

Briefing Paper

Participatory Budgeting

February 2011

Introduction

Participatory budgeting is a process of democratic deliberation and decision-making, and a type of participatory democracy, in which ordinary residents decide how to allocate part of a municipal or public budget. Participatory budgeting allows citizens to identify, discuss, and prioritise public spending projects.

Participatory budgeting is usually characterised by several basic design features: identification of spending priorities by community members, election of budget delegates to represent different communities, facilitation and technical assistance by public employees, local and higher level assemblies to deliberate and vote on spending priorities, and the implementation of local direct-impact community projects.

It has been suggested by many academics that participatory budgeting results in more equitable public spending, higher quality of life, increased satisfaction of basic needs, greater government transparency and accountability, increased levels of public participation (especially by marginalised or poorer residents), and democratic and citizenship learning.

Background

Because of this many local authorities have already experimented with ways of enabling individual citizens to participate in budgetary decisions. In particular, 22 local authorities took part in participatory budgeting pilot schemes that completed early in 2008. Some of these schemes were quite modest but others managed multi-million pound budgets.

In March 2008, Hazel Blears MP, then Secretary of State for Communities and Local Government, issued a draft strategy on participatory budgeting that was intended to increase the public role in determining council and other public sector budgets. One idea was to introduce 'Community Kitties'. Hazel Blears was quoted in 'Public Finance' as saying:

"Community Kitties do not just lead to better services, they give local people the opportunity to influence the future of the place where they live, generate civic pride and bring our communities together with a common purpose."

The then government's intention was to examine how citizens could influence the budgets of local authorities, police authorities and community health services.

The White Paper, Communities in Control, Real People, Real Power, put participatory budgeting firmly at the heart of the former Government's drive to pass more power to local communities and help reinvigorate local democracy.

A key set of empowerment tools were set out in the 2006 Local Government White Paper (along with measures such as community contracts (local charters), community ownership of assets and calls for action), and its importance to help empowering communities was reiterated in the Community Empowerment Action Plan, issued in October 2007.

On 15th September 2008, Hazel Blears MP, Secretary of State for Communities & Local Government, launched 'The Participatory Budgeting national strategy: Giving more people a say in local spending'.

The strategy set out how the then government would work towards their ambition for participatory budgeting to be used in every local authority area by 2012. The strategy took account of the consultation on the draft strategy that broadly supported the approach to promote and help facilitate participatory budgeting, rather than prescribe or require it.

The number and range of participatory budgeting activities picked up momentum. On 15th September 2008, another set of participatory budgeting pilot areas was announced, bringing a total of 34 pilot areas in England, covering authorities in different areas. The then government also encouraged participatory budgeting to be used more widely across public service provision, for example in policing and health.

Communities and Local Government funds the Participatory Budgeting Unit, as the department's key delivery agency, to help promote and develop participatory budgeting and advise community development workers and local authority officials on the development of new projects.

Some local authorities have suggested that they should be allowed to breach limits on Council Tax increases if participatory budgeting exercises demonstrated that local council taxpayers would support this as a way of paying for enhanced services. However, the previous government rejected this idea and the current government is unlikely to take it up.

The Big Society

The present Government has identified five elements of the Big Society:

- Give Communities more powers
- Encourage people to take an active role in their communities
- Transfer power from central to local government
- Support mutuals, co-ops, charities and social enterprises
- Publish government data

Participatory Budgeting is seen as important in achieving these five elements.

Participatory budgeting has become a key part of the Government's drive to devolve more decisions on local services and facilities to local communities.

The Government has an ambition for all local authority areas to use participatory budgeting by 2012.

This strategy focuses mainly on increasing the uptake by local authorities; but also flags up how the Government intend to encourage it for other public services, the aim is to develop these new ways of utilising participatory budgeting.

The government feel that it is important that participatory budgeting is promoted strongly and effectively and marketed to the right agencies (at all levels of local government and community groups and residents) for the purposes of the 'Big Society'.

It is felt that it is important to ensure marketing methods are used appropriately to engage all sections of the community. So, there is an important task here of winning hearts and minds within local communities and town halls.

The Government's ambition for the wider take up of participatory budgeting implies a fast pace of new local authorities committing themselves to piloting it. At the same time some current pilots are still developing and need support to allow the transition to participatory budgeting.

The Participatory Budgeting Unit has developed considerable knowledge and expertise from studying the models in Brazil and other international experience, and from local authorities in England. They initially helped establish ten pilots which have helped to see how this type of budgeting will work in the United Kingdom.

These are mainly on small budgets (of tens of thousands of pounds) from area based regeneration grants or from delegated local authority area committees. As participatory budgeting is taken up more widely, the provision and availability of support and guidance tools will be key to effective implementation.

The Community Empowerment Action Plan explained how Communities and Local Government aims to work with colleagues across government towards firmly embedding community empowerment into other government policies.

The government plan to explain further how this will be achieved in the forthcoming Empowerment White Paper. As is widely known Participatory Budgeting is still a relatively new empowerment mechanism in England, though there are already demonstrable benefits associated with projects as referred to in the Participatory Budgeting Unit's evaluation of PB pilots.

The Coalition Government has said that It will develop an evaluation framework to ensure lessons are learnt – an important part of developing the policy and improving the implementation processes of participatory budgeting. This will help to measure the impact participatory budgeting will have on the percentage of people who believe they can influence local decisions. This is the government's Public Service Agreement indicator against which the success of community empowerment policies will be measured.

The plan is to develop and incorporate an evaluation component into guidance and toolkits. The aim will be to encourage the implementation of individual projects to include in-depth assessment and data collection using a common 'quality-assured' framework.

In this context, the Participatory Budgeting Unit along with some of the current practitioners will develop a set of common standards.

Comment

Both the previous and current governments have been interested in exploring ways in which citizens can participate more in taking decisions that affect their lives. Participatory Budgeting is clearly one way in which this can be done.

Participatory Budgeting initiatives that have taken place to date have tended to take two forms:

- The devolution of budgets to communities or local committees
- Consultation with citizens about budgetary decisions

Budgets that have been devolved to communities or local committees have usually been relatively small and often been ring fenced to particular purposes. For example, a budget for highways may be devolved to a local committee but this would be available only to fund particular types of highway repair. If a citizen suggested that some of the money should be spent on winter maintenance, for example, they would be told that this would be impossible. Examples of locally determined budgets where decisions can be taken locally between expenditure on different services or even different aspects of the same service are relatively rare. It is also often unclear to citizens who is taking these locally based decisions and how they could influence the process.

Consultation usually takes the form of inviting citizens and local interest groups to comment on budgetary proposals or to make choices between options that have been identified by the public authority. Sometimes this is done through models that can be accessed through websites. This form of consultation gives citizens a limited range of options to consider – for example, whether they do or do not agree with the Council's proposals or whether they think that savings should be made in refuse collection, street cleaning or public conveniences.

The level of participation in those exercises that have taken place has often been disappointing. For example, Councillor Eddie Martin, Conservative Leader of Cumbria County Council complained at a meeting on 5th November 2010 that his authority had embarked on an eight week consultation on how it proposed to make savings of £61million in the authority's non-schools budget of £550million yet the response from citizens and local interest groups had been 'desultory'. The Chair of a Parish Council in the county responded that she had been unaware that the consultation was taking place. Clearly this attempt at participatory budgeting had not been a success.

One reason why participatory exercises receive minimal support is that citizens feel that their views will be ignored. It is important that when citizens are asked to express a view public authorities are seen to respond to this. For example, the Heart of Eden group of parishes in Cumbria recently completed a survey of citizens in their area. In the parish of Murton & Hilton the parish council took the exercise very seriously, encouraged citizens to respond, and organised a doorstep collection of completed questionnaires. About 70% of citizens responded and some clear themes emerged including the need for more affordable housing, an improved recycling service and the gritting of the village's main access road in winter. All these issues were included in the Heart of Eden Community Plan but none has been addressed to date by the relevant authorities.

Participatory Budgeting also raises the challenge of ensuring that those who participate are representative of the community concerned. Vociferous individuals or well organised groups can use participatory exercises to exert a disproportionate influence. For example, a meeting called in a Cumbrian village to decide on how funding should be allocated was attended principally by representatives of local community groups that each argued for funding for their own organisation. As the football club had organised the largest delegation the funding was allocated to making improvements to the football pitch. Nothing wrong with this but did the decision reflect the views of the community as a whole? There is also the fear that the best organised group could be one with political or sectarian objectives that certainly would not reflect the views of the community at large.

What we need is a vision for participatory budgeting that would include:

- Significant public budgets being allocated by participatory budgeting.
- Choices being made locally by citizens about levels of local taxation and the allocation of resources between services

- Joined-up participatory budgeting involving all budgets spent locally: County, District and Parish Councils; Health Service; Police; Benefits Agency; Housing Associations; Voluntary Bodies and others.
- Significant numbers of citizens and local organisations participating in the process.
- Patterns of income, expenditure and service provision changing significantly in response to the views of citizens

To achieve this we need:

- Political will. National and local politicians, board members of public organisations and senior managers must be prepared to delegate budgetary decision making to local communities.
- Empowered Citizens. People need to feel that:
 - The allocation of resources locally is an important issue for them as taxpayers, consumers of local services and citizens.
 - They understand how the local finances work and the options that are available.
 - There is a menu of different ways in which they can participate to suit their circumstances

Public authorities need to make a considerable effort to analyse their budgets and to structure them in a way that facilitates participatory budgeting. Existing budget structures may no longer be appropriate. Large budgets that fund expenditure on a range of activities may need to be analysed and broken down into a range of smaller budgets for better defined activities in specific geographical or other areas. The charging of overheads and central support services may need to be examined to identify what front line services are being supported by these overheads and support services, whether value for money is being achieved, whether these services should be re-designed and how they could be controlled through the participatory budgeting system. This would build on what has already been achieved through the 'Total Place' agenda. There is a need to identify the total public resource that exists in each area, whatever body or agency provides it, so that the local community can participate in decisions about how that total resource should be spent. There is a need to identify which budgets would be appropriate to devolve to local communities through parish councils, voluntary organisations and other mechanisms. Councillors, Board Members and Managers in public organisations will need to understand and embrace the process.

Participatory budgeting could learn something from other initiatives to secure public participation. For example, many local authorities and housing associations have well developed mechanisms for involving tenants and other residents in decision making about their homes and neighbourhoods. These mechanisms are based on offering tenants and other residents a 'menu' of different ways in which they can participate ranging from joining service user panels, to board membership, participation in working parties and focus groups, attending meetings and responding to questionnaires. This results in tenants and residents not only participating in decision making but also becoming more proactive in their communities. These are all backed by a proactive campaign to promote the benefits of participation and to empower tenants and residents to participate. Success has often been achieved even in deprived communities where residents have traditionally not participated in community activities.

Parish Councils are seen as important to participatory budgeting. Where parish councils work effectively they are representative of local people and constantly engaged in a dialogue with local people about their aspirations and concerns. However, if parish councils are to play a broader role there is clearly a need for capacity building. The capacity of parish councils varies significantly from parish to parish and it is not necessarily the larger parishes that have the greatest expertise. If parish councils are to manage larger budgets, participate in decision making about the delegated budgets of other organisations and motivate and empower their citizens to participate more there is clearly a need for capacity building. There is also a need for parish councils to work more closely together and many have already made a start on this – for example, the Heart of Eden and Upper Eden groups of parishes in Cumbria.

Voluntary organisations are also seen as important to participatory budgeting. Services provided through voluntary organisations are often more tailored to local circumstances and offer better value for money than those provided directly by Councils. However, capacity building is required.

Finance and Budgeting are often seen as dull and technically complex subjects and consequently; many people, including Councillors, Board Members, Managers in the Public and Voluntary sector and citizens themselves avoid considering financial and budgetary issues. However, this should not be the case. Finance and Budgeting are about where taxpayers' money goes to and about how services that we all use are financed. If a person is unhappy about the collection of recyclables, closure of an elderly persons' home, inadequate policing, standards of education, lack of public transport, provision of public toilets, repairs to their council house, potholes in the roads, the opening hours of the museum or any such matter; they should be interested in finance and budgeting and in particular in Participatory Budgeting.

Conclusions

As has been suggested by many, participatory budgeting could lead to more equitable spending, an increase in satisfaction of basic needs, greater government transparency and accountability in addition to a vast increase in levels of public participation.

If the switch to participatory budgeting is successful in the United Kingdom all these positive aspects will be realised. However, in the United Kingdom this type of budgeting has only been tested on very small budgets in only a handful of areas and it remains to be seen if this can be implemented successfully on the large scale in Britain.

Also, the reaction to this change from people in communities remains to be seen. Will the expected increase in public participation and democratic learning materialise or will the majority of local people find this an unwanted change and unneeded exercise?

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About 'AWICS'

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