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Hon Nanaia Mahuta, Minister of Local Government

Proactive release of Cabinet material about working with local government
on community wellbeing
19 August 2019

The following documents have been proactively released:

7 August 2019, SWC-19-MIN-0097 Minute: Working with Local Government on Community Wellbeing, Cabinet Office; and

7 August 2019, Cabinet Paper: Working with Local Government on Community Wellbeing, Office of the Minister of Local Government.

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Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Working with Local Government on Community Wellbeing

Portfolio **Local Government**

On 7 August 2019, the Cabinet Social Wellbeing Committee (SWC):

- 1 **noted** that the Local Government (Community Well-being) Amendment Act 2019 has recently restored the promotion of “social, economic, environmental, and cultural well-being” to the statutory purpose of local government;
- 2 **noted** that in October 2018, Cabinet agreed to consider the future role of local governance in New Zealand in delivering intergenerational wellbeing, strengthening local democracy, instilling greater trust and confidence in local governance, and supporting the protection and enhancement of the natural environment and sustainable regional growth [CAB 18-MIN-0527];
- 3 **noted** that local government’s contribution to intergenerational community wellbeing is essential because, above certain basic needs, different communities will need different outcomes to maximise their wellbeing, and ensuring communities themselves are driving the mix and nature of services that contribute to these outcomes is critical for community resilience and social inclusion;
- 4 **noted** that, at present, aspects of how councils work, and the way central government works with them, limit their ability to contribute to intergenerational wellbeing, and three waters reform and the Productivity Commission Inquiry into local government funding are raising questions about how councils can best contribute to wellbeing;
- 5 **agreed** to the target outcomes and principles set out in Appendix One, attached to the submission under SWC-19-SUB-0097;

Better alignment between central and local government in public service provision:

- 6 **noted** that better central-local collaboration and alignment on wellbeing priorities will encourage community participation in local governance, and improve the quality, targeting, alignment, and impact of public services for central and local government;
- 7 **invited** the Minister of Local Government to explore ways to improve central government’s engagement with local wellbeing priorities, and provide a more meaningful, efficient role for local government in the design, targeting and (where appropriate) commissioning of centrally-held services that impact on local priorities;

- 8 **noted** that the Minister of Local Government will work with the Minister of State Services to align the work referred to in paragraph seven with Cabinet's recent decision to improve the regional focus of the public service by developing regional priorities for central government activity and aligning service delivery boundaries [CAB-19-MIN-0290];

Better and more inclusive community participation and partnership with Māori

- 9 **invited** the Minister of Local Government to work collaboratively with local government to explore specific policy, regulatory and non-regulatory options that:
- 9.1 make community participation in local governance more accessible, inclusive and effective, including by shifting participation from a 'point in time' activity to an ongoing dialogue between councils and communities, by building the capability and capacity of the parties to engage, and by better utilising formal and informal groupings within communities as conduits between citizens and councils;
 - 9.2 encourage the development and uptake of innovative engagement methods and communication/information tools for community participation in local governance, such as open source place-making;
 - 9.3 provide flexibility for local government to use a greater range of consultation methods in relation to legislative plans, such as plans required by the Resource Management Act 1991 and the Local Government Act 2002;
 - 9.4 broaden the uptake of effective Māori participation mechanisms for local government (other than through electoral representation); and
 - 9.5 build/provide for the capability and capacity of councils and iwi/Māori to establish or maintain Māori participation mechanisms in local government;

Better use of data and more specific wellbeing priorities in council planning

- 10 **invited** the Minister of Local Government working collaboratively with local government to explore specific policy, regulatory and non-regulatory options that:
- 10.1 ensure local authorities and communities (including iwi/Māori) set specific priorities for intergenerational wellbeing informed by a robust evidence base (including localised objective, subjective and Māori wellbeing metrics);
 - 10.2 increase the role of community wellbeing priorities in guiding local authority planning and decision-making;
 - 10.3 develop the behavioural, system and culture change necessary to underpin successful community conversations about wellbeing priorities; and
 - 10.4 respond to any need for further effort and investment in the comprehensive measurement of community wellbeing (including filling data gaps), and the extent to which the government should support the standardisation/alignment of wellbeing metrics for the purpose of improving community wellbeing;

Complementary issues

- 11 **noted** that the Minister of Local Government intends to explore the uptake of social procurement in local government, the role of local government in education and vocational training services, and the role of local government in providing public good housing services, and will discuss these issues with relevant Ministers in the course of this work programme;
- 12 **invited** the Minister of Local Government to report to SWC in early 2020 to seek approval to the specific policy, regulatory, or non-regulatory options for better alignment between central and local government and public service provision, and better and more inclusive community participation and partnership with Māori;
- 13 **noted** that Appendix Two, attached to the submission under SWC-19-SUB-0097, demonstrates how this work relates to other wellbeing work and strategic local government policy initiatives;
- 14 **noted** that the Minister of Local Government will engage local leaders in a positive dialogue about the relationship between and cumulative impact of this work, the Three Waters Review, and the Productivity Commission Inquiry into Local Government Funding and Financing on the future role and functions of local government.

Gerrard Carter
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Hon Grant Robertson
Hon Andrew Little
Hon Carmel Sepuloni (Chair)
Hon Dr David Clark
Hon Nanaia Mahuta
Hon Tracey Martin
Hon Willie Jackson
Hon Aupito William Sio
Hon Poto Williams
Hon Julie Anne Genter
Jan Logie, MP

Hard-copy distribution:

Minister of Local Government

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC

Office of the Minister of Local Government

Chair

Cabinet Social Wellbeing Committee

Working with local government on community wellbeing

Proposal

1. This paper seeks approval to work directly with the local government sector to develop options for improving intergenerational wellbeing at the community level.

Executive summary

2. We recently restored the promotion of “social, economic, environmental, and cultural well-being” to the statutory purpose of local government. In October 2018, we agreed to complement this by considering *“the future role of local governance in New Zealand in delivering intergenerational wellbeing, strengthening local democracy, instilling greater trust and confidence in local governance, and supporting the protection and enhancement of the natural environment and sustainable regional growth”* [CAB 18-MIN-0527 refers].
3. Central government makes a significant contribution to community wellbeing through its delivery of services at a local level. But local government operates at the interface of people and place, and its contribution to wellbeing is essential because, beyond ‘universal’ needs, different communities need different outcomes to maximise their wellbeing. We will not realise intergenerational wellbeing solely through central government initiatives or by reference to national indicators.
4. At present, however, aspects of how councils work, and the way central government works with them, limit their ability to contribute. In our most vulnerable communities, councils describe the lack of central government collaboration as exacerbating a social crisis. In addition, the Three Waters Review and the Productivity Commission Inquiry into local government funding and financing are raising questions about the relative focus of councils on infrastructure versus other services. Having a clear view on the way councils and communities can best determine and influence their wellbeing priorities will ensure more integrated conversations about these programmes.

The work I am proposing will focus on three key ‘barriers’ in local governance

5. We cannot create a blueprint for the outcomes or services that 78 diverse communities should focus on to maximise their wellbeing. Instead, **Side one of Appendix One** sets out my intention to address three aspects of local governance that are fundamental to promoting wellbeing. Improving these things will drive a wellbeing approach across all local decision-making, and complement the impact of central government initiatives that act on specific issues (such as child wellbeing and resource management system reform).

A: Lack of alignment between central and local government in public service provision

6. A frequent concern from local government is that central government has failed to grasp the opportunity to work more closely with councils and communities in the delivery of public services. We cannot expect councils to actively promote the full range of wellbeing outcomes when they administer only a portion of the relevant services.
7. This is not an argument for devolution, nor does it mean national and local priorities will always align. It is appropriate for central government to make choices about the allocation of scarce services. But community wellbeing priorities should be important factors in central government service decisions. Councils can play a key role as a coordinator and facilitator of the service response to local needs, bringing knowledge of specific populations and challenges, and the effectiveness of services on the ground.
8. Recent domestic and international experiments (including the Social Sector Trials, the Place-Based Initiatives, and Public Service Boards in the United Kingdom) have highlighted potential benefits and challenges in place-based collaboration between central government, local government and communities. Clearly, departments cannot have 78 individual conversations with councils. Nor can we expect councils to engage with multiple central government agencies at different times and places.
9. But the Hamilton-Auckland Corridor Plan is a powerful example of how better central-local collaboration can encourage community participation and improve the quality, targeting, and alignment of services at both levels¹, and I seek a renewed discussion about how we can 'mainstream' this kind of interaction.
10. I propose to explore ways we can improve central government's engagement with local wellbeing priorities, and provide a more meaningful, efficient role for local government in the design, targeting and (where appropriate) commissioning of central services. I will also align this work with the Minister of State Services' proposals to strengthen the regional arm of central government.

B: Lack of inclusive or effective community participation and partnership with Māori:

11. Councils cannot promote wellbeing if they are not hearing from and engaging with all parts of their communities. Although participation often works well for specific projects, councils struggle to engage a representative portion of their community in broader discussions about what wellbeing means to them and how council should prioritise its efforts. In addition, although models for involving iwi and hapū in council decision-making are increasingly common, Māori still advise that they are not widespread or effective enough.
12. I propose to explore options that would:
 - 12.1 shift participation from a 'point in time' to an ongoing dialogue between councils and communities, and build the capability and capacity of all parties to achieve this;
 - 12.2 accelerate/broaden the use of innovative communication or engagement methods;

¹ Similarly, a better dialogue about NEETs ('people not in education, employment or training') may see a more complementary approach where central government focuses on formal education interventions, while councils focus on vocational pathways or driver licensing.

- 12.3 broaden the uptake and effectiveness of Māori participation mechanisms, other than through electoral representation.

C: Lack of specific priorities/use of wellbeing data in council planning

13. More specific prioritisation is essential to community wellbeing. Rather than high level outcomes such as 'jobs' or 'a healthy community', I would like to see more council plans target the specific things that will drive those outcomes for their people, in their place.
14. For example, I would like to see a specific, data driven process for communities to identify specific objective indicators like 'number of apprenticeships' alongside more subjective indicators such as 'Residents feel supported and Included in their Community'.
15. Similarly, it is critical that we mandate and invest in culturally specific indicators, such as "percentage of whānau satisfied with the amount of time spent intergenerationally"². It will also be essential that communities have frank conversations about how accurately aggregated indicators illustrate the wellbeing of different parts of their community.
16. Wellbeing measurement frameworks are now more accessible, so I propose to explore:
- 16.1 legislative and non-regulatory initiatives that will enable local authorities and communities to assess and set wellbeing priorities with a robust evidence base; and
- 16.2 what further effort/investment is needed to plug data gaps in the measurement of community wellbeing and or standardise/align measurement approaches.

Roadmap – how we will get there

17. I propose that my officials work collaboratively with councils from August-December this year to develop a long list of policy, regulatory, and non-regulatory options. I would refine these options with local leaders and seek Cabinet decisions early next year, with a view to announcing specific initiatives (including any proposed legislative change) in May 2020.

Background and context for this work

18. We recently restored the promotion of "social, economic, environmental, and cultural well-being" to the statutory purpose of local government. In October 2018, we agreed to complement this by considering "*the future role of local governance in New Zealand in delivering intergenerational wellbeing, strengthening local democracy, instilling greater trust and confidence in local governance, and supporting the protection and enhancement of the natural environment and sustainable regional growth*" [CAB 18-MIN-0527 refers].

2 These indicators feature in the Society of Local Government Managers' Community Wellbeing Framework.

19. Local government operates at the interface of people and place. Councils see and experience the challenges our communities face each day, and the services they provide make a critical contribution to wellbeing. This is essential because, above certain basic needs, different communities will need different outcomes delivered to maximise their wellbeing - we will not realise intergenerational wellbeing solely by changes in central government or by reference to national indicators. And making sure communities themselves are driving the mix and nature of services that contribute to their wellbeing is critical to resilience and social inclusion.
20. But at present, aspects of how councils work, and the way central government works with them, limit their ability to contribute to community wellbeing. In many small communities, council staff describe the absence of central government collaboration and alignment as exacerbating a social crisis in our most vulnerable communities.
21. Also, the Three Waters Review and the Productivity Commission Inquiry into local government funding and financing are raising questions about the relative focus of councils on infrastructure versus other services. Having a clear view on the way councils and communities can best determine and influence their wellbeing priorities will ensure more holistic conversations about these programmes.

Comment

A framework for working with local government on community wellbeing

22. In scoping this work, I have had strong feedback from the local government sector that we cannot create a blueprint for the outcomes or services that 78 diverse communities should focus on to maximise their wellbeing.
23. Although we will impact on specific outcomes (such as inclusive growth, employment, or social inclusion), the best way to do this is by ensuring councils and their communities can identify, work with and influence central government in pursuit of the specific, priority outcomes of their choice.
24. For this reason, the framework in **Appendix One** sets out my intention to address three aspects of local governance that are fundamental to promoting community wellbeing:
 - 24.1 *lack of alignment between central and local government in public service provision:* we need greater engagement from central government with local wellbeing priorities, and a stronger role for councils in the design, targeting and commissioning of centrally held public services;
 - 24.2 *insufficiently inclusive or effective community participation and partnership with Māori:* councils cannot accurately assess or respond to wellbeing priorities without obtaining a deep, diverse and inclusive sense of community preferences; and
 - 24.3 *lack of specific priorities/use of wellbeing data in Council planning:* communities and councils need a clear sense of what will maximise their wellbeing, how they are tracking (including different parts of their communities), and where they may wish to trade wellbeing outcomes in one area for gains in another.

25. Many councils continue to target these objectives despite the narrowing of their purpose in 2012. There are good examples of engagement, partnering and collaboration, and of the use of wellbeing data to generate specific priorities. But performance is patchy across the system. We need to accelerate and broaden the uptake of best, emerging and innovative practice, and I intend to task officials to work with thought-leaders across the local government and community sectors to develop a more specific suite of policy, regulatory, and non-regulatory options that would do this. Ideas I would like to see explored are discussed in more detail below.

A: Better alignment between central and local government in public service provision

26. A frequent concern from local government is that central government has failed to grasp the opportunity to work more closely with councils and communities in the delivery of public services. We cannot expect councils to actively promote the full range of wellbeing outcomes when they administer only a portion of the relevant services.
27. This is not an argument for devolution, nor does it mean national and local priorities will always align. It is appropriate for central government to make choices about allocating scarce services. But community wellbeing priorities should be important factors in central government decisions, and councils can play a key role as a coordinator and facilitator of the overall 'government' response to local needs, bringing knowledge of specific populations and challenges, and effectiveness of services on the ground.
28. Recent domestic and international trials (including the Social Sector Trials, Place-Based Initiatives, and Public Service Boards in the United Kingdom) have highlighted benefits and challenges in place-based collaboration between central and local government and communities. Clearly, departments cannot have 78 individual conversations with councils, and we cannot expect councils to engage with multiple central government agencies at different times and places. But better central-local collaboration will encourage communities to engage and improve the quality, targeting and alignment of services at both levels³.

What will we explore

29. Specifically, I propose that this line of inquiry should:
- 29.1 review and identify lessons learned from place-based experiments in local-central government collaboration in the delivery of services; and
 - 29.2 explore ways in which we can improve central government's engagement with local wellbeing priorities, and provide a more meaningful, efficient role for local government in the design, targeting and (where appropriate) commissioning of centrally delivered services that impact on local priorities.
30. There are significant links between this work and the Minister of State Services' intention to improve the regional focus of the public service by developing regional priorities for central government activity and aligning service delivery boundaries. I consider it important that this work reflects a local perspective right from the outset, and I will work with the Minister of State Services to align these programmes.

³ For example, a better dialogue about NEETs may see council facilities used as a venue for employment support services in hard to reach areas, or a more complementary approach whereby central government focuses on formal education interventions, while local government focuses on vocational pathways or driver licensing.

B: Better and more inclusive community participation and partnership with Māori*General community participation*

31. Democratic decision making is critical to the wellbeing of our communities. Inclusive and effective participation from our increasingly diverse communities enhances individual and collective wellbeing in two ways:
 - 31.1 specific wellbeing outcomes are improved by a broader and deeper information base that enables better decisions, and targeting of efforts and resources; and
 - 31.2 collective wellbeing is enhanced by greater trust and confidence in councils, greater resilience, and an inclusive but diverse sense of identity.
32. However, 17 years on, the Local Government Act 2002 (LGA) has not achieved the model of community participation envisaged. Although data is limited, elector turnout in some places is unacceptably low⁴. In addition, Māori, Pasifika and other ethnic communities, low socio-economic whānau and youth are under-represented in formal consultation processes.
33. Feedback from councils suggests a lack of focus on community-wide outcomes and trade-offs, and significant disengagement on matters other than 'rates rises'. While examples of inclusive and effective engagement exist, they relate mostly to specific initiatives where impact is immediate and tangible. In short, community participation is not inclusive or effective enough to inform clear priorities for intergenerational wellbeing. Without a clear, representative sense of what communities feel is important to their wellbeing, decision-makers cannot be expected to deliver.

What will we explore

34. The Southern Initiative has demonstrated what can be achieved when council staff engage communities in a whānau-oriented way and invest upfront in their capability to engage with council processes.
35. We need to work with councils, communities and iwi/hapū to ensure community participation is proactive and structured in ways that are meaningful and accessible for all people. I propose to explore how we can broaden the uptake of the following ideas:
 - 35.1 shifting community participation from a 'point in time' activity to an ongoing dialogue between councils and communities (including by building the capability and capacity of the parties to engage, and by better utilising formal and informal groupings within communities as conduits between citizens and councils);
 - 35.2 encouraging the development and uptake of innovative engagement methods and communication/information tools, such as 'open source place-making'; and
 - 35.3 providing flexibility to use less formal engagement methods to meet formal consultation requirements for decision making on legislative plans, such as plans required by the Resource Management Act 1991 (RMA) and the LGA.

⁴ Although turnout in the 2016 local elections in Auckland was over 45% in Rodney, Devonport-Takapuna, Waiheke, and Orākei; it was only 28% in Manurewa and 30% in Māngere-Ōtāhuhu and Ōtara-Papatoetoe.

Partnership with Māori

36. Intergenerational wellbeing is a kaupapa Māori concept. Ensuring Māori can participate in local decision making is essential to the wellbeing of iwi, hapū, and whānau and benefits the broader community. Incorporation of a Te Ao Māori perspective often leads to more innovative solutions for all.
37. The LGA requires councils to establish and maintain opportunities for Māori to contribute to council decision making, and to consider how they might foster Māori capacity to contribute. Since 2002, many models have been established for Māori participation in natural resource management. Although most are a result of Treaty settlements, the 'Mana Whakahono ā Rohe' provisions of the RMA now aim to mainstream this obligation on councils to involve Māori in environmental decision-making.
38. Nevertheless, Māori continue to state that their involvement in broader local government decision making is either insufficient or inconsistent across the country. Māori do not feel involved early enough in decision making processes, or at the decision-making table when proposals are debated and discussed. Even where there is a will to pursue more innovative arrangements, the parties often lack capability and capacity to sustain them.

What we will explore

39. I am not advancing options around local Māori electoral representation at this time. Nevertheless, there may be scope to increase Māori involvement in decision making other than through formal membership of councils' governing bodies. Specifically, I propose to explore:
 - 39.1 ways in which we can broaden the uptake of effective Māori participation mechanisms other than through electoral representation; and
 - 39.2 ways in which we can build/provide for the capability and capacity of councils and iwi/Māori to establish or maintain those mechanisms.

C: Better use of data and more specific wellbeing priorities in council plans

40. In addition to community participation in general, maximising community wellbeing requires a more deliberate, data driven conversation between council and community (including iwi/Māori) about:
 - 40.1 how the community is tracking against a comprehensive range of specific outcome indicators (including subjective, disaggregated and Māori wellbeing metrics); and
 - 40.2 which particular outcomes they want to prioritise to lift their wellbeing (including where they may wish to trade outcomes in one area for greater gains in another).
41. Better conversations of this nature improve not only the targeting of council investment, but also the alignment of services and investment by other agencies active within the community (including central government) to maximise wellbeing.

What we will explore

42. Data tools that can assist councils in this exercise are now more accessible. Stats NZ has released a comprehensive set of wellbeing indicators, while the Society of Local Government Managers has released its Community Wellbeing Framework and data interface. This can be used by local government to assess community wellbeing, identify priority outcomes, and inform decision making.
43. As such, there is a strong case for restoring a more specific process for communities to determine and prioritise wellbeing targets appropriate to their circumstances, and for ensuring these priorities are reflected in councils' long term plans⁵. I propose we explore:
 - 43.1 legislative change required to encourage/establish key aspects of this conversation, including the use of data and changes to planning/consultation requirements;
 - 43.2 how to develop the behavioural, system and culture change necessary to underpin successful community conversations about wellbeing priorities; and
 - 43.3 what further effort and investment is needed to ensure comprehensive measurement of local wellbeing (i.e. – filling data gaps), and the extent to which we should support the standardisation/alignment of wellbeing metrics.
44. We will also need to consider how this process aligns with spatial planning. Regional spatial plans could specify how councils and central government respond to some local wellbeing priorities (such as how to align transport infrastructure to improve connections between residential areas and employment opportunities, or identifying areas that should not be developed). In turn, community wellbeing priorities could influence subsequent spatial plans. Options for strengthening the spatial planning framework in New Zealand are being considered as part of the Urban Growth Agenda.

Complementary issues*Capability in the system*

45. Deepening the focus on community wellbeing will require a lift in capability across the system (within councils, the community and central government). The skills required will be diverse, including the use of digital technology in community engagement, data management/interpretation, and better understanding of Te Ao Māori and collaborative decision making. But there are already examples of this capability in the sector, and it may be broadened partly through the dissemination of 'know-how' or best practice.
46. Once we agree specific policy options, we will need to partner with the sector to explore:
 - 46.1 the specific capability needs associated with this work programme and the gap between these needs and the current state; and
 - 46.2 ways in which this can be supported by local/central government.

⁵ For example, I would like to see long term plans 'unpack' broad outcomes like 'strong local employment', by targeting specific, intermediate outcomes that would have the most impact on employment in that area, such as levels of formal education, vocational pathways, skills deficits, or labour force mobility.

Affordability

47. Some councils may view a greater focus on wellbeing as leading to a significant increase in outputs and cost, but this is not my intention. An increased focus on wellbeing is not a new function or service, and it does not make councils suddenly accountable for delivering the services that would help achieve those priorities (especially when the vast majority of such services are delivered by central government).
48. I see the key role for local government as being a coordinator and facilitator of the 'public service' response to local wellbeing needs. In addition, the main goal of a wellbeing approach is to enable prioritisation between different outcomes (and therefore outputs).
49. But as outlined, there will be changes in capability required to deliver this approach. We have also acknowledged the multiple expectations or obligations that are increasing costs for local government. These costs, and thus rates, have been rising faster than household incomes in some areas, with debt constraints an issue for some councils. Although communities will make different choices about what maximises their wellbeing, we need to ensure all communities can achieve a level of service essential to core wellbeing.
50. Given the above, I will look to align this work with our response to the Local Government Funding and Financing Inquiry, and the Three Waters Review.

Specific 'focus' issues

51. Although this work is not focused on particular functions, I propose to explore three areas where I consider councils could make a stronger contribution to wellbeing:

'Social procurement'

52. Some departments and councils have begun to formalise social procurement models. These aim to achieve a wider impact on outcomes than those which are the primary goal of a contracted service, such as when a provider is selected (at least in part) because of its use of local labour. For example, the Manukau Bus Station project required a number of staff employed to be graduates of the Māori/Pasifika Trades Programme.
53. Nevertheless, engagement suggests some councils remain sceptical about the value proposition, and there may be barriers to implementation. Given the potential impact of this practice on wellbeing, I intend to explore options for accelerating wider uptake.

A closer role for local government in education and vocational training services

54. Reforms underway for education and vocational training may provide opportunities for closer involvement by councils in the design or targeting of those services. Local government brings knowledge of its community, employment and vocational gaps, as well as capability in asset management/network infrastructure planning. One example of where a stronger local government role may lift wellbeing is in the utilisation and co-investment in school property as community infrastructure. I intend to explore synergies between this paper and the governance arrangements for education and vocational services as those reforms develop.

Role of local government in 'public good' housing

55. Local authorities are the second biggest provider of public good housing in New Zealand, with approximately 12,850 units. They are most heavily involved in the provision of subsidised private rental housing, though some play a role in coordinating and/or funding the delivery of Housing First programmes. Some councils, such as Christchurch City, have also transferred housing stock to Community Housing Providers (CHPs) to provide core public housing (councils themselves are ineligible to receive the Income Related Rent Subsidy available to CHPs). They also contribute to the development of public good housing through their role in planning, funding and infrastructure provision.
56. I intend to explore whether there is scope to expand the role of councils in providing, facilitating or informing the design and targeting of public good housing services.

Roadmap – how will we get there

57. **Side two of Appendix One** sets out my proposed 'roadmap' for this work. I propose that my officials work collaboratively with councils from August to December this year to develop a list of broad policy, regulatory and non-regulatory options. I will refine these options with local leaders and seek Cabinet decisions early next year, with a view to announcing specific initiatives (including any proposed legislative change) in May 2020. Sector feedback is that this timing is critical to influencing the development of councils' 2021 long term plans (which will be under active development from early 2020).

Relationship to other wellbeing work and strategic local government initiatives

58. **Appendix Two** illustrates the relationship between this work, other strategic local government initiatives, and initiatives already in play that address specific wellbeing outcomes. In particular, some local leaders have identified the potential for a positive dialogue about the relationship between and cumulative impact of this work, the Three Waters Review, and the Local Government Funding and Financing Inquiry. I expect this discussion to take shape as we develop more specific policy options.
59. I consider that this work responds to many of the ideas in Local Government New Zealand's discussion document '*Reinvigorating local democracy: The case for localising power and decision-making to councils and communities*'. I support the objectives of stronger local institutions, empowered communities, and investment for greater benefit, but have stated publicly that we do not support the specific proposal for further devolution. Rather, the proposals in this paper seek a more nuanced conversation about how we can strengthen local government's role in community wellbeing, and how we can better collaborate to achieve the outcomes above.

Consultation

60. The State Services Commission, Department of Internal Affairs (Community and Voluntary Sector Policy and Office of Ethnic Communities), The Treasury, Te Puni Kōkiri, Land Information New Zealand, Statistics NZ, Education Review Office, the Social Investment Agency, Ministry of Justice, Te Arawhiti, the Ministries for the Environment, Business, Innovation and Employment, Culture and Heritage, Primary Industries, Housing and Urban Development, Social Development, Women, Health, Education, Transport, Civil Defence and Emergency Management, and the Department of Conservation were consulted on this paper. The Department of Prime Minister and Cabinet and Crown Law Office were informed.

Financial implications

61. There are no financial implications arising from this paper. I intend to report to Cabinet early in 2020 to seek approval of specific policy options and will be in a position to identify any financial implications at that time.

Human rights and gender implications

62. There are no human rights implications or immediate gender implications. A stronger wellbeing focus in local governance will lead to more informed priority setting that better reflects the needs of diverse communities. Where there are significant gender issues in communities, a wellbeing approach may facilitate greater focus on those issues and better targeting of relevant public goods and services.

Disability implications

63. As a framework paper, there are no immediate disability implications, but I am mindful of the feedback from disabled people and disabled people's organisations about the need for local authorities to honour their obligations under the United Nations Convention on the Rights of Persons with Disabilities. A stronger wellbeing focus in local governance will lead to more informed priority setting that better reflects the needs of diverse communities. Where there are significant disability issues in communities, a wellbeing approach may facilitate greater focus on those issues and better targeting of relevant public goods and services. I will look to explore any synergies between this paper and the Government's accessibility work programme.

Legislative implications and Regulatory Impact Analysis

64. There are no regulatory or legislative implications for this paper. I will report to Cabinet early in 2020 with specific policy options and will consider regulatory impact at that time.

Publicity

65. I propose to proactively release this paper, subject to consideration of any necessary redactions, within 30 business days of decisions being made by Cabinet.

Recommendations

66. The Minister of Local Government recommends that the Cabinet Social Wellbeing Committee:

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1. **note** that the Local Government (Community Well-being) Amendment Act 2019 has recently restored the promotion of “social, economic, environmental, and cultural well-being” to the statutory purpose of local government;
2. **note** that in October 2018, Cabinet agreed to complement this by considering “the future role of local governance in New Zealand in delivering intergenerational wellbeing, strengthening local democracy, instilling greater trust and confidence in local governance, and supporting the protection and enhancement of the natural environment and sustainable regional growth” [CAB 18-MIN-0527 refers];
3. **note** that local government’s contribution to intergenerational community wellbeing is essential because, above certain basic needs, different communities will need different outcomes to maximise their wellbeing, and ensuring communities themselves are driving the mix and nature of services that contribute to these outcomes is critical for community resilience and social inclusion;
4. **note** that, at present, aspects of how councils work, and the way central government works with them, limit their ability to contribute to intergenerational wellbeing, and three waters reform and the Productivity Commission Inquiry into local government funding are raising questions about how councils can best contribute to wellbeing;
5. **agree** to the target outcomes and principles set out in **Appendix One**;

Better alignment between central and local government in public service provision:

6. **note** that better central-local collaboration and alignment on wellbeing priorities will encourage community participation in local governance and improve the quality, targeting, alignment, and impact of public services for central and local government;
7. **agree** to the Minister of Local Government exploring ways to improve central government’s engagement with local wellbeing priorities, and provide a more meaningful, efficient role for local government in the design, targeting and (where appropriate) commissioning of centrally held services that impact on local priorities;
8. **note** the Minister of Local Government will work with the Minister of State Services to align work in recommendation seven with Cabinet’s recent decision to improve the regional focus of the public service by developing regional priorities for central government activity and aligning service delivery boundaries [CAB-19-Min-0290 refers];

Better and more inclusive community participation and partnership with Māori

9. **agree** to the Minister of Local Government working collaboratively with local government to explore specific policy, regulatory and non-regulatory options that:
 - 9.1 make community participation in local governance more accessible, inclusive and effective, including by shifting participation from a ‘point in time’ activity to an ongoing dialogue between councils and communities, by building the capability and capacity of the parties to engage, and by better utilising formal and informal groupings within communities as conduits between citizens and councils;

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- 9.2 encourage the development and uptake of innovative engagement methods and communication/information tools for community participation in local governance, such as open source place-making;
- 9.3 provide flexibility for local government to use a greater range of consultation methods in relation to legislative plans, such as plans required by the Resource Management Act 1991 and the Local Government Act 2002;
- 9.4 broaden the uptake of effective Māori participation mechanisms for local government (other than through electoral representation); and
- 9.5 build/provide for the capability and capacity of councils and iwi/Māori to establish or maintain Māori participation mechanisms in local government;

Better use of data and more specific wellbeing priorities in council planning

- 10. **agree** to the Minister of Local Government working collaboratively with local government to explore specific policy, regulatory and non-regulatory options that:
 - 10.1 ensure local authorities and communities (including iwi/Māori) set specific priorities for intergenerational wellbeing informed by a robust evidence base (including localised objective, subjective and Māori wellbeing metrics);
 - 10.2 increase the role of community wellbeing priorities in guiding local authority planning and decision-making;
 - 10.3 develop the behavioural, system and culture change necessary to underpin successful community conversations about wellbeing priorities; and
 - 10.4 respond to any need for further effort and investment in the comprehensive measurement of community wellbeing (including filling data gaps), and the extent to which we should support the standardisation/alignment of wellbeing metrics for the purpose of improving community wellbeing;

Complementary issues

- 11. **note** that the Minister of Local Government intends to explore the uptake of social procurement in local government, the role of local government in education and vocational training services, and the role of local government in providing public good housing services, and will discuss these issues with relevant Ministers in the course of this work programme;
- 12. **invite** the Minister of Local Government to report back to Cabinet in early 2020 to seek approval of the specific policy, regulatory, or non-regulatory options developed under recommendations six to ten;
- 13. **note** how this work relates to other wellbeing work and strategic local government policy initiatives (as set out in **Appendix Two**); and

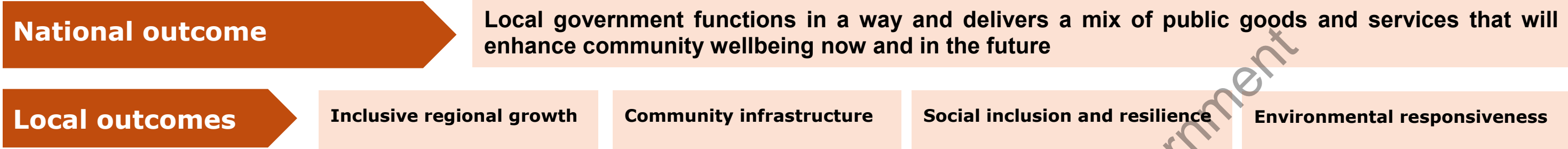
14. **note** the Minister of Local Government will engage local leaders in a positive dialogue about the relationship between and cumulative impact of this work, the Three Waters Review, and the Productivity Commission Inquiry into Local Government Funding and Financing on the future role and functions of local government.

Authorised for lodgement

Hon Nanaia Mahuta

Minister of Local Government

Proactively released by the Minister of Local Government



Key barriers	Lack of inclusive & effective community participation & partnership with Māori	Lack of specific priorities/use of wellbeing data in Council planning	Lack of alignment between central and local government in public service provision
Options we will explore	<ul style="list-style-type: none">shifting participation to an ongoing dialogue between councils and communities and build the capability needed to achieve thisbroadening the use of innovative and inclusive engagement methodsbroadening the uptake and effectiveness of Māori participation mechanisms	<ul style="list-style-type: none">ways to ensure councils & communities set clear wellbeing priorities based on disaggregated objective, subjective, and Māori wellbeing metricsways to improve the impact of these priorities on local planning and decision-makingbehavioural and culture change needed to support these conversationsfurther effort/investment needed to 'measure' community wellbeing (filling data gaps and alignment)	<ul style="list-style-type: none">mechanisms for central government to engage with local wellbeing prioritiesa more influential and efficient role for local government in the design, targeting and (where appropriate) commissioning of centrally held services <p>[To be aligned with SSC work on strengthening the regional arm of central government]</p>

Complementary issues

Building capability: We will consider how we foster the capability needed throughout the system to support these initiatives
Funding and affordability: Our initiatives will take account of and inform advice on the LG Funding and Financing Inquiry

Guiding principles

Local choice and voice is reflected
Our communities (including iwi/Māori) will speak for themselves and their expertise and needs will be incorporated.

Provide for the future
We will design change in a way that anticipates community needs and the likely role of local governance over the next 50 years.

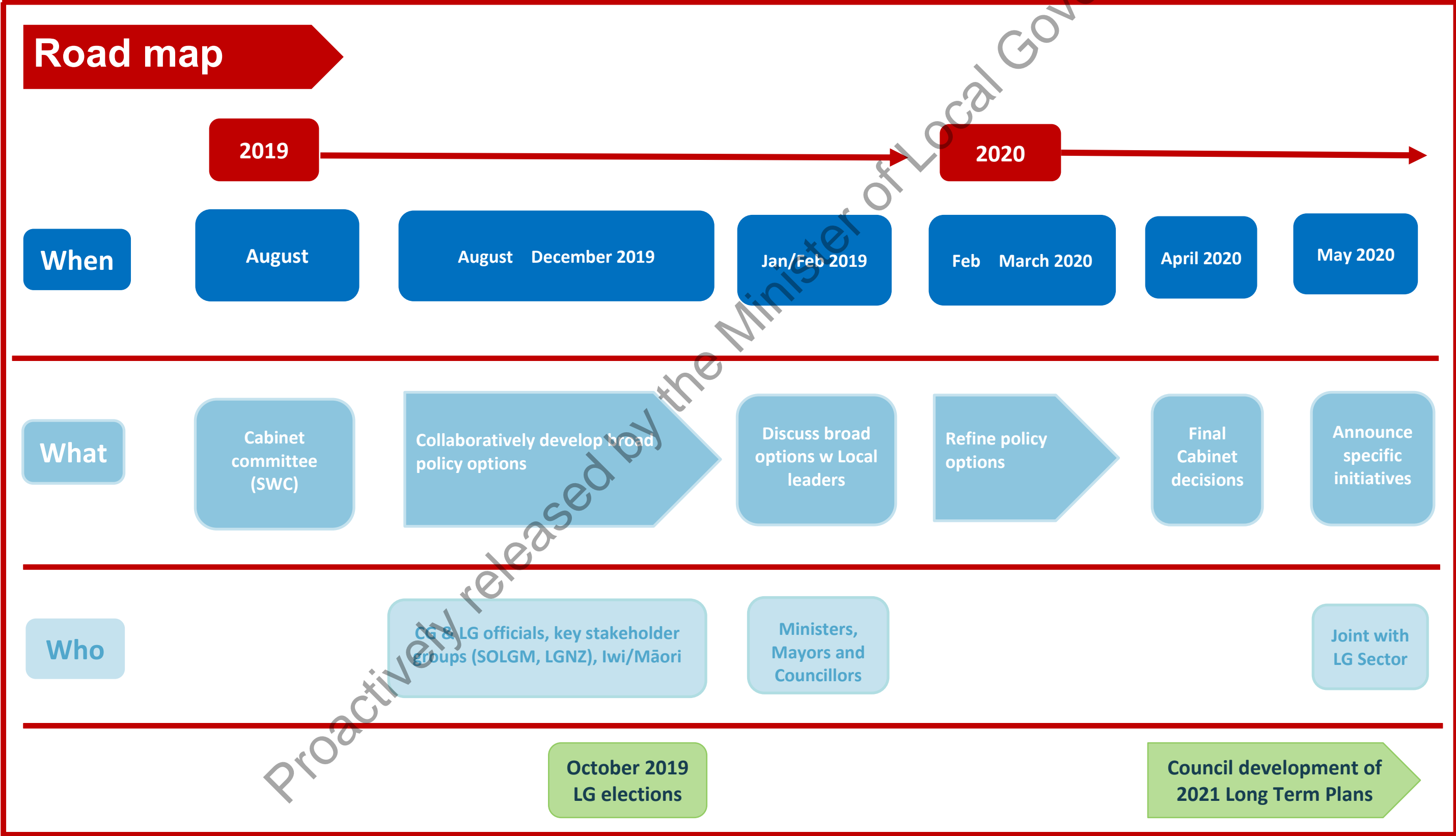
Governance that is fit-for-purpose
We will give due regard to the breadth of the lived experience in New Zealand and prioritise flexibility over 'one size fits all'.

Reflect what is uniquely important to New Zealand
Our options will reflect the Māori-Crown relationship under Te Tiriti and the growing diversity of our communities.

The deliverables

We want to gain broad sector support for a Community Wellbeing Partnership Programme by May 2020.

The Programme will consist of a set of specific policy, legislative and non-regulatory initiatives to strengthen the system’s ability to support wellbeing.



APPENDIX TWO: Relationship between 'community wellbeing' work and other 'wellbeing' related work programmes

