

## Chapter 10

# Long-term Strategic Planning in New Zealand: Will Compliance Crowd Out Performance?

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Strategic planning is a management tool introduced during the recent period of public sector reform intended to improve the efficacy and efficiency of public organisations. Councils in New Zealand, like elsewhere, were quick and enthusiastic adopters and a range of innovative approaches was developed. However, 20 years on, that innovation is at risk of being lost because of an increasing emphasis on accountability and compliance.<sup>1</sup> Long-term council planning is required to address multiple objectives, with the risk that ‘strategy’ will be crowded out. It is not clear whether the emphasis on accountability and financial planning allows sufficient space for innovative engagement with citizens about possible futures.

While we treat strategic planning as a relatively new technique, one of a bundle of tools loosely termed ‘New Public Management’ (Rhodes 1997), it would be a mistake to assume that local government has never engaged in long-term planning. Since their creation councils have planned for, and invested in, the future development of infrastructure and amenities that growing settlements will require. Yet formal strategic planning is a recent phenomenon, appearing in New Zealand local government only after the comprehensive reform of the sector in 1988/89, which both modernised its processes and created larger and more competent units.<sup>2</sup> One legacy of reform was a much smaller number of local councils, and these larger authorities were willing and able to experiment with new and innovative approaches to organisational matters. Strategic planning (entirely discretionary) was one of those innovations, with almost all councils having produced some form of strategic plan by the mid-1990s.

Strategic planning can be understood as the ‘disciplined effort to produce fundamental decisions and actions that shape and guide what an organisation (or other entity) is, what it does, and why it does it’ (Bryson 2004: 6). In the public sector, strategic planning is commonplace, and sits among the tools that local governments employ to ensure they provide the appropriate services at the right quality level in order to meet the expectations of their publics. It is one of a suite of related techniques that include strategic management and strategic thinking. The terms are closely interrelated: while strategic management is concerned with developing a continuing commitment to the mission and vision of the organisation and ensuring a clear focus on the organisation’s strategic agenda, strategic thinking is more concerned with synthesis, questioning conventional assumptions and seeking integration around broadly crafted visions (Local Futures 2006).

Some form of requirement to undertake strategic planning in local government can be found in most national jurisdictions; however, the way this is done varies considerably,

with obvious implications for council practice. One area of diversity is the degree of prescription; does empowering legislation spell out in detail how strategic planning should occur or are provisions broadly written, leaving room for innovation? Nowhere is this question better realised than the way in which New Zealand councils have approached strategic planning. In the space of 20 years, strategic planning has gone from a matter of local authority discretion, under which councils developed approaches framed to address the circumstances of their communities, to a prescribed tool which requires all councils to follow the same template. The change from a discretionary to mandatory approach, and what this means in practice, has broad lessons for local authorities and their governments internationally.

## 10.1 The New Zealand local government system

New Zealand local government exists within a parliamentary democracy with a single house of parliament. As it is one of three countries in the developed world that does not have a written constitution, powers and roles are defined by statute and consequently lack the protection often found in countries with constitutional recognition. For most of its existence local government's power was defined by the *ultra vires* principle (councils were allowed to undertake only roles defined in statute), but with the *Local Government Act 2002* tightly prescribed powers were replaced by a form of general competence, an approach commonly found in other OECD countries.

The local government sector consists of 78 local authorities. These include 11 regional councils and 67 'territorial' authorities (cities and districts). Regional councils are responsible for environmental policy, pest control and in some cases public transport, regional parks and bulk water supply. Territorial authorities provide local services including roads, water reticulation, sewerage and refuse collection, libraries, parks, recreation services, local regulations and community leadership. Six of the territorial councils also have regional council functions and are known as 'unitary' councils. Total expenditure in local government is approximately 4 per cent of gross domestic product and just under 10 per cent of all public spending. Local government has a low 'task' profile (activities such as the police, education and social services are provided by the national government), but a high level of autonomy – councils raise approximately 90 per cent of their own income. Reflecting this narrow range of mandatory local functions, *The Economist* has described New Zealand as the most centralised state in the OECD (*The Economist* 2009: 59).

While the sector's mandatory tasks are minimal, councils have considerable autonomy from central government due to their ability to levy property taxes. To enhance accountability, parliament has prescribed detailed processes to ensure that citizens' views are taken into account in council decision-making, such as when adopting annual budgets and work programmes. The predominant role of councils is one of place-shaping<sup>3</sup> (Lyons 2007) and, except for a small number of regulatory functions undertaken on behalf of the central government, legally made council decisions cannot be overturned by the central government without legislation. Councils are also responsible for undertaking a number of plans and policies that provide coherent and joined-up governance at the local level. These include, for example, annual

plans, district plans (for land use), regional policy statements, land transport plans, emergency management plans, gaming strategies and long-term plans. More recently some areas have developed regional spatial strategies, and in New Zealand's largest city – Auckland – the adoption of a spatial plan<sup>4</sup> is mandatory.

## 10.2 The rise of strategic planning

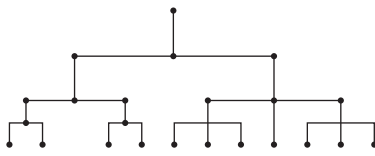

Over the last few decades successive governments in New Zealand have endorsed a programme of public sector reform, which has sought to shift public agencies from a narrow focus on services to a more strategic view of the outcomes services are intended to achieve. In addition, a new focus on effectiveness has required public organisations to better align their activities to the goals and outcomes articulated by government ministers and, in local government's case, communities. The 2002 Act required councils, in a manner similar to the framework applied to government agencies, to take a more strategic view towards their roles and functions, and ultimately their focus. A new range of competencies was required, including an ability to apply new techniques for fostering community participation and leveraging other actors in order to ensure a more joined-up approach to the achievement of community well-being.

Strategic planning was one of those techniques. Often discussed in terms of New Public Management or modernisation (Boston et al. 1996; Naschold 1997), it is one of a menu of tools that governments have adopted to improve responsiveness and ensure scarce resources are employed efficiently and effectively.<sup>5</sup> In New Zealand the modernisation process began with the election of the fourth Labour Government in 1984, and reflected a view that 'at least from the standpoint of management, the differences between the public and private sectors are not generally significant; hence public and private organisations can, and should, be managed on more or less the same basis' (Boston et al. 1996: 26). The modernisation applied to both central and local government.

The modernisation project set out to organise the bureaucracy so that departments: had clear and consistent objectives; had a high standard of accountability; made trade-offs transparently; were less likely to be 'captured' (unduly influenced) by the service providers they were supposed to regulate, monitor or commission; and operated trading activities in a manner which was free from direct political control. As Boston says, changes to the machinery of government sought to achieve 'consistency, accountability, transparency, contestability, complementarity, co-ordination, economy, efficiency, the minimisation of capture and improved bureaucratic representation for dis-advantaged groups' (Boston 1991: 239). In short, the objective was a public sector that was more likely to be responsive, arranged in a way that reflected a greater plurality of voices and more focused on outcomes.

In this context the introduction of strategic planning enabled local public decision-makers to focus on outcomes and take a more discerning approach when considering the outputs and inputs required to achieve them. It represented an attempt to reconcile the 'rational' approach to decision-making with the predominantly 'political' approach to decision-making found in public organisations (see Figure 10.1).

**Figure 10.1 Rational planning and political decision-making models**

Rational planning model	Political decision-making model
<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="margin-bottom: 5px;">Goals</div> <div style="margin-bottom: 5px;">Policies</div> <div style="margin-bottom: 5px;">Programmes</div> <div style="margin-bottom: 5px;">Actions</div>  <ul style="list-style-type: none"> <li>• Based on organisation</li> <li>• Key decision-makers are internal, facilitating co-ordination and reconciling differences</li> </ul> </div>	<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="margin-bottom: 5px;">Most general policies</div> <div style="margin-bottom: 5px;">More general policies</div> <div style="margin-bottom: 5px;">Policies and programmes</div> <div style="margin-bottom: 5px;">Issue area</div>  <ul style="list-style-type: none"> <li>• Starts with issues across boundaries</li> <li>• Involving conflict, not consensus</li> <li>• Politically rational policies and programmes emerge</li> <li>• More generalised policies emerge over time to capture, frame, shape or guide programmes</li> <li>• 'Policy as Treaty' – policies represent reasonable level of agreement between parties</li> </ul> </div>

Source: Bryson (2004: 18–20)

Rational decision-making is a deductive process that begins with a clear statement of goals from which policies, programmes and actions to achieve those goals are then ‘deduced’ (Bryson 2004). A precondition for the model to work is agreement on the overall goals; this is an assumption not always found in public organisations, which reflect diverse views about the ‘good life’. Political decision-making on the other hand is inductive; it begins with issues that inevitably involve disagreement. In contrast to the rational approach, decisions made in the political model emerge through the political process itself. This process requires agreement among key stakeholders and a degree of consensus building. Bryson describes the resulting policies and programmes as essentially ‘treaties’ negotiated between various stakeholder groups.

Promoters of strategic planning argue that it marries both the rational and political decision-making models by focusing on identifying and resolving what they describe as ‘strategic issues’. Political decision-making is essential in order to achieve agreement on the programmes and policies to address key issues, while the rational planning approach provides a framework to recast that agreement in terms of goals, policies and actions. Strategic planning provides tools for addressing and resolving the issues that political decision-making identifies. In doing so it highlights inconsistencies where different approaches might have been adopted to address issues and achieve goals. In contrast to the purely rational approach, strategic planning does not assume a consensus. Rather, it provides a process that involves stakeholders and interested parties in a negotiation or conversation that takes into account interests and issues, and so ensures that actions agreed upon are more likely to be ‘politically wise’ (Bryson 2004: 20).

While modernisation has been a major driver behind reform in many developed countries, the way in which strategic planning frameworks have been designed for local governments varies considerably. Some countries have broadly worded requirements

that allow for local experimentation and innovation, while others – for example, England and New Zealand – have adopted more prescriptive approaches that have resulted in a greater consistency of approach. In the New Zealand case, strategic planning developed voluntarily after the reorganisation of local government in 1989 and was regarded as an example of good practice (see Local Futures 2006). Strategic planning complemented a statutory corporate planning framework, which was based on a regime of annual planning. The reforms of 1989 required councils to publish a draft annual plan and budget, outlining major activities planned for the coming 12 months, and to seek community views on the draft before adoption. A further obligation was the publication of an annual report describing whether budgetary and work-plan forecasts were met or not, including performance measures. Annual reports were also made subject to an official audit by the Office of the Auditor General, with results reported to parliament.

The requirement to publish an annual plan and budget was the first step towards making the business of local government transparent, so as to enable citizens to have a greater say on council priorities. Unfortunately it also encouraged councils to think and plan on an annual basis, which was a problem given that many activities, such as providing infrastructure, require long-term decision-making. Consequently, councils began to turn to strategic planning as a mechanism to help elected members and officials think about the ‘big picture’ and to provide a long-term context for annual plans. Some councils sought to be innovative – for example, Porirua City Council and Manukau City Council, which used their new strategic plans not only to help their own decision-makers think about the longterm, but also to help focus non-council agencies, such as government departments, align their priorities with those of the city as a whole. Waitakere City, for instance, was well known for its ‘eco city’ theme, which sought to examine not only the council’s activities but those of other agencies as well through a sustainability lens.

### 10.3 Long-term council community plans

While councils experimented with strategic plans as a way of providing decision-makers with a context for their annual planning, the government had concerns about a lack of long-term infrastructure planning at the local level. In particular there was a concern about a growing infrastructural deficit, and in 1996 the government passed the *Local Government Amendment Act (No. 3)* to address the issue. This Act was remarkable in a number of respects, in particular for its requirement that councils develop and publish long-term financial strategies based on financial forecasts for the forthcoming ten years and revised every three years. While long-term financial strategies were to be based on assumptions about future growth or decline, underpinned by detailed asset management plans and environmental scans, they were not in themselves strategic plans as understood in this chapter. Their primary goal was to make councils’ performance in asset maintenance more transparent and to provide citizens and elected members with information about the fiscal implications of current decisions – ultimately strengthening the ability of citizens to hold their elected members to account. In practice, these financial strategies sat alongside council strategic plans with little if any acknowledgement.

A change of government at the end of 1999 signalled a new approach to local government policy, and almost immediately work began on a full rewrite of the *Local Government Act*. The cabinet was sympathetic to requests from some in local government that the new legislation should make strategic planning mandatory, but was reluctant to create yet more planning obligations. Its solution was to enhance the long-term financial strategies (LTFS) by creating a strategic ‘front end’, a requirement that councils identify ‘community outcomes’ (longer-term goals for the city or district articulated through extensive community consultation) and show how the activities in the LTFS contribute to those outcomes. As the Cabinet Policy Committee commented, the LTFS failed to:

...recognise and integrate the Council’s social, cultural and environmental reasons for undertaking activities. As a result, the way that these social, cultural and environmental plans and activities fit into the whole Council programme is not clear (Cabinet Policy Committee 2001).

The Cabinet Policy Committee was concerned that the LTFS placed too much reliance on fiscal matters and failed to integrate social, cultural and environmental considerations. In the cabinet’s mind the shortcoming of the LTFS was its failure to provide a sufficiently broad strategic framework to steer council activity, particularly in relation to citizen expectations and the promotion of community well-being. It believed that councils should be engaging in dialogue with their communities, and that local government was a crucial leader in determining how community assets should be used. This issue was addressed with the passage of the new *Local Government Act 2002 (LGA02)*, which was a full rewrite of the sector’s empowering legislation. The new statute reframed the purpose of local government to emphasise democratic local decision-making by, and on behalf of, communities, and stressed councils’ roles in promoting the social, economic, environmental and cultural well-being of communities – in the present and for the future. The critical mechanism for delivering on this new purpose was the Long-Term Council Community Plan (LTCCP), the successor to the LTFS.<sup>6</sup> Unlike the LTFS, which emphasised financial accountability, the purpose of the LTCCP was to:

- set out the community outcomes and the local authority’s intended contribution to those outcomes;
- set out the things the local authority will be doing over the life of the plan;
- co-ordinate the activities of the local authority;
- provide a long-term focus for the local authority;
- provide a means for communities to hold the local authority accountable; and
- provide an opportunity (potentially the primary opportunity) for the public to participate in local decision-making (LGNZ 2003: 32).

The LTCCP contains most of the elements of the LTFS, but with a number of enhancements. Like the LTFS the LTCCP has a planning horizon of at least ten years, with a review period of at least once every three years. A key difference was

the introduction of community outcomes in order to provide a strategic context for council financial strategies, a gap identified by cabinet. The new statute was quite specific that councils should undertake a process at least once every six years to enable the community to identify their outcomes; in contrast, the LTCCP must be reviewed every three years. As envisaged in the LGA02, the council's role when identifying outcomes should be one of facilitator, enabling communities to determine their own outcomes. The nature of the process led some commentators to suggest that the community outcomes process was a forum for community governance (Leonard and Memon 2008).

Underpinning the design of the LTCCP was a concern held by ministers that elected members and/or their officials might seek to control or at least influence the outcome-setting process, and substitute a community's aspirations with their own. Consequently the legislation required councils to invite other organisations to assist with both the design of the process for identifying outcomes and its implementation. This provision resulted in a view that the new framework heralded a shift to a more participative form of democracy, in which elected representatives were likely to be sidelined (Thomas and Memon 2007). A more considered view described the new framework as a form of community strategic planning and drew parallels with the approach to community strategic planning prevalent in English and Welsh councils:

The community governance mandate in the LGA has opened a window of opportunity for community engagement and intergovernmental collaboration to an extent that has not been witnessed before in New Zealand (Leonard and Memon 2008: 44).

## 10.4 Identifying community outcomes

Following the passage of the LGA02 and the introduction of the new LTCCP with the requirement to identify community outcomes, the LTCCP essentially became a council's strategic plan. Within a few years only a handful of councils were doing any other form of strategic planning. A critical aspect of the new model concerned the way in which councils went about identifying community outcomes. A number of observations can be made, including that practice has varied – some councils have clustered together and taken a regional approach to the community outcomes process, while others have been happy to manage the whole process within their own jurisdictions. Other councils have placed greater emphasis on the inter-agency nature of the process, and have invested in strong collaborative relationships with the not-for-profit sector and government agencies. By focusing on outcomes rather than council or organisational services, the new strategic planning model was inherently collaborative, encouraging councils to work with other agencies that contributed to the achievement of outcomes.

The way in which the provisions were drafted encouraged councils to experiment and use a range of initiatives to identify the issues their citizens considered important. Suggestions included using focus groups to develop draft outcomes, which could then be used as a basis for more traditional public consultation processes. Kapiti District

Council, a medium-sized semi-rural local authority north of Wellington, was one council that designed an innovative community-based process to assist residents think about the district's future. Called 'Choosing Futures', the project departed from traditional approaches to consultation by involving citizens as both leaders and participants in the strategic planning process, with independent facilitators engaged to run more than 40 community meetings, many held in local neighbourhoods. One of the techniques employed was to encourage residents to talk about their own neighbourhoods and the issues that were important to them before thinking about the issues facing the district as a whole. Results were collated into an overall vision for the district, which set out the council's leadership role, how it would work with the community and suggested investment priorities for the next 20 years (Burke 2004). Copies were sent to all residents, along with information on what the council intended to do to achieve the vision.

Following the passage of the LGA02, Manukau City, a large urban city in the Auckland metropolitan area (now part of the new single Auckland Council), was able to utilise its existing strategic plan, 'Tomorrow's Manukau', as the basis for consultation on community outcomes. To identify the issues facing the city, the council developed a consultation strategy that operated at a number of levels and involved numerous public meetings and a survey of approximately 1,000 residents. The survey was undertaken to provide not only a broad public perspective, but to understand the preferences of the city's various population groups. Leadership roles were given to government agencies and not-for-profit organisations, the latter to improve engagement with more marginalised groups in the city. The council's process goals were to stimulate a sense of direction for the city; to identify what was important to citizens; to ensure a participative process; and to take a multi-stakeholder approach (Burke 2004). Seven high-level outcomes were identified, ranging from an 'educated and knowledgeable population' to a 'thriving economy'. To advance each of the outcome areas, teams of council officials and external stakeholders were formed to lead specific action plans. Manukau City Council sought to use the new LTCCP as a vehicle not only to integrate the council's different services towards a common objective, but also to encourage the broad range of public and non-public agencies active in the city to work towards the same aspirational goals.

By 2006 all councils had completed their first LTCCP, including having identified community outcomes. The similarity of outcomes is worth noting. Many were of the general 'healthy, wealthy and wise' style of outcome and it was often difficult to distinguish between cities and districts, although the frequency with which some outcomes arose probably reflects citizens' common aspirations to live in safe, healthy and comfortable communities. Some councils approached the exercise by starting with a blank slate and simply asking citizens what they wanted to see. Others prepared a list of draft outcomes and asked local citizens to rank them and give preference. While the blank page approach was seen to reduce the risk of council 'capture', in practice council officials played a critical role in shaping outcomes, regardless of the approach taken. What was often lacking, however, was any sense of the strategies required to achieve aspirational outcomes, particularly since councils themselves

were often minor players in relation to the achievement of goals that involved other agencies.<sup>7</sup>

In setting outcomes not just for councils but for communities, the LTCCP could only be an effective form of strategic planning to the degree that the organisations and agencies that actually took part were able to influence the achievement of those outcomes. Previous discussion in this chapter noted that, under the LGA02, councils had an obligation to invite other agencies – those able to influence the achievement of outcomes – to assist with the design and implementation of the outcomes process. Ensuring that such agencies contributed to outcome achievement was another challenge, as councils have few statutory levers to require them to do so. Despite the difficulty, a range of models has been developed through which councils and agencies seek to align local, regional and national priorities in order to bring about community outcomes, many of which are still in operation.<sup>8</sup>

Following the enactment of the LGA02, the central government, despite failing to *require* its departments to contribute to the achievement of outcomes, actively sought to *encourage* them. This took the form of appointing lead agencies for each of the four well-being areas – social, cultural, economic and environmental; forming a deputy secretaries group to oversee local–central government collaboration; and establishing a small group of advisers whose task was to facilitate the involvement of government departments in the community outcome process, essentially helping councils make contact with departments.

Not surprisingly collaboration was easier in some areas, particularly large urban jurisdictions, than others. One rural council, Rangitikei District Council, found it had little government presence in its district, so organised a seminar for relevant government departments in the capital, Wellington, at which a presentation on the council's community outcomes was given. The exercise engaged government officials in a conversation about the future of the district, including concerns highlighted by local citizens about the lack tertiary education opportunities, in a way that had never before occurred.

## 10.5 The problem of complexity

With the enactment of the LGA02, the LTCCP became councils' primary strategic planning document, with previous strategic plans essentially folded into the new framework. The LTCCP, however, is a consolidated framework with multiple objectives, only one of which could be said to be strategic planning; it also contains elements of a corporate plan, financial plan and accountability document. Consequently it faces the classic dilemma faced by any enterprise seeking to achieve multiple objectives; that is, it risks achieving none. The difference between the discretionary strategic plans prepared before 2002 and the multi-objective long-term council community plan is well illustrated by Ashburton District Council, a medium-sized council of approximately 30,000 residents situated in the centre of the South Island. The council's first strategic plan was published in 1995 and revised in 2000. Comparing the 2000 strategic plan with its 2009–2019 LTCCP illustrates the problem.

The 2000 strategic plan is a focused document containing the type of material you would expect in a strategic plan, namely:

- mission, vision, strategic goals, strategies and actions;
- an assessment of the targets achieved from the 1995 strategic plan;
- an environmental scan; and
- a description of the council's main activities, grouped under five strategic goals with key performance indicators.

The process used to adopt the strategic plan involved a series of elected member and staff workshops; consultation was not a statutory requirement. The plan was 31 pages long. In contrast, the 2009 LTCCP consists of 372 pages divided into two volumes. The content of the LTCCP includes:

- information about the council and its community;
- the results of the recent round of public submissions on the draft LTCCP (the LTCCP also acts as an annual plan in the year that it is adopted);
- a statement of community outcomes, strategic objectives and the council activities that contribute to each;
- the council's strategic vision (adapted from the 2000 strategic plan);
- a community outcomes monitoring report;
- a key issues and major projects section;
- a description of planned council activities grouped under five headings (similar to the strategic plan);
- a schedule of fees and charges;
- a financial strategy;
- financial policies (40 pages);
- a development contribution policy (23 pages);
- forecasting assumptions; and
- the Auditor General's report.

There are certainly significant strategic elements contained within Ashburton's LTCCP; however, they are spread throughout the 372 pages. Although councils have discretion as to how they structure their plans, and most attempt to separate out the 'strategic' content from the purely administrative and financial material, there is a constant risk that the strategic elements will be lost in the detail. While the Ashburton District Council attempts to address this risk by publishing a 'strategic' volume, this still stretches to more than 200 pages. Many councils have made the decision to divide their LTCCPs into discrete volumes to make them more accessible to readers, but the law requires that councils also publish a summary LTCCP. The summaries are the documents that most citizens read and respond to. They contain information on

the major issues facing each community, a description of the community outcomes, major projects proposed by the council and a summary of the council's finances. While more accessible, and more obviously future-focused, the LTCCP summary is still some distance away from being a strategic plan.

Not surprisingly given the diversity of the local government sector, the New Zealand approach to community planning has resulted in variable practice. Some councils have sought to be innovative, collaborative and inclusive, while others have treated the exercise as a matter of compliance which simply gets in way of the important business of providing services. Part of the challenge facing councils is the complexity of the LTCCP itself, and the decision by parliament to aggregate diverse planning and accountability documents into the one process. While aggregation is attractive because it brings information and material together into one place, it risks overwhelming readers with the amount of information provided and encouraging a focus on compliance as opposed to innovation. Other countries have made different choices, and the next section discusses some of this international experience.

## 10.6 International experience

Jurisdictions with similar local government systems to New Zealand, and which require their councils to undertake strategic planning, include New South Wales (NSW) in Australia, England and South Africa.

### 10.6.1 New South Wales

In New South Wales, the *Local Government Act 1993* specifies the way in which councils should undertake their planning and reporting functions. The framework, which previously involved separate social and management plans, was recently amended to include a community strategic plan with a focus of ten or more years; a resourcing strategy that focuses on financial and asset management, as well as workforce planning; a four-year delivery programme covering the term of each elected council; and an operational plan which is essentially based on the budget, sets out in detail the individual programmes and activities that will be undertaken, and is reviewed annually. Councils must also adopt an engagement strategy, which determines their approach to engaging citizens and communities. One purpose of the framework is to draw existing plans together in an integrated framework, such as social, environmental and infrastructure plans.

Official guidelines describe the community strategic plan as the highest-level plan that a council will prepare, intended to identify the community's main priorities and aspirations for the future and plan strategies for achieving these goals (Department of Local Government 2010). As with New Zealand, there is no assumption that the council should be wholly responsible for the implementation of the strategic plan, as other partners – for example, state agencies and community organisations – are likely to have similar objectives and will need to take the lead on particular issues. Key features of the NSW community strategic plans include:

- the main priorities and aspirations for the future of the local government area;

- strategic objectives together with strategies to achieve those objectives;
- social, environmental, economic and civic leadership issues and how they will be addressed in an integrated manner;
- the social justice principles of equity, access, participation and rights; and
- due regard to the State Plan and other relevant state and regional plans.

Councils' community strategic plans must be reviewed every four years (local government has a four-year term in NSW), with reviews completed by 30 June in the year following local government elections. As noted above, plans are accompanied by a resourcing strategy comprising three other documents: a long-term financial plan; an asset management plan; and a workforce plan. The resourcing strategy is primarily, but not entirely, inward-focused on matters that are council responsibilities. While the long-term financial plans and the asset management plans are similar to the requirements found in New Zealand, there is no New Zealand equivalent to the workforce plan.

### 10.6.2 England

Under the *Local Government Act 2000*, councils in England were required to develop community strategies, later modified to become 'sustainable' community strategies.<sup>9</sup> The purpose of these strategies was to enhance the quality of life of local communities, as well as contribute to the achievement of sustainable development by improving the economic, social and environmental well-being of the area and its inhabitants (ODPM 2004). In order to meet this purpose, a sustainable community strategy was to:

- allow local communities to articulate their aspirations, needs and priorities;
- co-ordinate the actions of the council and of the public, private and community organisations that operate in the council's area;
- focus and shape existing and future activity of those organisations, so that they effectively meet community needs and aspirations; and
- contribute to the achievement of sustainable development with local goals and priorities relating, where appropriate, to regional, national and even global aims.

The legislation required a community strategy to include four components: a long-term vision for the area focusing on outcomes; an action plan identifying shorter-term priorities and activities that will contribute to the achievement of long-term outcomes; a shared commitment for implementing the action plan; and arrangements for monitoring and review (ODPM 2004). Compared with the approaches taken in New Zealand and New South Wales, the English approach was less concerned with the financial implications of its strategy and more focused on aligning agencies towards the achievement of identified outcomes – what might be described as a 'community governance approach'. An additional difference was the requirement to form local strategic partnerships (LSP), a joined-up approach with local agencies to

develop and implement each community strategy. LSPs can be viewed as over-arching local institutions within a multilevel governance framework, and were mandatory if localities wished to access various national funding streams and to secure a whole-of-government response to addressing local priorities and targets. An example of good practice identified by the Egan Committee (ODPM 2004) was Manchester City. Its approach consisted of three tiers, ranging from regional to neighbourhood – see Table 10.1.

Sustainable community strategies can be described as a form of meta-governance; that is, umbrella processes designed to deal with the ‘highly fragmented jungle of organisations and institutions which have grown up over the past two decades’ (Geddes 2005: 6). By setting out the strategic vision for localities, community strategies provided a mechanism for addressing difficult cross-cutting issues. As indicated, when preparing strategies, councils were expected to consult with local citizens, communities and the voluntary, community and private sectors; to reflect the views of other partner agencies; to take into account key local and regional plans; and to have regard to the government’s national sustainable development strategy. While the framework was very much the creation of the former New Labour government, the underlying concepts continue to apply insofar as they fit with the new government’s approach to localism.

### 10.6.3 South Africa

Strategic planning in South Africa is guided by the *Municipal Systems Act 2000* (MSA 2000). It requires each municipal council to have a single, inclusive strategic plan for the development of the municipality (Section 25, MSA 2000). The emphasis on inclusiveness highlights the importance the government places on what it refers to as integrated development planning (IDP), essentially the preparation of a ‘super plan’ able to provide an overall framework for development.<sup>10</sup> The plans are required to consider the economic and social development of specific areas, with particular emphasis on how land should be used, necessary infrastructure and services, and environmental protection.<sup>11</sup>

IDPs must be prepared by all municipalities, but are not limited to municipal concerns. Other stakeholders – those who can impact on and/or benefit from

**Table 10.1 The Manchester City approach**

Tier One	Describes regeneration strategies, set at the level of each participating local authority, which connect opportunities for economic and infrastructure development to regional and subregional strategies
Tier Two	For each local authority, themed strategies and quality of life partnerships are developed, focusing on, for example, public safety, transport and housing
Tier Three	Operates at the ward or neighbourhood level, where the partnerships are brought together in various forms of joined-up service delivery initiatives

**Source:** ODPM (2004: 37)

development – must be invited to contribute. In this way the plan is intended to align and enhance co-operation between the three spheres of government – national, provincial and local. It seeks to promote policy coherence among agencies and across common issues. IDPs are therefore essentially an attempt to create a joined-up approach to tackling local, provincial and national issues (Padarath 2006). As well as alignment and integration within councils, and with external stakeholders, the plan is also a key mechanism for citizen participation.

The IDP is designed to be a comprehensive tool, with councils required to follow a standard process which begins, as with many strategic planning exercises, with the definition of a vision and mission; the identification of key objectives and priorities; and the development of strategies to address the issues and priorities identified (Padarath 2006). Like New Zealand's LTCCP, the IDP is expected to provide a context for all other municipal plans and projects, as well as influencing the plans of government departments in each area. It must be reviewed annually and has a lifespan of five years, consistent with the political term of councils. Thus, as in NSW, one of the first tasks facing each incoming council is the future of the IDP, which can be adopted, reviewed or amended.

The task of addressing cross-cutting and co-ordinating multiple stakeholders has, however, made the planning framework increasingly complex to manage. Padarath (2006) argues that harmonisation is made more difficult by the fact that federal and provincial governments operate on different timeframes to local governments; do not have a shared approach to analysis and information; and struggle to participate in a joined-up way. In other words sector priorities can often conflict with the goal of integrated planning, an issue which has also been identified with the LTCCP in New Zealand and its attempt to create a more joined-up approach to local governance (Leonard and Memon 2008; Local Futures 2006).

## 10.7 Balancing compliance and performance

Strategic planning frameworks have a number of common themes, including identifying community aspirations, articulating goals and priorities, and integrating existing plans and policies towards the achievement of those goals. Current thinking about strategic planning frequently eschews mechanical or rational approaches, which treat the exercise as a technical one of mapping out linear steps to goal achievement (Bryson 2004). Rather, strategic planning tends to be regarded as a more organic and pluralistic exercise, in which diverse values and goals are subject to compromise and adjustment. To be effective it requires effective engagement with citizens and stakeholder organisations, and a willingness to focus on a limited number of significant matters. This is an issue for the New Zealand strategic planning framework, given its multiple objectives and agglomeration.

The complexity and size of LTCCPs creates a challenge for councils that seek to engage citizens in strategic conversations about possible futures, a challenge recognised by the Office of the Auditor General (OAG). In its 2010 report on the 2009–2019 Long-Term Council Community Plans, the office highlights

the importance of engaging communities in the 'right debate'. This, according to the office, involves consulting citizens on the major issues affecting their communities:

An important role of the LTCCP is to provide information about significant issues facing a community so that the community can provide feedback on the choices facing it ... local authorities still need to improve how they present and explain their financial strategies (OAG 2010: 9).

In the view of the Auditor General, information should be presented so that strategic and other major issues are presented first; choices and options for addressing the issues should be presented next; and these should be followed by the implications of those choices, namely implications for financial strategy, levels of service and impact on well-being. Only by engaging communities in a discussion on these strategic issues and their implications will the right debate be seen to have taken place. Yet the existence of the audit regime itself is not without effect. LTCCPs are subject to an audit opinion commenting on the underlying assumptions of the plan, financial efficacy and the accuracy and quality of its performance management system. The approach taken to the audit, and in particular the requirements of the International Financial Reporting Standards (IFRS), has diminished the ability of councils to promote strategic conversations with citizens, often because legislative compliance takes precedence over deliberative strategy.<sup>12</sup> Again, the size and sheer detail contained within the draft LTCCPs limits the ability of councils to engage in open-ended discussions of a strategic nature; the exception are those councils that go beyond the defined requirements of the LGA02 and develop 'bottom-up' strategies to engage citizens in discussions about their future.

Despite the OAG's desire to have councils focus on the 'right debate', it has also acknowledged the tendency of some councils to take a risk-averse approach. '... an LTCCP is a large document containing a great deal of detail. Therefore, local authorities need to effectively communicate the strategic and other important issues, choices, and implications so that these are readily apparent to the community' (OAG 2010: 10). Reflecting a similar theme, Leonard and Memon (2008), who based their analysis on the 2006–2016 LTCCPs, identified a number of shortcomings that diminished performance, namely:

- A failure by both local and central government to understand the full significance of the paradigm shift that was the LGA02. As a result the promise of the community outcomes process has not been realised.
- A failure to appreciate the importance of taking a participatory approach to the community outcomes process and to develop 'intermediate' outcomes which would better replicate the 'managing for outcomes' approach of central government departments.
- A failure to ensure those participating in the community outcomes process, such as elected members and staff, were adequately informed 'of the substantive issues in the community' (OAG 2010: xii).

- A lack of understanding, by the community and business sectors, about the collective ownership of community outcomes and a lack of resourcing for these sectors, including Maori organisations, to adequately participate in the process of identifying outcomes (ibid.: p xii).

Underpinning many of these concerns is a belief that councils were not given sufficient guidance to implement the new focus on outcomes adequately, and that there was a lack of national leadership to champion the new community outcomes paradigm, within both central and local government and in the community (Leonard and Memon 2008). It was suggested that the approach to framing outcomes taken by most councils resulted in ‘high level outcomes [which] cannot provide effective tools for guiding local decision-making’ (Local Futures 2006: 208). Local Futures also expressed concern that the majority of councils tended to use passive methods for identifying outcomes, such as surveys, rather than deliberative processes involving extensive citizen engagement, the result being akin to a list of issues, rather than a considered vision of the future.

The complexity and size of LTCCPs also has implications for the cost of preparing plans, with officials beginning work at least 18 months before adoption. A survey undertaken by Local Government New Zealand (the national association of councils) found that councils in total spent 897,629 hours on the preparation of their 2009–2019 long-term plans (LGNZ 2009).<sup>13</sup> It is an exercise that involves almost every aspect of a local authority’s organisation, administratively and politically, a problem that began with the decision in 2002 to go with an aggregated model of planning. It is interesting to compare the New Zealand approach with that taken by the state of Victoria in Australia, in which councils’ long-term financial strategies and strategic plans are stand-alone separate documents. The City of Bayside in Melbourne, for example, has a strategic planning framework that includes a number of stand-alone documents:

- the municipal strategic statement;
- the council plan/strategic resource plan (18 pages);
- budget (56 pages);
- an annual action plan (11 pages); and
- the Long-Term Financial Plan (86 pages).

In comparison to an average LTCCP, Bayside’s strategies are clear and focused, with each placing emphasis on a single objective, resulting in documents that are easy to read and engage with.

New Zealand councils have sought to address the problems caused by the scale and complexity of the aggregated long-term plan by placing more emphasis on the community outcomes process, such as the process used by the Kapiti Coast District Council, or by enhancing the quality of the summaries. Yet aggregation has not only caused administrative challenges for councils and ‘readability’ challenges for citizens: it has also been less successful than some of its supporters had hoped in terms of integrating the plans and policies of other agencies.

In their work on community strategic planning, Leonard and Memon (2008) argue that both local and central government have failed to understand the full significance of the paradigm shift that was the LGA02. In their view the new emphasis on community well-being, sustainable development and participatory democracy has been overlooked, with the effect that the promise of the community outcomes process has not in fact been realised. In addition, councils faced challenges when seeking commitments from government departments and other agencies towards making outcomes real.

## 10.8 Strategic planning: where is it heading?

In a global world, cities and towns are forced to compete to attract new investment and skilled populations. Local authorities in particular must ensure that their localities have the physical infrastructure, amenities and social capital that make them attractive to skilled migrants. Strategic planning is critical if councils are to prepare their communities for the challenge of the future – it is one of the ways by which councils and communities differentiate themselves and make choices about the sort of place they wish to be. It is an essential tool for place-shaping (Lyons 2007).

Councils in New Zealand were quick to utilise strategic planning and related techniques as a way of better understanding the environment in which they work and the unique roles that local authorities play, and of identifying the objectives to which citizens and communities might aspire. Policy-makers saw the revision of the Local Government Act in 2002 as an opportunity to cement strategic planning into the fabric of the new statute. The decision was made to combine it with the previous requirement to develop long-term financial strategies, disclosure policies and a performance framework to create the LTCCP. The result was a plan that, while having strategic elements, was dominated by objectives primarily concerned with accountability, transparency and prudent stewardship of assets – a document that practice has shown as being relatively unwieldy and far from sympathetic to average citizens. The weight of the accountability requirements, in terms of the information collected and presented in the LTCCP, effectively hinders efforts by local authorities seeking to undertake innovative strategic planning.

To some degree the complexity of the LTCCP and its inhibiting effect on citizen engagement was identified by the National Party-led government elected in 2008. The then Minister of Local Government, the Hon. Rodney Hide, stated:

The LTCCP purpose was to address strategic planning issues. However, most LTCCPs include large amounts of detail, have multiple volumes and contain hundreds of pages. Even with summaries documents of this size and complexity make it harder for ratepayers and citizens to engage on strategic issues (Hide 2009).

Unfortunately for the minister, his solution to improve transparency, accountability and fiscal management involved an inherent tension:<sup>14</sup> how do you deliver better engagement on strategic issues while also enhancing transparency, accountability and fiscal management? New Zealand has not yet found a solution to the multiple objectives

issue. Councils already have the authority to go beyond statutory requirements and undertake good participatory strategic planning, and a number have shown themselves ready to use it. However, only a minority appear willing to go this extra mile, while the majority appear to be constrained by the scope of the statutory long-term plan and the degree to which it is subject to an inspection regime. The policy question that arises concerns the impact of specific frameworks on institutional behaviours, and the degree to which higher authorities are prepared to relax prescription to encourage both innovation and more ‘bottom-up’ approaches.

Strategic planning is essentially a technique to assist councils to think about and plan for the future of their communities. That local governments should be leading the strategic discussion in localities is not a new idea; they are ideally placed to foster and facilitate a place-based vision for their communities, as well as to promote alignment between public, private and third sector organisations. However, countries such as New Zealand, which have minimalist task profiles for local government, face unique challenges, as many of the significant players in their communities are national government departments, and their willingness to participate in local strategic conversations and be bound by desired local outcomes is far from certain. In addition, local strategic planning frameworks do not always align with strategic planning approaches taken nationally, and this is also the case in New Zealand. It is not easy to deliver future-focused strategic plans with minimal information on the future plans of higher-level governments and what they might mean for localities.

Finally, the success or failure of strategic planning will be heavily influenced by the manner in which higher governments ‘craft’ particular obligations. This chapter has highlighted the issue of aggregation and inspection as factors in the performance of the New Zealand framework, especially its ability to move beyond formal planning to the more deliberative practice of strategic thinking. The greater the degree to which strategic plans are seen as mechanisms for accountability and financial management and seek to achieve multiple objectives, the greater the risk that real ‘strategy’ will be pushed to the background.

## Notes

- 1 The LGA 2002, in particular, took local government strategic plans and recast them as a significant accountability tool by focusing on asset management, long-term financial planning and a range of financial and performance disclosures. A more recent reform, the LGA 2002 Amendment Act 2010, sought to streamline the process but left the fundamental elements intact.
- 2 Reform reduced the previous 850 local bodies to 86 multi-functional local authorities, and introduced a range of internal reforms intended to strengthen transparency and accountability.
- 3 ‘Place-shaping’ is the ‘creative use of powers to promote the general well-being of a community and its citizens’ (Lyons 2007: 60). Among its key features are building and shaping local identity; representing the community, including in discussions with higher levels of government; maintaining the cohesiveness of the community; making the local economy successful to support the creation of new businesses; and working with other bodies to respond to complex challenges – a form of community governance.
- 4 A ‘spatial plan’ as defined in the Local Government (Auckland Council) Amendment Act 2010 is meant to contribute to the social, economic, environmental and cultural well-being of the city through a comprehensive and long-term (20- to 30-year) city-wide strategy.

- 5 Other techniques include corporate planning, contestability and the separation of governance and administration.
- 6 One of the more symbolic actions of the new government was to insert the word 'community' into the title to reinforce the impression that the plan was not just the council's and that the council worked for the community.
- 7 Typically outcomes dealt with a desire for better health, safer communities and employment – all issues that are the responsibility of central government more than local government.
- 8 See: [www.cobop.govt.nz](http://www.cobop.govt.nz) (accessed July 2011).
- 9 It is understood that this requirement is being removed, but community strategies and the associated policy framework are nevertheless instructive examples of strategic planning practice.
- 10 See the Community Organisers' Toolbox, available at: [www.etu.org.za/toolbox/localgov.html](http://www.etu.org.za/toolbox/localgov.html) (accessed August 2011).
- 11 The framework has a number of similarities to spatial plans, which have been introduced in New Zealand's largest city, Auckland.
- 12 For example, councils are required to include future inflation assumptions in their long-term financial strategies, resulting in widespread concern from citizens who expressed their opposition to what appeared to be excessive future rate increases, even though up to half the figures were inflation estimates.
- 13 The survey was conducted by PricewaterhouseCoopers and had a participation rate of 70 per cent.
- 14 In 2010, the government made a number of changes to the LTCCP including shortening its title to Long Term Plan (LTP), removing the requirement to use a separate process to identify community outcomes and removing some of the less relevant policies from each plan in a bid to shorten the documents. Unfortunately the changes also added new material in order to improve accountability, which further extended the length of the documents.

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