategic plans.

Since then, successive New Zealand governments have legislated to require councils to prepare a range of long-term strategies. Legislation in 1996 introduced long-term financial strategies (LTFS); these had a minimum ten-year timeframe, but were largely unconnected with other forms of strategic planning. A new government came in to office in 1999. One of its objectives was a thorough overhaul of local government

legislation, and its concerns included this lack of connection between the LTFS and broader social, cultural and environmental agendas for local government.

This led to a new Local Government Act, which came into force in 2002. The Act replaced the LTFS with the Long-Term Council Community Plan (LTCCP), still including financial forecasts but now to integrate the broad spectrum of a local government's activities based on 'community outcomes'. These were long-term goals for each locality identified through extensive community and stakeholder consultations led by the council, but not confined to local government's responsibilities. The idea was to promote a 'whole-of-government' and 'whole-of-community' approach to achieving desired outcomes. This echoes similar initiatives in the UK and South Africa.

Practice in identifying community outcomes varied widely. Some councils adopted comprehensive processes, sometimes run independently, which were effective in engaging a wide cross-section of their communities. Others went through a much more formalistic process with little real practical engagement. Experience with implementation of LTCCPs has been similarly diverse, but marked by a widespread failure to secure sufficient commitment from other parties, especially central government agencies.

However, Reid's primary concern is increasing emphasis of both legislation and practice on accountability and compliance in the processes of strategic planning. He highlights the risks involved in seeking to use strategic plans, both to articulate community aspirations and visions, and as a means of ensuring sound management. He notes, for example, that the statutory requirement for draft LTCCPs to be signed off by the council's auditor resulted in highly complex documents dominated by the demands of transparency and accountability and a focus on prudent stewardship of assets. Thus, when long-term strategic plans are seen as mechanisms for accountability and financial management, their core purpose – that of innovative engagement with citizens about possible futures – may be squeezed into the background.

Peter McKinlay also draws on recent New Zealand experience, in this case relating to the use of local government-owned companies, and other arms-length entities, to manage local government assets and services in Westminster-tradition countries. He identifies the opportunities these instruments provide, not only for service delivery but also to enhance local democracy.

The chapter begins with a review of experience in a number of other jurisdictions, notably European countries where the use of local government-owned companies is by and large routine, and with little focus on them as a special case requiring enhanced monitoring or compliance arrangements. McKinlay then explores experience in selected Westminster jurisdictions, including England, British Columbia and Australian states. Typically, their focus has been on the conditions precedent to establishing an arms-length entity, rather than on post-establishment governance and accountability.

The remainder of the chapter examines the unique New Zealand model for managing relationships between local councils and arms-length entities. McKinlay argues that the strength of the model lies in its focus on the importance of post-establishment

governance, including clear specification of the respective roles of elected members representing the council as owner, and members of the governing body of the arms-length entity. This includes the evolution of good practice, which emphasises relationship management rather than compliance. He concludes that the New Zealand model arguably represents the most successful regime among Westminster jurisdictions for post-establishment governance of local authority-owned or controlled arms-length entities, not just in the commercial sphere but as a means for improving community engagement and facilitating co-production. It is certainly an approach that could be applied in many Commonwealth countries.

In the book's final chapter, Graham Sansom considers the evolving role of mayors, with a particular emphasis on recent developments in Australia. He notes the extent to which executive or 'semi-executive' mayors are now common in local government, both in developed jurisdictions within Europe and North America (principally the United States), and in a number of developing-country jurisdictions such as South Africa, and goes on to examine emerging practice in England, New Zealand and Australia itself.

Sansom seeks to place recent developments in the role of mayors within a conceptual framework of governance, strategic planning and leadership. His overarching theme is that there is a need for new approaches to political governance, recognising among other things the need for effective community leadership to safeguard and advance local interests, and the benefits which a mayoral mandate can bring to the formulation and consistent implementation of strategic plans and budgets. Mayors can also lead community engagement, facilitate new approaches to community governance and speak with authority in intergovernmental relations.

Directly or indirectly, the chapter discusses the impact of New Public Management on the governance of local authorities, with its emphasis on the separation of the policy role of the governing body from the implementation role of management. Sansom questions whether this reflects reality, and joins others in suggesting that in practice the shift in the 'balance of power' towards management may have detracted from good governance. In particular, Australian experience highlights the importance of the mayor–chief executive relationship, and the need to review and restate their respective roles so that their efforts are more effectively combined. Sansom's chapter rounds off the book's exploration of its three central propositions. It reflects a view that the core role of local government lies in facilitating the good governance of its communities, including providing sound leadership in articulating and promoting the achievement of important community goals. In doing so, it concludes that those objectives cannot be achieved unless the political arm of local government has the capacity to discharge its responsibilities effectively alongside those of management. To build that capacity, the role of the mayor seems a good place to start.

1.3 Fresh ideas for a new century?

This book by no means pretends to offer a comprehensive and coherent picture of all the issues facing local government across the Commonwealth: it can fairly be

described as a 'patchwork quilt' of information and ideas. However, collectively the chapters present most of the key challenges and suggest many ways forward.

An overriding message is the need to contemplate quite radical changes – in some instances revolutionary rather than evolutionary – to ensure that local government becomes or remains 'fit for purpose'. Whether democratic decentralisation, localism, responsive local and regional governance, and efficient and effective service delivery can be pursued successfully through what might be described as 'conventional' institutions of local government is open to question. This applies equally to well-established and seemingly robust systems of local government in some Commonwealth countries, and emerging systems in others.

Challenges to current orthodoxies may arise from financial pressures and lack of resources, from questioning of local government's democratic legitimacy and representativeness, from failings in leadership and local policy development, from a clash of local interests within regions, and from difficult central–local relations. There are also signs of a growing belief in some quarters that, all too often, local government has failed to realise its potential, and that there may be better ways of achieving societal goals.

Across much of the Commonwealth, the later years of the twentieth century saw the enthusiastic embrace by both central and local governments of the precepts of economic rationalism and New Public Management. In many cases, the result has been significant improvements in the way local governments are managed, although perhaps at some cost to the values of local democracy. However, it appears the time has now come for a more far-reaching stocktake and reappraisal of the purpose, role and prospects of local government as it faces the changing dynamic of a new century. Its 'toolkit' needs to be expanded to give greater weight to emerging ideas about community governance; to address complex, 'wicked' problems; to cope with scarce and often declining resources in the public sector; and to achieve better outcomes for local communities through more productive intergovernment relations, as well as partnerships with the private sector and civil society.

Several recent reports on local government reform in Australia have focused on the concept of building 'strategic capacity'. In 2007, the Queensland Local Government Reform Commission argued that the challenges facing that state '... require governments of all levels to be high capacity organisations with the requisite knowledge, creativity and innovation to enable them to manage complex change...' (Local Government Reform Commission 2007: 5). This theme was picked up in a subsequent overview of 'consolidation' in local government by the Australian Centre of Excellence for Local Government (Aulich et al. 2011; Aulich et al. 2013). The centre's work pointed to other key dimensions of strategic capacity explored in this book, notably an adequate financial base; sound governance practices; and the ability to undertake effective strategic planning, regional collaboration and intergovernment relations.

A further – and critical – dimension suggested in this book is that local governments require the skills and capacity to facilitate community governance and self-help,

based on an understanding of their role as stewards of community values, authority and resources. In the final analysis, local government needs engaged stakeholders and constituents to underpin its very existence. If councils cannot build successful local coalitions, they are vulnerable to being bypassed by central governments seeking solutions to their own problems. And if local government is bypassed, who can speak with any authority for local communities?

This is an issue not just for local governments and their constituents, but also for state, provincial and national governments. The chapters that follow include evidence of the unique role which local government could play in facilitating the better design, targeting and delivery at a community level of services provided by those 'higher' levels. This applies especially to the 'wicked problems', which have resisted most attempts at top-down solutions. In addition, the fiscal challenges faced by central governments throughout the Commonwealth should give them a vested interest in strengthening local government to help find and deliver better ways of meeting community needs.

However, while there is a growing realisation that the structures and *modus operandi* of central governments have severe limitations when it comes to dealing with many of society's problems, the opportunity this may provide for local government must be tempered by the recognition that it too has work to do before it can credibly present itself as integral to new solutions.

This chapter began with three propositions. To conclude, we pose three questions about the future of local government as we head through seemingly troubled times towards the middle of the century:

- Will local government more or less as we know it prosper by adapting to a changing environment and by making itself indispensable to its citizens, to central governments and to other key partners; or by failing to adapt will it instead decline in significance where it is already well established, and fail to flourish where it is still in its infancy?
- Can local governments think creatively and find their own solutions to the challenges they face, or will they continue to have solutions imposed on them? Will they make the necessary effort to enhance their leadership and managerial skills, strengthen their knowledge base and become high-capacity learning organisations?
- Will there be a 'New Century Local Government' that is recognised as being far more than the provider of basic services; that becomes the primary agent and true leader and representative of its communities, responding creatively to local and regional needs? Or will local governments be just one of many local and regional organisations competing for legitimacy, for scarce resources and for central government support?

Of course, local government's future is not entirely – or in some cases even largely – in its own hands. Everywhere it is subject to the attitudes and decisions of central governments (national or provincial), and in developing countries much depends on how local government ranks in the eyes of international agencies and donors. In

this context, the Commonwealth can play a critical role in supporting the goals of democratic decentralisation and localism from both central and local perspectives; promoting fresh thinking about and among local governments; and ensuring that new ideas are explored and that lessons from the varied experiences of member countries are widely disseminated and understood. Hopefully this book will make a worthwhile contribution to that endeavour.

Note

1 Viewed at: www.un.org/millenniumgoals (accessed 25 May 2013).

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