



Local Government
Commission

Mana Kāwanatanga ā Rohe

Governance education strategy for local government

*Te rautaki mātauranga mana
whakahaere mā ngā kāwanatanga ā-
rohe*

Report to the Minister of Local
Government

*Pūrongo ki te Minita Kāwanatanga ā-
Rohe*

June 2023

Hune 2023

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Executive summary / He whakarāpopototanga

1. Local government decision-makers have significant governance responsibilities and decision-making powers for their communities. Following on from its 2021 report on Local Government Codes of Conduct (the 2021 report), the Commission has looked at how governance capability of councils can best be supported. It has led a working group with diverse sector experience and widely canvassed councils to take stock of the sector's governance education needs. This report discusses the main barriers to governance education and outlines a strategy for supporting a culture of continuous learning within local government.
2. The Commission acknowledges that this report coincides with the delivery of the Future for Local Government (FFLG) Review report. The future work outlined in this report and the recommendations in the Commission's 2021 report may align with aspects of the FFLG findings.
3. The Commission considers ongoing, sector-specific governance education to be an essential foundation for good governance behaviour. It has identified a need for a cohesive governance education strategy to guide members, council officers, and current and potential education providers.
4. The aims of a governance education strategy are twofold. It must provide for consistent, ongoing professional development of governance skills by members and the council officers who advise them. In doing so, it must provide for diverse learners, across all stages of their local government career. And it must address the sector's current resistance to professional development by supporting a culture of continuous learning.
5. There are various efforts underway in the sector to improve the level of governance education. However, there is no agreed description of the knowledge, skills and behaviours that produce good governance. As part of a sector-specific governance education strategy, a nationally applicable capability framework for members and council officers would address this gap and support sector-wide consistency. Rather than duplicating work currently underway, it should be sufficiently broad to provide an overarching framework for that work, ensuring it happens in a way that meets the sector's need for a cohesive approach.
6. A capability framework that is freely available for all members, officers and training providers to access is only one part of an effective governance education strategy. Issues of perceived value, incentivisation, funding and accountability are persistent barriers to continuous governance learning. The Commission has identified three strategy pillars to help address these barriers and ensure professional development can inform good governance in the sector.
7. The Commission acknowledges the efforts of councils and education providers to meet governance education needs without clear, sector-wide guidance. Given the broad-ranging nature of the issues outlined in this report, the Commission is

confident that an overarching governance education strategy would support much needed alignment for the sector and education providers.

Background / He whakamārama

8. The Commission is an independent statutory body with three core functions:
 - Promoting good local government in New Zealand through promoting good practice in local government and providing information about local government
 - Reorganisation of local authorities
 - Representation reviews.
9. As part of its focus on good governance in local government, the Commission is interested in addressing governance issues across the sector. In 2021 the Commission produced its report to the Minister of Local Government (the Minister) on Local Government Codes of Conduct (the 2021 report)¹. One of the issues discussed in that report was the role of governance skills and education in good governance conduct. In response to the 2021 report, the Minister endorsed the recommendation that the Commission establish and lead a working group to identify a sector specific education framework.
10. The Commission notes the Review into the Future for Local Government (FFLG) Review Panel is due to report in June 2023 and may result in structural or legislative change. The Commission's intention is that this report is sufficiently broad to support improved governance education outcomes in any future context.
11. The Commission also notes that the full suite of recommendations in the 2021 report aligns with many of the key questions and themes outlined by FFLG Review Panel over the course of their review. The full suite of recommendations in the 2021 recommended that the Minister:
 - i. *tasks the Local Government Commission to establish and lead a working group to identify a sector specific education framework, giving consideration to:*
 - a. *membership that includes diverse representation from the sector and stakeholders, either as members or independent observers, including the OAG, the Ombudsman, Taituarā, LGNZ and its Te Maruata committee*
 - b. *undertaking a needs analysis of the education and professional development of diverse election candidates, first term members, experienced members, mayors and chairs, and the staff who support them*

¹ <https://www.lgc.govt.nz/other-commission-worlk/current-proposals/>

- c. *developing an education programme that covers pre-candidacy, candidacy, induction and ongoing professional development for members, mayors and chairs*
 - d. *developing an education programme for staff who support members through the various stages of their governance development*
 - e. *accessible and cost-effective education delivery methods*
 - f. *options for resourcing the development and delivery of governance education*
- ii. *tasks the Local Government Commission to form a working group of sector stakeholders to produce a standardised code to be referenced in legislation which includes sections as follows:*
- a. *explicit confidentiality requirements for all parties to a complaint as part of a standardised complaints process*
 - b. *a process for the proactive release of investigation outcomes to the public informed by focussed discussions with the Privacy Commissioner and the Ombudsman*
 - c. *an explanation of how freedom of expression as guaranteed by the New Zealand Bill of Rights Act 1990 applies in Aotearoa, including the limits placed on this by other statutes such as the incitement provisions of the Human Rights Act 1993*
 - d. *a reasonable and relative scale of penalties to be applied consistently across the sector, including mechanisms to improve future behaviour such as personal or professional development, the option of a restorative justice process including a periodic review of such penalties and mechanisms*
 - e. *a detailed definition of materiality in the context of local government codes of conduct, including both examples and key features of material breaches*
 - f. *further develop good practice guidelines for members' interactions with staff, including specific features of appropriate and inappropriate behaviour*
 - g. *more detailed good practice guidelines for members specific to social media*
 - h. *a specific process where a conduct complaint relates to an alleged conflict of interest requiring members to seek advice from a politically neutral governance specialist identified by staff, which is then shared with the member and the council*
- iii. *includes in legislation a requirement for codes of conduct to form part of the statutory briefing at inaugural council meetings, and member inductions where provided*

- iv. *includes in legislation a requirement for councils to re-adopt the code near the beginning of a triennium but only after a suitable exercise for agreeing shared values and principles has been completed, and considers aligning the timing of this with the requirement set out in the Local Government Act 2002 for a governance statement, and tasks the Local Government Commission with providing an assurance assessment of individual councils' codes*
- v. *includes in legislation, either by amendment or regulation, standardised processes for making, triaging and investigating code of conduct complaints, including*
 - a. *explicit confidentiality requirement for all parties to a complaint*
 - b. *appropriate levels of transparency on conclusion of an investigation, informed by stakeholder engagement*
 - c. *whether the investigation process included in legislation should involve independent parties or a regionalised pool of members*
- vi. *if the investigation process included in legislation involves independent parties:*
 - a. *requires councils to set aside a specific budget each triennium to cover any complaints dealt with by an independent person or panel on an as-needed basis*
 - b. *mandates the Local Government Commission to identify and administer a list of suitable mediators and investigators to act as independent parties in code of conduct issues*
- vii. *tasks the Local Government Commission to explore with the sector the appropriateness of legislative change to include repeated misconduct as grounds for removal or suspension of a member where the member is no longer able to democratically represent their electors, noting that such an investigation would consider:*
 - a. *specific criteria for what constitutes the inability of a member to democratically represent their electors*
 - b. *the risks to democratic principles and good governance inherent in the removal of a member and how to mitigate them*
 - c. *who would have the power to remove a member*
 - d. *possible processes for the removal of a member*
- viii. *includes in legislation a requirement that members comply with penalties for breaches of their council's code of conduct*
- ix. *includes in legislation a requirement for community boards to adopt their parent body's code of conduct*

12. In response, the Minister asked the Commission to progress recommendation *i* above, noting that “access to comprehensive governance education and development resources is integral to a system of effective local democracy”. The Minister also asked that the Commission produce a report on its work in the first half of 2023 so that it can be considered alongside the FFLG Review findings.
13. This report outlines the Commission’s engagement with the working group, its further research on governance education for local government, and intended future work.

Current context / Te horopaki o nāianeī

14. During the sector engagement that informed the 2021 report, the Commission heard that more was needed support the development of governance skills from pre-candidacy through to governance leadership and specialist roles. Early, accessible, and ongoing education in the governance role is seen as a key ingredient for supporting a consistent, nationwide standard of governance behaviour.
15. Local government decision makers are tasked with making increasingly complex and challenging decisions for their communities. The council officers who support and advise the decision makers are similarly responsible for informing those decisions. Despite this, the sector does not have a cohesive governance education strategy to guide capability building for these complementary roles.
16. The Commission is not the only entity to take an interest in the need for governance education in the local government sector. Conversations with the Office of the Ombudsman and the Office of the Auditor General contributed to this and the 2021 report. The Productivity Commission’s 2019 Local Government Funding and Financing Report² recommended that the Department of Internal Affairs and the sector’s membership bodies work to improve governance skills in the local government sector, noting that “many councils lack the necessary expertise for effective decision-making”.
17. For the purposes of this work, the Commission uses the term *governance* in its broadest sense to refer to all the practices and processes involved in governing at the local level.

What the Commission did / Ngā mahi nā te Kōmihana i mahi

18. In 2022 the Commission formed a working group to explore the sector’s governance capability needs. The working group represented significant combined sector knowledge and experience as elected members and senior council officers. They brought perspectives as young elected members, Māori elected members, Mayors

² <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/final-report/> (pp. 302-303)

and Deputies, single and multiple term elected members, and senior officers in regional, territorial, unitary, small, large and rural councils.

19. The working group met ten times during September 2022 to March 2023, and finally in May 2023. The group membership comprised:

Laura Coll McLaughlin, Judene Edgar, Rohan O'Neill-Stevens, Simon Randall, Claire Richardson, Josh Wharehinga, representatives of Taituarā and LGNZ, and Commissioners Brendan Duffy (Chair), Dr Sue Bidrose, and Bonita Bigham.
20. The Commission sincerely thanks the working group for contributing their wide range of perspectives and wisdom so openly. Their willing and robust contributions have enriched and expanded this kōrero for the Commission.
21. To further explore key issues identified by the working group, the Commission undertook two online surveys through April 2023. One survey canvassed the governance education experiences and attitudes of elected and appointed members. This generated responses from 337 councillors, appointed members, and community board members in 48 councils. A second survey of council officers generated responses from 53 councils across a wide range of council sizes, localities, and types.
22. The Commission undertook further research, looking overseas and across sectors to identify alternative models and good practice in a range of factors relating to professional development.
23. In identifying and beginning to explore a range of possible solutions, the Commission has had discussions with other key sector stakeholders, including the Office of the Auditor General, the Remuneration Authority, LGNZ, and Taituarā.

Engagement with Māori / Te Whai Wāhi ki te Māori

24. In undertaking this kaupapa, the Commission acknowledges the Crown's responsibilities under the Treaty Article 1 Kawanatanga (Governance by the Crown), which requires policy advice informed by Māori perspectives.
25. Future work undertaken as a result of this report will include early and ongoing engagement with Māori in line with the Māori Crown Relations: Te Arawhiti engagement framework and the Commission's communications and engagement strategy.

A governance education strategy / He rautaki mātauranga mana whakahaere

26. The Commission's 2021 report and recommendations referred to the development of an overarching governance education framework for the local government sector. The Commission sees this as a holistic strategy for ongoing professional development of governance skills for those making major decisions for communities.

27. Discussions with the working group, sector-wide surveys, and further research indicate that an effective sector specific governance education strategy has two key parts. The first is a sector-wide governance capability framework that reflects the complementary nature of members' and council officers' roles. The second is a set of supporting pillars to ensure the framework's effectiveness and encourage ongoing development of governance skills.

Governance capability framework / Te anga āheinga mana whakahaere

28. Councils have broad, wide-ranging powers under the Local Government Act 2002 (the LGA), the Local Government (Rating) Act 2002, and other empowering legislation. They have the power to make major decisions for their communities, to rate, and to manage high value assets and revenues. To do this well, members and the officers who support them need to know what it takes to act ethically and as good governors.
29. Despite the powers and responsibilities of members, the sector does not have an agreed description of the knowledge, skills and behaviours needed for good local governance. As a result, communities, candidates, members, and council officers can be unaware of the breadth of skills required of all local government members. Alternatively, members and officers who know they have gaps in their governance skills may be unable to access appropriate training opportunities.
30. Candidates may not realise the breadth of governance skills they will need to achieve their aims as an elected member. Responses to the Commission's survey indicate that while most members felt moderately well equipped on entering their role for the first time, only 6% believed they knew everything they needed to know. Having had some time in their elected roles, over 90% now wish they had known more about various aspects of governance. Around half of respondents wished they had come into the role with a better understanding of what they could influence as local government politicians, and how a council works including how decisions are made. The Commission suggests this initial lack of knowledge may be a driver for the kind of frustration and disruptive behaviour discussed in its 2021 report.
31. Among current members, it is reassuring to see a relatively high awareness of the need for continuous governance learning. Over 78% of survey respondents indicated they saw the need for ongoing professional development in this area. However, only 38% of respondents felt they had access to the training opportunities they needed. Access and other barriers to professional development are discussed later in this report.
32. The lack of an agreed description of skills needed for good local government means training providers too have no single, cohesive source that sets out what their offerings should achieve. The Commission's 2021 report identified that without

consistent tools for supporting good governance, codes of conduct can quickly become the sole tool for managing governance behaviour.

33. The Commission's 2021 report recommended a needs analysis of professional development for members and the staff who support them, across all stages of a local government career. The working group drew on their significant sector experience to identify the key skills and knowledge required for good local governance. The Commission also researched the training and education currently available to develop those skills and knowledge. While not an exhaustive inventory, the outcome was a broad understanding of the current gaps in sector-specific governance education.
34. Conversations about the roles of members and officers often touch on the importance of the governance/operational split. Equally important but less commonly discussed is the way in which the two functions are complementary.
35. Currently, professional development for officers often comes solely from their subject matter areas of expertise. The working group suggested that in addition, all officers would benefit from greater emphasis on their role in supporting members' governance and decision-making.
36. The Commission's research showed there is relatively high quantity of training available to officers on delivering information to members and Māori/local government relationships. There is relatively less available in areas such as developing effective working relationships with members, flexible support practices, supporting members' skills requirements, understanding members' policy positions, relationship and expectation management, change responsiveness, and supporting diversity and accessibility. These skills are integral to an officer's ability to support members' governance role. There is a clear need for an officers' pathway for developing these abilities.
37. For members, the working group identified a wide range of skills and knowledge required at different stages of a local government career, from pre-candidacy through to leadership and specialist roles. The Commission's research again showed that while some areas are well catered for by training providers, many are not addressed at all.
38. A detailed analysis of the research is not practical here, but a sample of the gaps identified include adequate training on strategic and local context; productive debate; partnering with Māori, senior management, the community and central government; understanding the employer role; and understanding what good political, governance, and community leadership looks like.
39. At a more strategic level, the Commission's needs analysis reinforced that the sector does not have a robust system to support continuous professional development. From that the need for a capability framework emerged.

40. A capability framework pitched at a sufficiently high and simple level should be applicable nationally across all council sizes and types, and regularly reviewed in line with a changing local government landscape. The broad nature of the framework then allows training providers to tailor development opportunities to specific councils, roles, or contexts.
41. The Commission suggests that an effective capability framework has several aspects. It should recognise that individuals come to their local government roles with different areas of strength and at different stages in their governance careers. It should reflect the progression of competency from awareness through to practical and increasingly integrated application. And it should provide a pathway for ongoing leadership development.
42. The working group emphasised the importance of showing what that progression looks like in real terms. A capability framework should describe how professional development will increase members' and officers' ability to achieve their values and purpose. This serves to raise awareness of governance as a progressively developed skill. It also allows members and officers to self-identify their own progress towards highly skilled governance. The Commission considers there is merit in a capability framework that describes outcomes as skills learned rather than knowledge transferred.
43. Two capability frameworks are required, one for members, and one for the officers who support and advise them. The two frameworks should be aligned to reflect the complementarity of the governance and operational roles. A members' framework should form a basis for identifying individual professional development pathways. The officers' framework should be suitable for incorporating into their existing organisational professional development plans.
44. There are several different capability frameworks currently in use or under development in the sector, of varying maturity. Some councils are developing or have in place capability frameworks for their members or officers. The two main sector membership bodies, LGNZ and Taitaurā are also developing capability frameworks for their members and to guide development of their training products.
45. The Commission sees benefit for the sector in a publicly available, national level capability framework to be developed with sector input. The development of separate frameworks creates a risk of duplication, inconsistency and added cost for the sector. It would serve the sector best if these frameworks were consistent and cohesive, and informed by an overarching sector-wide governance education strategy.

Supporting pillars / Ngā pou whakawhirinaki

46. The Commission's 2021 report suggested that high uptake of robust, sector specific governance learning is important to the future performance of the sector.

47. It was clear from the Commission’s investigation that the sector faces persistent barriers to ongoing professional development in governance skills. The barriers are both systemic and cultural, often making the prospect of professional development unappealing and/or inaccessible. They include issues of perceived value and incentivisation, funding, and accountability. In combination, these issues contribute to a current culture that does not support continuous learning. A governance capability framework can only be effective in concert with robust measures to remove these barriers.
48. Over 53% of respondents to the Commission’s survey of councils believe there are barriers to council officers accessing the training they need to support and advise members well. Of these, 68% cited time and/or cost as a barrier. Over a third (36%) indicated that training options available were limited in terms of accessibility or content.
49. As noted earlier, responses to the Commission’s surveys indicate that only half of members who value ongoing governance education have access to the learning they need. Of those who found it difficult to achieve, half are in their first term and half in their second or later term. Again, the most significant barriers are time and cost. Over 50% indicated lack of time as a barrier, with many balancing other work, community and family commitments with their governance role. Around 30% find cost and available budget to be a barrier.
50. The working group considered how the sector, including stakeholders with oversight roles, might work together to address the barriers. The Commission also looked at models from overseas to assess their potential value for local government in New Zealand. The result is three strategy pillars to support a sector-wide capability framework and a culture of ongoing learning; incentivisation, funding support, and accountability.

Mandating vs incentivising governance education / Te whakahau ka tauriteta ki te whakapoapoa i te mātauranga mana whakahaere

51. Given the lack of consistent ongoing professional development, the Commission’s 2021 report considered the sectors’ views on whether governance education should be required or incentivised. The working group considered this further and reiterated the sectors’ views that mandating creates an undemocratic barrier and hampers diversity. There is also the risk that reporting on mandatory activities encourages a compliance focus rather than supporting lasting culture change. It seems preferable to encourage continuous governance learning over setting minimum proficiency standards.
52. Responses to the Commission’s survey suggest that the barriers discussed above act as a disincentive to ongoing learning across the sector. The survey also indicates around 17% of members believe they already have all the governance skills they need. Although this is a relatively small group, the Commission’s 2021 report

highlighted the negative reputational and governance impact that can result from repeated poor conduct by a single member. There is a clear need for the entire governance group to embrace a culture of ongoing learning to support improved governance outcomes.

53. The Commission considers that shifting the sector culture to one of continuous learning requires bolstering incentives for professional development while also addressing the barriers. The working group's discussions highlighted the role leaders play in shaping a culture of ongoing learning within a council. Mayors and senior officers are best placed to model the importance of equipping themselves with the right knowledge to ensure good governance. These governance leaders can also most visibly model how to retain individual views while working with others to give effect to those views.
54. However, for leaders to support a culture of continuous learning the professional development options available to them must be worthwhile. The Commission's review of training offerings currently available suggest that there is relatively low crossover between quantity and quality of offerings. Consistently high quality training offerings are essential to reflect the mana of governance leaders and drive aspirations in the sector.

Incentivising through quality and accreditation / Te whakapoapoa mā te kounga me te whakamanatanga

55. A relevant, accessible, sector-wide capability framework sets expectations for what training offerings need to achieve. The working group suggested it could play an associated role in raising public awareness and expectations around professional development in local government.
56. Commentary by the working group and in survey responses indicates a perception that current training offerings are of variable quality and credibility. Sector-specific professional development lacks the mana of more widely recognised governance training such as that offered by the Institute of Directors.
57. Without a nationally agreed capability framework in place to identify learning outcomes, it is difficult to make an objective assessment of the quality of current training offerings. However, it is appropriate to acknowledge that there is some good work being done by training providers and individual councils in this space.
58. Discussions with the working group suggest that for increased credibility, training offerings must be more consistently accessible and relevant. This echoes the Commission's 2021 comments on the need for accessible programmes that support sector-wide consistency and good governance practice.
59. It is important to note that the working group emphasised the need take a broad view of accessibility. Beyond issues of geography and cost, the notion of accessibility incorporates diverse training opportunities for a wide range of learning styles. This is

particularly important to support diversity within the governing body and council officers. Accessibility also requires that training recognises and support the extent to which learning happens “on the job”, and support consolidation of that learning.

60. As discussed earlier, good governance in local government requires skills that are specific to the local government context. There is a specific statutory framework within which local government decisions are made. Alongside this, good local governance requires integrating community representation with decision-making for broader district wellbeing, and teamwork with robust debate. More general governance courses, while having wide public recognition, do not develop these skills and knowledge to an extent that reflects the responsibilities of elected members.
61. The Commission has also heard from many councils that training for elected members is loaded heavily towards the beginning of a triennium. It is reassuring to see that over 90% of members who responded to the Commission’s survey received governance skills training in their induction. Induction is a critical time for raising the awareness of good governance as a key requirement of the elected member’s role. However, this comes at a stage when first time members are grappling with a large volume of new information. It is unrealistic and unfair to consider this adequate training for a governance role with such significant decision-making responsibilities.
62. A relative lack of sector-specific training as a members’ career progresses raises questions about how they can be consistently supported to develop relevant governance skills beyond the fundamentals. Survey commentary suggests that more experienced members require professional development to target specific areas of governance skills in greater depth. Members want to further develop the full range of governance skills, but most particularly in relationship management and consensus building (55%), team building within council and the community (45%), and Te Tiriti and the Māori/local government relationship (43%).
63. The working group also highlighted accessibility of training offerings as an important consideration. At the most basic level, there is a need for varied delivery modes of quality learning content. This is particularly important for ease of uptake by small or isolated councils, and by time-poor members.
64. As noted earlier, the working group took a much wider view of accessibility than simply improving the delivery modes. They were clear that the nature of the members’ and council officers’ roles requires the sector to move beyond traditional modes of learning. Professional development of governance skills must incorporate a broader consideration of all the ways that knowledge can be gathered, applied and measured. This includes learning on the job and mentoring. It also includes experiential learning, an approach to “learning by doing” that incorporates reflection to identify how concepts learnt are applied in everyday governance situations.
65. There is an associated need for ongoing professional development to recognise diverse learning styles. This was a recurring theme in the working group’s discussions when discussing barriers to participation not just in professional

development but in local government itself. The Commission believes it is essential for training providers to target diverse learning styles.

66. A capability framework would guide all training providers on what professional development in the local government governance space needs to achieve. On its own however, a capability framework is no guarantee of quality content. An appropriate mechanism is needed to ensure professional development programmes are high quality and worthwhile attending, tailored to all stages of local government careers, and measured from the learner's perspective in terms of learning goals met rather than information issued.
67. One way to ensure governance training meets the above requirements and aligns to the capability framework is accreditation. The Commission considers accreditation a pillar that uplifts both the credibility of training offerings, and the mana of those who commit to ongoing professional development. Further work is required to identify and work with an appropriate accreditation body to address the sector's specific needs.

Funding / Te Pūtea

68. A key barrier to ongoing professional development in local government is funding. It was clear from the working group's discussions that the funding model for local government professional development needs to change. An appropriate model should support a culture of ongoing learning by ensuring sufficient budget, equity across councils, and public perceptions of value.
69. Responses to the Commission's survey show that training budgets vary widely across councils. The survey range was \$1,500 to \$10,000 per member, per triennium, with some councils reporting no budget for members' professional development. For council officers, budgets range from 1.5%-3% of salary, or a set amount of \$500-\$5,000 per year, per officer. This raises questions about equity and proportionality between councils, good practice, and the role of central government.
70. The working group identified several key contributing factors to this wide variation in training budgets. Perhaps the most measurable factor being that a council's training expenditure is funded by, and relative to, its rating base. Despite this, the cost of professional development generally remains fixed or even increases for smaller councils.
71. Smaller councils can face higher access costs given their likely distance from urban centres. While technology is an intrinsic part of working life for many, rural and isolated areas still struggle with reliable internet access. Combined with a limited range of delivery modes discussed later in this report, these create very real systemic barriers to ongoing professional development.
72. Proportionality is also at play where a small council size translates to lower remuneration for members and officers. For members, this can mean they need paid

employment additional to their elected role to make ends meet. They are time poor with limited capacity for additional learning.

73. Some councils responding to the survey pointed out that small council size or budget measures also translates to a limited ability to provide governance training for members in house. All councils who provide a members' training budget said they rely on fees-based external providers for some or all of that training. For the many councils with low to medium range budgets, this restricts the potential for meaningful, ongoing professional development.
74. The Commission has considered an array of funding models for local government education across Europe, the USA and Australia. They include several European models where local government education is both funded and provided centrally. Several American examples draw on private sector funding or "sponsorship". Australian funding models vary by state, with some mirroring Aotearoa New Zealand and some offsetting fees with state and federal government funding.
75. In the longer term, the working group saw an opportunity for the cost of professional development in local government to be shared with central government. The Commission acknowledges that in the current environment ongoing budget pressures mean central government funding may not be viable. However, if the Future for Local Government Review results in any structural changes to councils and/or funding, support for professional development should be considered in that mix. In the immediate term, there is a clear impetus for the sector to work smarter with what is currently available.
76. There is also potential to strengthen good practice guidance on managing training budgets, both generally and during economic downturns. Multiple entities from inside and outside the sector have experience or research underway that would contribute to this work. The Commission sees value in exploring good practice guidance with these and other appropriate entities.
77. Any discussion of funding for professional development must acknowledge the tension between public criticism of council capability and public scrutiny of training expenditure. There is no single solution to the issue of public or sector perceptions of value. However, the Commission sees that perceived value is closely linked with attitudes towards professional development. It is hoped the governance education strategy outlined in this report will help shift those attitudes.

Accountability – reporting to emphasise the link between continuous learning and good governance / Te papanga - te tuku pūrongo hei miramira i te hononga i waenga i te ako taumano me te mana whakahaere pai

78. There are challenges to address in developing a culture of continuous learning. With the significant powers of councils, including the power to rate, comes a requirement for accountability to ratepayers. The working group felt that in general, ratepayers

do not understand the complexity and skillset involved in the local governance role. As a result, communities may not expect elected members to actively seek to improve their governance ability. When members do undertake professional development, it is often perceived and criticised as an unnecessary cost rather than a worthwhile investment.

79. One way to lift awareness of the link between professional development and effective governance is to report it publicly. The Commission touched on this in its 2021 report on codes of conduct, suggesting that public reporting of training may improve transparency of members' professional development and support public accountability³. That report also highlighted the lack of consistent information available to help candidates understand the governance role.
80. The Commission suggests there are two aspects to effective reporting on governance capability. Reporting on the governance skills a council has available to meet its governance responsibilities has meaningful benefits. It provides transparency and accountability to ratepayers by offering a snapshot of the current breadth of governance skills around the council table. Importantly, it also highlights areas for future development. Reporting on professional development undertaken demonstrates a council's commitment to filling those gaps.
81. Models for this type of reporting already exist across Australasia. They include skills matrices published in company annual reports⁴, guidance on governance skills matrices in the voluntary sector⁵, and matrix templates for trustees and company directors^{6,7}.
82. Reporting of this type must acknowledge the critical importance of democratic principles in the local government context. Any such reporting in local government must not create a barrier to democratic participation. Rather, it should reduce perceived barriers by illustrating how members are supported to develop their governance skills on an ongoing basis.
83. It is also important to recognise the differences between governance in local government and in other sectors. The purpose of local government requires members to make decisions not just for financial outcomes, but also to promote the current and future social, economic, environmental, and cultural well-being of the community they represent⁸. In doing so they must draw on skills in critical thinking, consensus-building, and productive democratic debate. Members have a

³ Local Government Codes of Conduct, Sep 2021, p. 12. <https://www.lgc.govt.nz/other-commission-work/current-proposals/view/report-to-the-minister-of-local-government-september-2021/?step=main>

⁴ https://www.skellerupholdings.com/wp-content/uploads/2022/08/SKEL_2022_04_Annual-Report_NZX_AP.pdf

⁵ <https://sportnz.org.nz/resources/step-8-get-the-right-people-on-board/>

⁶ <https://www.asx.com.au/documents/asx-compliance/creating-disclosing-board-skills-matrix.pdf>

⁷ <https://www.bdo.nz/en-nz/insights/not-for-profit/trustee-skills-matrix-template>

⁸ Local Government Act 2002, Section 10

responsibility to their electors to do this regardless of political differences. Ideally, they will be able to do so without compromising their values and purpose.

84. There is a balance to be found between reporting on the existing governance skills on a council and reflecting the sector-specific local government context. The Commission's 2021 report highlighted that a lack of governance experience must not become a barrier to participation. Similarly, the working group emphasised the need to avoid any measures that may hamper diverse and inclusive participation. They had a strong preference for emphasising continuous learning over previous qualifications or experience.
85. However, while previous experience in other fields is no guarantee a member will be effective in a local government governance role it does contribute to the generic governance skills of a council. This forms a logical base line for identifying sector-specific gaps in governance group's skills and knowledge.
86. The Commission suggests that appropriate reporting on existing governance skills alongside professional development by members allows for greater transparency and accountability. It allows the sector to openly acknowledge the potential gaps in sector-specific governance skills of the elected body. It also demonstrates an active commitment to filling those gaps with continuous learning to support decision-making for communities.
87. Council annual reports offer an existing mechanism for regular reporting. Annual reporting requirements for councils are set out in Part 3 of the LGA⁹. The required non-financial information includes desired community outcomes, progress towards those outcomes, and levels of service achieved. There is no requirement to disclose the current level of governance skills of the governing body as a whole. Nor is there a requirement to identify professional development undertaken to build governance capability.
88. A requirement to report on governance skills and professional development as a key governance metric may align with the Office of the Auditor General's (OAG) planned work in the local government space for 2023/24. Specifically, the Commission sees links with the OAG's intended good practice guidance on performance reporting in local government and the development of guidance for measuring and monitoring integrity.

⁹ <https://www.legislation.govt.nz/act/public/2002/0084/latest/DLM3419233.html#DLM3419233>

Conclusions and future work / Ngā kupu whakatepe me ngā mahi hei whai ā kō ake nei

89. The Commission sees a need for an overarching governance education strategy for the local government sector. The strategy aims to ensure robust, ongoing professional development in line with the significant decision-making responsibilities of members.
90. Central to the strategy is an overarching, nationally applicable governance capability framework for members and council officers. Alongside this, the Commission has identified three pillars to support the framework and encourage a culture of continuous learning. The pillars aim to address existing barriers relating to funding, quality and incentivisation, and accountability.
91. The Commission acknowledges the Minister's request that this report be delivered to coincide with the findings of the Future for Local Government (FFLG) Review. It is intended that the future work set out below is sufficiently broad to accommodate any outcomes of the FFLG Review, whilst also providing a clear picture of the Commission's intentions in this space.
92. Accordingly, the Commission will undertake future work to:
 - a. contribute to the development of a cohesive, national level, freely available capability framework giving consideration to:
 - i) Capabilities described at a sufficiently broad level to ensure applicability across a broad range of council types and sizes;
 - ii) Sector input including the strands of work already underway;
 - iii) Two complementary capability frameworks, one for members and one for council officers;
 - iv) An appropriate review mechanism
 - b. continue to consider future sharing of funding for local government professional development by central and local government once the outcomes of the Future for Local Government Review are known
 - c. further explore the development of good practice guidance on budget structure for local government professional development with appropriate entities
 - d. explore options for appropriate accreditation of governance education for the sector
 - e. continue conversations with the Office of the Auditor General about the potential for councils to report annually on governance skills and professional development as a key governance performance metric