

Summary

***"Participatory budgeting is a mechanism of local government, which brings local communities closer to the decision-making process around the public budget."
(Community Pride Initiative)***

Participatory Budgeting is an innovation from Brazil that is now being piloted in a growing number of councils in the UK. In July 2007, Hazel Blears, the new Communities Secretary, also announced Government funding for ten pilot projects in England. It is a process for involving local people more fully in decision-making about how mainstream funds are spent by councils.

This Briefing Note explains what Participatory Budgeting is, describes two UK case studies in Salford and Harrow (each taking a different approach) and looks at some of the pros and cons of the approach.

INTRODUCTION

Participatory budgeting schemes can vary in different ways, but a useful working definition characterises the practice as:

"a mechanism (or process) through which the population decides on, or contributes to decisions made on, the destination of all or part of the available public resources."

"72 Frequently Asked Questions about Participatory Budgeting", Global Campaign on Urban Governance, UN-HABITAT, July 2003

Participatory Budgeting is a practice that began in Brazil in the late 1980s and is now used in over 140 cities there. It is recognised there as an effective way of involving local people in making decisions about how and where to spend council funds.

In Porto Alegre, where it began, it is estimated that up to 10% of the city's population participate in the annual budget setting process, and this has led to a shift in the spending priorities of the city's council and an improvement in the extent and

quality of the provision of basic services to the city's disadvantaged communities.

In 2000, representatives from Brazil met with councillors and other community representatives in Salford and Manchester who were interested in developing participatory budgeting pilot schemes. Since then, interest has grown, more councils have picked up the idea and now there are several active experiments underway in the UK.

Participatory budgeting is seen as a new way to involve local citizens in decision-making that is more in-depth and meaningful than traditional consultation processes.

This briefing note reports on the progress of two pilots – in Salford and Harrow – and highlights some of the progress and issues that have arisen along the way. The note also sets out various sources of further information for those who wish to explore the idea in greater depth.

CASE STUDY 1 – Harrow’s Open Budget

The London Borough of Harrow has piloted a participatory budgeting process, bringing 300 local residents together to discuss priorities and options for spending the council’s mainstream budget.

How it started

The concept of participatory budgeting was introduced to Harrow Council through discussions between local councillors and representatives of the ‘POWER Inquiry’ – an independent organisation established by the Joseph Rowntree Charitable Trust to promote greater political participation amongst the general public. The POWER Inquiry has supported the council throughout the process with its advice and involvement.

The participatory budgeting process began with an informal invitation from the Council to local residents in 2005 encouraging comments upon the way the Borough set its budget, and whether and how they would like to be consulted as part of the process.

Having received a positive response, the Council committed itself to developing and piloting a participatory budgeting process – which it has described as an ‘open budget’. The first ‘Open Budget Assembly’ was held in October 2005, which involved 300 local residents discussing priorities for allocating £260 million of the Council’s mainstream budget.

How it works

Harrow’s Open Budget process has been devised specially for Harrow, and has drawn on a range of different techniques from across the world. The process is based on the activity of four newly established groups:

- **The Open Budget Steering Group:** the Steering Group is a sub-committee of the Council’s Cabinet whose role is to oversee the whole process and ensure it is adequately resourced and supported. It also appoints the Open Budget Management Board which runs those aspects of the process that require independence;
- **The Open Budget Management Board:** this is an independent local body that brings together experts to design, monitor and manage the aspects of the process requiring a greater degree of independence to ensure fair and inclusive local involvement. This includes representatives from the Power Inquiry. The

Management Board liaises closely with the Steering Group;

- **The Open Budget Assembly:** this is a large, day-long meeting of 300 Harrow residents, selected to be demographically representative. They are invited to gather together and to select budget priorities through a series of structured discussions. The Assembly also elects the Open Budget Panel; and
- **The Open Budget Panel:** this is a smaller group of Harrow residents and stakeholders elected by the Assembly to observe the development of Harrow’s open budget and to state whether the open budget meets the priorities agreed by the Assembly.

The Open Budget Assembly

In October 2005, 300 local residents were offered the opportunity to be part of the Open Budget Assembly. In order to attend, residents were asked to complete an online application, and advertisements were distributed throughout the Borough to raise awareness. A representative sample of 300 local residents was selected from the applications. This was ensured using Census 2001 data for the borough to select an appropriate range of participants, as shown below in Figure 1.

The Assembly was held for a full day in a leisure centre in Harrow. Participating residents were sat at round tables of 10 and an independent facilitator was placed at each table to ensure that every individual was able to contribute fairly. Each table housed a networked computer which enabled opinions to be transferred directly to a central team who identified the most common priorities. There were particular tables where interpreters were located to accommodate non-English speakers.

To ensure that the 300 residents were fully informed on the procedures and relevant issues each attendee was given a discussion guide detailing the format of the day, the role of the facilitator and the participant, together with background information on Council spending and priority setting and the subjects for discussion at the Assembly.

The guide explained that some of Harrow Council’s £544 million budget was subject to fairly strict central government constraints on how it could be spent – for example, housing benefit, council tax benefit and school funding.

Figure 1: Representative sample for Harrow Open Budget Assembly	
Gender	145 men, 155 women
Geography	14 people from each of 21 wards
Age	21 people aged 16-19 133 aged 20-44 89 aged 45-64 57 people aged 65+
Ethnicity	177 White, 24 Asian, 66 Indian, 21 Black, 12 Chinese and Other
TOTAL	300 residents

However, some 49% of the Council's budget, over £260 million, is subject to greater local discretion.

Within the spending areas where the Council has greater discretion over resource allocation, a number of key topics were identified for discussion, and spending options within each topic were presented to the attendees for them to express opinions upon. The options could not cover all of the £260 million due to the scale and complexity of such an undertaking, but were selected to represent the range of issues and decisions that the Council faced in each area.

Five main areas of spending (and options for each area) were identified by council officers and councillors before the Assembly. The five themes discussed by the Assembly were:

- Reducing the amount of waste we produce
- Tackling congestion
- Providing adult social care
- Providing better options for young people
- Making our neighbourhoods feel safer

The intention was to present 'option sets' that were broad enough to represent a real choice and also sufficiently detailed that individuals could make informed decisions.

The box **Figure 2** illustrates the sort of choices given to residents by showing the option sets for the theme of '*making our neighbourhoods feel safer*'.

Residents were invited to rate each spending option on a scale of 0 – 9, with 9 being excellent and 0 being poor. For the topics illustrated in Figure 2, for example, the option given the greatest average score was number one, 'improving the quality of public spaces'. The option of 'raising awareness of existing low crime levels' registered the lowest average score.

Next Steps

The Assembly not only discussed and scored the various spending options presented to it, but also elected an Open Budget Panel of 34 residents who met several times into 2006 to assess the extent to which the Council reflected the Assembly's views in its budget for 2006/7.

The intention was that the Panel would act as an intermediate body between local people and the Council, reviewing and presenting opinions and options.

Costs and Benefits

Harrow Council has spent approximately £100,000 on the consultation process in total, with funding channelled into publicity, hire of the venue for the assembly, staffing and administration costs. Further costs were incurred in funding the Power Inquiry to support part of the process.

Feedback from the Assembly was extremely positive, with 90% of attendees rating the event as 'good' or 'very good', and 70% saying that Harrow should 'definitely' hold the event again in 2006.

The final impact of the process upon the Council and its budget was evaluated by both the Panel and also by the Power Inquiry, the full findings of which can be found on the Council's website. The process was felt to be a valuable exercise, and although not all of the Assembly's views were ultimately reflected in the Council's budget, some were, and a number of important lessons were also learned through the process.

Figure 2 – Example: ‘Making Our Neighbourhoods Feel Safer’ options

Option 1 – Improve appearance and presentation of public spaces

Pros The quality of design used in the public realm can significantly increase a feeling of neighbourhood security. Well designed and implemented developments will have a longer lifespan and avoid dangerous areas of unlit or enclosed space.

Cons The initial investment costs of providing a high quality infrastructure are high.

Costs Provision would include the development and co-ordination of an Envirocrime Enforcement Unit with a 24/7 response capability. The replacement of old street lighting and bringing lighting above nationally recognised standards would make up much of the remainder of the costs of this option, which would total **£500,000 per year (£6 per household)**

Option 2 – Increasing the coverage and intelligence of CCTV

Pros CCTV is highly effective in the identification and prosecution of offenders, acts as a deterrent and provides a feeling of security for residents.

Cons CCTV might create the feeling of a ‘big brother’ state. Initial set-up and long-term maintenance costs are high.

Costs Each camera and set of transmission cables costs about £30,000. The total cost of this option, including 5 mobile units is **£300,000 per year (£3.5 per household)**

Option 3 – Supporting the Anti-Social Behaviour Unit

Pros ASB team staff will help in the processing of ASB case activity and allow the council and police to work more closely together.

Cons The option bypasses some of the underlying social issues that create anti-social behaviour.

Costs 6 ASB teams, staff and their support would cost **£300,000 per year (£3.5 per household)**

Option 4 – Working more closely with young people

Pros Works with underlying social causes of crime and ASB among young people: neglect and disadvantage. By focusing on problems at a young age, later problems of unemployment and serious crime can be reduced.

Cons Council money will be focused on a group that only commits 25% of crime. The impact of interventions on crime levels may not be felt for a long time.

Costs 20 new youth workers to build up trust and become influential mentors to young people, at a cost of **£500,000 per year (£6 per household)**

Option 5 – Reduce crime investments and raise awareness about low crime levels

Pros Allows money to be focused where there are real problems rather than on problems which are more perceived than actual.

Cons Some caution and wariness is a good thing: telling people that crime is not a problem could create complacency.

Costs Reductions in the planned area-based public realm improvements which tackle litter, street appearances and ‘Envirocrime’ could **save £1 m per year (£4 per household)**

Source: Harrow Open Budget Discussion Guide 2005

CASE STUDY 2 – Salford City Council

Salford City Council has piloted participatory budgeting using different methods, on both specific budgets and also its mainstream budgets.

In 2000, delegates from Brazil, where participatory budgeting has been very popular, met with councillors and community representatives in Manchester and Salford to discuss the idea of participatory budgeting. Community Pride, (an initiative set up to find ways to address local needs in the area) in partnership with Salford Council, organised an experiment with participatory budgeting on a specific fund of £1m in 2004/5, as a pilot. Key features of the pilot included:

- A focus on an identified pot of £1m;
- Decision-making reflecting a matrix of concerns, from both geographic and thematic forums (9 neighbourhoods and 7 themes e.g. learning); and
- A one-year budget.

The Council committed themselves to learning lessons from the pilot. Since then, and as a direct result of the pilot, Salford has operated a system of budget consultation alongside its normal process of decision making.

The changing process

The participatory budgeting process in Salford has evolved over time. Generally, the Council holds a series of public meetings, to which members of the local community and bodies such as Tenants & Residents Associations are invited. Posters and flyers are used to publicise the events, to which anyone is welcome. Separate consultations are also held for older persons and youths. In 2004, the City Council held seven meetings in separate geographical areas of the City.

However, when the same areas were invited for specific meetings in the following year the response was less positive. The council has responded to this and sought to develop alternative ways of involving people for 2006/7.

The Council is now piloting 'The Big Listen In' scheme. 'The Big Listen In' is a citizens' panel with 850 members, to which the City Council will put a series of questions, the data from which will be collated and analysed by MORI. The questionnaire is also available on Salford City Council's website, and can be completed by any person. Residents are also able to telephone, write or email with suggestions.

The main themes of the questionnaire are the quality and use of council services, council spending, council tax and the means of conducting the budget consultation.

Costs

In Salford, the cost of running the budget consultation varies, but publicity in the form of posters, leaflets and invites for the first stage of each year's consultation are fairly modest at approximately £4000.

The Future

Salford City Council is keen to continue budget consultation in future years and the process is now a regular feature and key function of the Council's Scrutiny Department. This enthusiasm can be attributed both to the will of councillors and council officers, and the high level of interest from, and satisfaction of, the local community that has been identified in feedback from the consultation sessions.

PARTICIPATORY BUDGETING - PROS AND CONS

Pros

- Targeting a representative selection of residents ensures that all of the main groups in the community have a voice.
- The process gives residents a greater understanding of the constraints that councils have to operate within, and the sorts of choices that they have to make.
- Participants are generally very satisfied with the process and like to be consulted in a more meaningful way.

- The process provides the council with an opportunity to discuss different priorities with local people and assess how strongly local people feel about different options, and also understand why, in more detail.

Cons

- The process is more time-consuming and costly than conventional consultation.
- Budget choices often require complex decisions and cannot always be simplified to a small set of options or choices.

USEFUL REFERENCES & CONTACTS

- **Harrow's Open Budget**

Harrow's first participatory budgeting event, an assembly for 300 residents, took place in October 2005 and resulted in the formation of a Panel of 34 individuals who liaised directly with the Council upon budget decisions for 2006/7. An evaluation and a report from the Panel can be found on the Council's website under 'democracy/budgeting'.

www.harrow.gov.uk

- **Salford City Council**

Salford City Council has been involved in participatory budgeting for some time and continues to run an annual consultation with its residents on budgetary issues.

www.salford.gov.uk/budget-consultation

- **The Participatory Budgeting Project/Community Pride Initiative**

Participatory Budgeting UK is a project of the Community Pride Initiative (CPI). The CPI was established in April 1999, to enhance the capacity of grassroots activists, community groups and faith-based projects in disadvantaged communities of Manchester and Salford. Also supported by Oxfam, the project's staff conduct research and information sharing activities to publicise the potential of participatory budgeting.

www.participatorybudgeting.org.uk



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This briefing note was prepared by SQW Consulting, an independent economic development and regeneration consultancy.

It is one of a series of papers from SQW, disseminating information, evidence and ideas about the role of neighbourhoods and local citizen engagement in local governance and delivering public services, particularly in deprived areas.

For further information please visit www.sqw.co.uk

SQW also leads the **National Evaluation** of the Neighbourhood Management Pathfinders, funded by the Department for Communities and Local Government. For further information, and published reports, please visit the project website www.sqw.co.uk/nme/