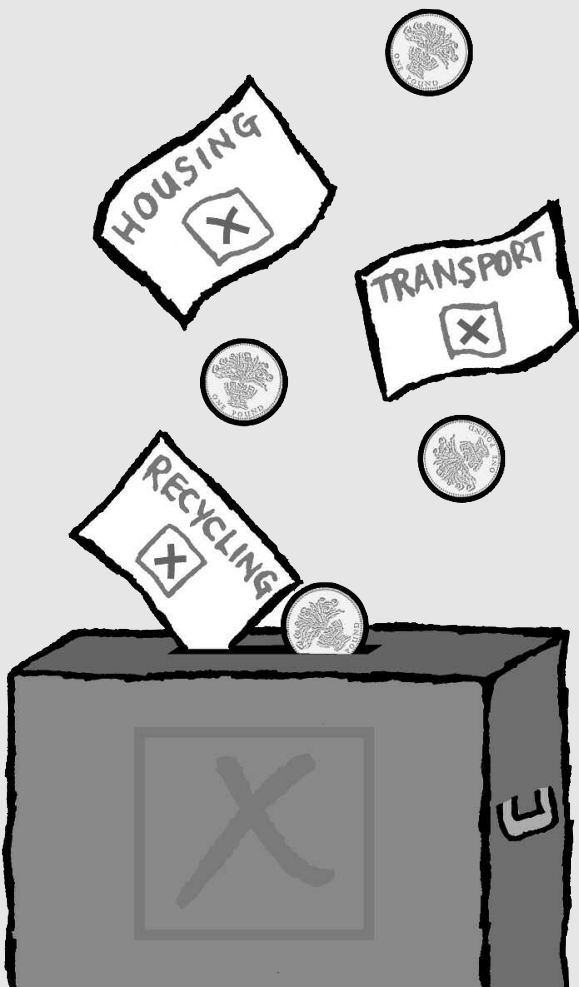


Bringing budgets alive

participatory budgeting in practice



 Community
Pride
Initiative


Oxfam

Community Pride Initiative/Oxfam UK Poverty Programme
February 2005

This document is part of a set of resources about participatory budgeting (PB) produced by Community Pride Initiative and Oxfam's UK Poverty Programme. These are:

- ❖ **Let's talk money:** an introductory leaflet explaining the basic concepts and the potential for PB to transform local democracy in the UK.

- ❖ **Breathing life into democracy:** a detailed overview of the origins and development of participatory budgeting, why it is important today and what its key strengths and weaknesses are.

- ❖ **Bringing budgets alive:** how to do it and what tools and techniques can help you.

The resources were written by Jez Hall of Community Pride Initiative with input and support from CPI's Ed Cox, Bridget O'Rourke, Mark Waters and Jenny Lazarus, and Oxfam's Julie Jarman, Charlotte Flower and Jo Rowlands. Nikki van der Gaag edited the set, and they were designed by Corinne Welch (www.goodthinkingcommunications.net) and produced by Oxfam's Jo Lyon.

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Copies of this document can be downloaded from CPI's PB website at www.participatorybudgeting.org.uk

and are available in Oxfam's Social Inclusion Directory at www.oxfamgb.org/ukpp/sid

hyperlinks

For more information please contact:

Community Pride Initiative

491 Mill Street

Manchester

M11 2AD

Tel: 0161 231 4111

www.communitypride.org.uk

Oxfam UK Poverty Programme

274 Banbury Road

Oxford

OX2 7DZ

Tel: 01865 313184

ukpp@oxfam.org.uk

www.oxfamgb.org/ukpp

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1. INTRODUCTION

Participatory budgeting (PB) is a new way of involving communities in service planning and delivery in local government. Developed overseas, it has many lessons for the UK, where it is still in its early stages. This document follows on from *Breathing life into democracy: the power of participatory budgeting*, which explains the background, context, and benefits of participatory budgeting.

This report describes how Community Pride Initiative have tried to use the principles of participatory budgeting, as developed in Brazil, to improve the way public money is used in Greater Manchester. It outlines how to create added value from adopting participatory budgeting ideas and shows that it is possible to operate participatory budgets using no more than a few per cent of the annual revenue budget of a Local Authority. With a positive approach, that money can bring about substantial changes in established ways of working. It outlines the necessary preconditions for participatory budgeting, and gives a detailed outline of how it works in practice, describing the key elements and stages of a participatory budgeting process.

“ we believe broader participation in budget setting is essential for effective, democratic and relevant local governance.”

COMMUNITY PRIDE INITIATIVE,
MANCHESTER

COMMENTS ON PARTICIPATORY BUDGETING

“ Being a participatory government doesn't mean that representative democracy is denied. In Porto Alegre participatory budgeting has brought new life to this process. It has re-oxygenated democracy.”

EDUARDO MANCUSO, SECRETARY FOR INTERNATIONAL RELATIONS, PORTO ALEGRE

“ What's new about PB is that there is a process of consultation from start to finish. It doesn't matter if just a few people come at the start, interest will grow as services develop.”

LUCIANO BRUNET, A MEMBER OF THE WORKERS PARTY (PT)
WHICH INTRODUCED PARTICIPATORY BUDGETING¹

“ The main strength of PB seems to be the inclusion of marginalised people and communities... into the political process for the first time...”

CELINA SOUZA, UNIVERSITY OF SAO PAULO IN BRAZIL

¹ From interviews with CPI

Before you begin...

A number of elements need to be in place before participatory budgeting can take place. These include:

- 1. Political will** Local politicians must feel that broader participation resolves their problems, whether it be controlling an over-strong bureaucracy, or re-invigorating a difficult democratic situation.
- 2. A degree of acceptance** by bureau/department managers of the value of dialogue. They need to see that PB enhances their ability to plan, and helps them manage their departments.
- 3. A coherent network** of community associations to feed the process with participants.
- 4.** A clearly defined **geographical structure**.
- 5. Branding and marketing** A good name and interesting style to describe the participatory process is essential. Something that says this is a new beginning.
- 6. Acceptance that it will take time** to build meaningful participation. A pilot is likely to take three year; PB is a seven- to 10- year process, moving local governance to a new level of participation.
- 7.** Recognition of the **value of a strong annual cycle** of participation, linking together planning, participation and democratic processes.
- 8.** To back the Participatory Budget means **identifying resources** that are not already constrained. These resources exist; they just need to be tapped. Participants commonly only debate new investment, not already committed or statutory defined expenditure.

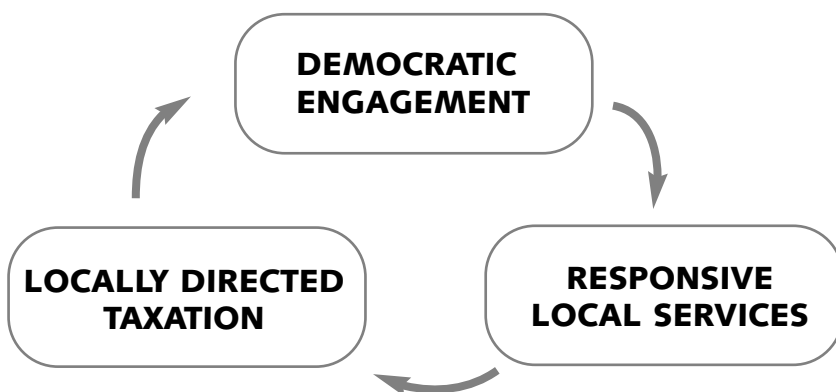
“When PB first started there was no clear methodology, and people just talked about their problems. It was a learning process for City Hall too. They learned that you needed a clear process for decision-making or it just ended up in frustration on both sides.”

BETANIA ALFONSIN, PLANNING
DEPARTMENT, CITY OF PORTO
ALEGRE, BRAZIL

2. HOW IT WORKS: PARTICIPATORY BUDGETING IN PRACTICE

PB is about completing a virtuous circle from democratic renewal, responsive local services and locally directed taxation.

PB differs from traditional 'budget consultations' because it involves a transfer of decision-making power towards communities, by developing real and high-quality dialogue over public expenditure.



Different approaches to PB are used in different places, but in general a certain percentage of the mainstream council budget is given over as an investment fund, commonly called the 'participatory budget'. New deliberative structures drawn from community groups prepare an annual investment strategy for this money. Their decisions are based on projects proposed and debated locally, combined with a citywide agenda for efficient service delivery.

Local people determine how investment money is spent, but the work itself is undertaken by the council.

PB is not about transferring money from the Local Authority to smaller, more local bodies, and differs from the devolved regeneration budgets common in the UK. Communities are not forced into competing against each other for their share of new money; rather they work together with the Local Authority to agree how to spend limited resources most effectively.

If communities are really going to influence the Local Authorities' spending plans, they need to be heard at the beginning of the planning process, so their views can influence new expenditure. This is where the PB process works well. In the UK, consultation on resources available for new services typically occurs in the one or two months prior to the annual budget meeting of the Council. This key meeting happens once a year in March, when the ruling party's budget proposal is approved. In Manchester, expenditure of well over £500m is agreed at this one meeting.

“ Evidence suggests that people are more inclined to get involved if they think that it will make a difference to priorities and to how and where money is spent. ”

RESIDENT, LEVENSHULME,
MANCHESTER

Most Local Authority expenditure will be constrained by existing pressures, such as salaries, service charges, and, most importantly, national targets and statutory requirements. This leaves a small percentage that is the 'free' resource of the Local Authority. Some of this money will come from local taxation, some direct from central government, or from charges for services. The normal pattern is that this unclaimed money is spent by a small number of people. Marginalised communities and neighbourhood interests commonly miss out in favour of bureaucratic and political influence, as their voice is largely absent from the debate until near the end of the process. This, in the view of Community Pride, is one of the key issues in Manchester, where the city council has yet to open up its budget planning, or adopt a process like PB, preferring to discuss forward budgets internally and then consult on the result.

PB is a flexible blend of practical actions, which are implemented in varying ways.

PB meetings begin up to a year before the budget is approved, with the active support and encouragement of the City Council. Local groups come together to discuss key issues for their area of interest and to propose projects they would like to see implemented. These discussions are fed to the Local Authority and through further engagement refined into precise action plans for each area of expenditure. Themes and priorities are used to make sense of the many inputs to the process. Published budget tables and regular feedback ensure transparency. Procedures and pre-agreed rules add legitimacy to the decision making. Final accountability for expenditure remains with elected politicians. But their position within their home constituencies is strengthened by the PB programme, as they show their support for localised decision-making.

PB uses a comprehensive system to cover the whole city in one single process. That process is repeated annually and is based round neighbourhood forums.

There is no universal model for PB. This reflects the ability to alter the process to fit local circumstances. It enhances participation in civil society whilst improving the delivery and cost-effectiveness of local services. It aims to build on existing processes, co-ordinating rather than replacing existing consultation.

PB in Porto Alegre began with an exercise to redefine the city into districts that related better to actual neighbourhoods and communities. The city is sub-divided into neighbourhoods, districts and regions, and every participant has a channel through this structure to voice their issues. Service departments are encouraged to reflect these boundaries in their own planning. This convergence takes time to develop, and as the process runs from year to year practical amendments are made by the participants. But the underlying process is retained, and developed by a consistent, transparent and usable format. This coherence is in contrast to the current situation in the UK, where an ad-hoc mixture of budget consultation, focus groups, citizens' juries, best value reviews, performance indicators and client surveys deliver service managers with wildly conflicting wish lists.

PB begins as a top-down process designed to transfer control to the grassroots over time, but ends as a bottom-up one that gives control to local communities.

A PB programme normally begins with the Local Authority defining the themes and rules of the process as a publicity initiative. Participants (who are members of an identifiable 'community based' group or association) are asked to rank their priorities for investment according to a number of pre-agreed 'themes'. At the same time new deliberative forums are developed, such as the Budget Council (see page 17).

Initial levels of participation will be modest, but as debate matures, increasing momentum gathers, and the participants' control of the process increases. In this sense it starts as a top-down process that builds involvement as people realise that those who hold power as the elected authority are doing something. Eventually citizens are trusted to exercise their judgement. It then becomes a bottom-up process as a feeling of 'ownership' and control over local investment grows among the communities it is designed to benefit.

PB has a focus on reducing inequality and investing in areas of greatest need.

Local authorities aim to reach key objectives for poverty reduction, education, health or crime. PB offers positive benefits for poor communities; in Brazil, as PB processes developed over a few years, the pattern of Local Authority expenditure shifted towards the priorities generally perceived to be most relevant to those living in poverty – women caring for children, the elderly, discriminated minorities, and those living in social housing or on benefits within communities offering few employment opportunities. Local authority investment became more inclusive, socially equitable, preventative, poverty focused and less a reflection of the priorities of service managers.

Communities can begin to form new groups around the PB annual cycle.

“ Research shows that neighbourhood associations are the main way that people get involved. Many methods are used to promote meetings including flyers and word of mouth. The highest participation is in the poor neighbourhoods in Porto Alegre. ”

LUCIANO BRUNET, CO-COORDINATOR WITH “CONGRESS OF THE CITY”,
A CITY COUNCIL CONSULTATION INITIATIVE IN PORTO ALEGRE.

A central aspect of PB is its ability to empower and strengthen the communities in which it operates. PB focuses the resources available for participation on the poorest in that it organises people into local groups and associations, and, through informed debates, educates them on the wider issues of their city. It is an effective long term programme that builds broad participation over a period of time from low levels of civil engagement. Further, it exposes the work of service managers and local politicians to greater public scrutiny in a constructive, deliberative way, that aims to inform and empower the decision making of service managers and local politicians.

Participants are members of a group, but the definition of a group is very simple.

To be a participant in a PB process you generally have to belong to a community group or association, with a minimum of around 10 people, who decide to come together in some way to influence the process. Though groups do not have to be constituted, hold a bank account, or have officers, they are registered with the Council as a group, and members provide evidence of residence in the area, such as being on the electoral register.

At very local meetings, these groups elect representatives to go forward to a regional council, which in turn selects members to make up a city wide body called the Citizens Budget Council (CBC). The CBC, made up of community volunteers, agrees to meet to oversee the counting and processing of priorities gathered at the local meetings and review proposals for investment submitted at the same time. It uses budget tables to agree a distribution of money, and links allocations of resource to projects that have been submitted by each local area.

3. FROM CONSULTATION TO 'CONSULT-ACTION'

The idea of 'consult-action' came from the participatory budgeting process in the city of Bobigny, in France. Usually, consultation is about canvassing views and then considering them against a pre-determined set of assumptions or objectives. It is really about confirming that we are correct in our judgement, through asking the opinion of others. Participation means going further, and is rooted in understanding that a participative outcome is based on:

- ...✦ A shared understanding of the issues
- ...✦ A shared process for reaching agreement
- ...✦ A shared action plan to deliver the desired outcomes

There are a number of things that need to change if consultation is to become action-based and truly participatory.

Creating new spaces for public dialogue

Despite the rhetoric around consultation on public services and investment plans, consultation on budgets is a relatively new idea in the UK. Without control over budgets, there is no control over services. So public forums that ignore budgetary issues will be at best frustrating, because they deal in generalities rather than specifics, and at worst a waste of time for participants. Unless the issues relate to people's personal situations and interests, they will desert the process.

A key problem in the UK context is that while Local Authorities are increasingly raising the profile of their budget consultations, most are held at a stage when plans are already finalised, and any changes at that point would probably have little impact. Existing budget consultations are therefore of limited use. Few people today have an adequate understanding of budgetary processes or the financial pressures on the Local Authority, so it is difficult to have constructive discussions over established plans. This needs to change. New spaces for public dialogue over services need to be created.

Making budgets comprehensible

Budgets are a daunting idea for many people, and Local Authority budgeting has become very technical. Experience of doing budget literacy workshops in Manchester and Salford has shown that a level of understanding can be built up – everyone already applies complex budgeting principles in their daily lives. What is required is the political will to be open with information, accept new ideas about how to make decisions with others, and show a commitment to follow through on what is agreed. This takes time, coupled with imaginative uses of all available methods to deliver information, so people can make informed choices. This might mean using cartoons, use of the internet, or through word of mouth. It does not mean dry policy documents or unintelligible jargon.

Opening up decision-making processes

Responsibility for making budget decisions in UK local authorities currently resides with a small group of councillors and senior managers who enjoy, to varying degrees, the support of their constituencies.

Politicians generally say they want to tackle deprivation and inequality and improve services. National government also demands they focus effort on reducing deprivation, in return for greater freedoms and resources. If a Council wants to maintain and build support and engage in active dialogue with communities in its fight to tackle poverty, it must invest energy in creating the conditions for that participative debate. It must be committed to opening up their decision making, sharing their knowledge, and challenging powerful vested interests, even when these are located within their own ranks.

Political will – key tasks for politicians

Political will to become more open is essential to any experience of PB. Politicians and those in authority need to build this will and then take a number of steps to put PB into practice.

- ...❖ **Identify funds** for a participatory budget. Generally PB only relates to a small fraction of the whole budget, typically starting at around one to two per cent of annual revenue budgets available to the Local Authority.
- ...❖ **Inform people** about the pressures and limitations facing the Local Authority. The Local Authority must explain what it can and cannot achieve, where its responsibilities lie, and what it feels does or doesn't work.
- ...❖ **Develop new types of public dialogue.** Encourage citizens to propose projects and investment priorities and actively work with residents to develop mature and informed agreement on how to make allowances for varying levels of deprivation and population.
- ...❖ **Provide realistic technical assessments to support local ideas.** Currently there is a knowledge imbalance between those making suggestions, and those responsible for implementing them. This prevents those holding the information (Local Authority managers) listening respectfully to those affected by the outcome. When projects are proposed by local people, (often now done through applications for small project funds), rather than leaving it to local groups to prove the cost and feasibility of their ideas, the Local Authority should apply its own technical expertise, considering and critiquing those ideas to improve the quality of overall decision-making.
- ...❖ **Aggregate the results** to provide a comprehensive citywide and local plan based on real priorities. Where PB is operating, the normal process for this is to establish a Budget Council, who can provide a detailed and considered report for new spending, based on expressed priorities and their technical feasibility. This debate is underpinned by a coherent and consistent methodology that is applied consistently and improved over time.
- ...❖ **Integrate the outcomes** of the participatory budget with the overall city budget. Control rightly remains with the ballot box in any democratic system. Strategic thinking and long-term planning needs to remain a particular concern of the wider elected bodies. The delivery of very local services is a concern for councillors and residents. Participation through PB therefore works alongside established democratic processes. PB dialogues and wider budget literacy work has proved helpful to backbench local councillors who are also often marginalised by the technical nature of Local Authority finances and effectively powerless before the political executive, senior regeneration managers and chief executives. PB sharpens up the whole level of local debate, as it opens up previously clouded areas of local accountability to public scrutiny.
- ...❖ **Offer participants the opportunity for feedback, monitoring and review.** PB builds up the cycle of dialogue, reflection, implementation and review that underpins all effective project management. It operates on an annual cycle that allows for regular feedback on the results of the programme. This cycle will take time to mature, but the existence of a comprehensive PB process, underpinned by budget tables and good presentation allows priorities to be tracked through to investment, allows a more sophisticated analysis of performance and service responsiveness to be obtained and focuses effort on the collection of appropriate local statistics used in the budget tables.
- ...❖ **Commit to a pilot phase to trial ideas.** The implementation of PB takes time to adapt to the particular circumstances of a Local Authority. In the past few years there have been various efforts to engage citizens in debates on council tax rises and budgetary expenditure. PB is different in that it is about working throughout the year to improve the quality of dialogue between communities and tax holding authorities. This PB process has not been fully piloted anywhere in the UK, although tentative first steps have been taken through Community Pride Initiative's work. Each experience of PB will be slightly different, but the differences develop out of a set of common building blocks.

4. THE FIVE KEY ELEMENTS OF PARTICIPATORY BUDGETING

There are five key actions in the participatory budgeting process. These are:

1. Define the size of the participatory investment budget
2. Create well-defined geographical structures
3. Build new deliberative structures – the Citizens' Budget Council
4. Support community engagement through community link workers
5. Build an annual cycle.

1. Define the size of the participatory investment budget

Participatory Budgeting does not consider the whole Local Authority budget. It only engages residents with the uncommitted, new or 'flexible' resources at the margins of the revenue budget. It is this investment money that over time will come to guide how future service budgets are spent.

Most Local Authority expenditure in any one year is 'fixed' by salary scales, fixed operating costs, statutory duties, and other real (and some imagined) constraints. So in reality it is not available for general consideration, and it would be misleading to claim it can be varied through consultation. PB processes therefore typically consider only a few percent of the annual budget of the authority.

There is a real problem that budgetary flexibility can be 'hidden' – in over-complex balance sheets, in reserves and 'contingencies' – and thus not open to general review. Sometimes it will be hidden by defensive service managers struggling to maintain out-dated, but politically important, patterns of service. More commonly, it will be unintentionally hidden. It may simply be the new idea that it is worth translating a technical internal document into everyday language. Challenging jargon is a skill financial managers are not generally taught.

To release this 'flexible' money requires real political commitment to broadening participation and opening up new ways of working. It relies on great rigour by finance managers and overseeing bodies, and a belief in the benefits that can occur.

“ Whatever the constraints, there is always some flexibility in the budgets of big organisations. ”

CLLR CLAIRE NANGLE, EXECUTIVE MEMBER FOR FINANCE AND PERSONNEL, DURING MANCHESTER'S 2003 BUDGET CONSULTATIONS.

How can extra funds be raised?

- ❖ **Raising local taxes.** This can be unpopular, and is generally only possible after a period of mature debate, and after the benefits of PB become apparent. In the UK the only local taxation is the council tax, which is a very visible charge on people's income. It is levied directly and is generally the largest household bill we receive (unlike income tax or VAT, which is bundled into pay packets and everyday purchasing) so that a decision to raise local taxation is not easily taken. Furthermore, there is a complicated gearing effect, whereby a council wishing to raise its revenue budget by one per cent must levy a four per cent increase in council tax. This is because council tax typically represents only 25 per cent of the revenue available to local councils. The remaining 75 per cent comes from central government and is strictly controlled. It is therefore unlikely that a council will raise tax for an innovative project. If it does it will need to be sure it can carry public confidence.
- ❖ **Central government.** Councils receive significant funding from regeneration monies, regional development funding, or other national initiatives (such as New Deal for Communities, and the funds now being given to Local Strategic Partnerships or for housing market renewal). These generally come with conditions that they be locally applied, and not replace existing expenditure. Moreover they must show they are being targeted to reduce inequalities, and be underpinned by evidence of quality community consultation. On the face of it they are the obvious investment money for a PB type programme. However, there are real complications due to external financial monitoring conditions, and an understandable reluctance by cash-strapped authorities to open them up to widespread involvement. This is reinforced by the often very short deadlines available for delivering projects, which works against community involvement. For this reason, central government increasingly demands evidence that they are being applied as it intends. The Audit Commission spends many hours ensuring this happens.
- ❖ **Efficiency savings or other 'operating' changes in local government services.** Obvious links have been identified between PB and the 'performance enhancing' techniques expressed in Best Value, Floor Targets and other initiatives to modernise local government practice that are being encouraged by Central Government, the Audit Commission and leading social commentators. It is possible for politicians to use 'savings' to create a PB pot. However, experience from interviewing managers indicates this is most likely to occur when there is a chance they will be re-invested into the department making the savings. Otherwise there is little incentive for service managers to deliver efficiencies.
- ❖ **Existing departmental budgets, 'top-sliced' by local politicians.** In Manchester Council there has been a cash freeze on departments for many years. Even in a low-inflation economy, this is equivalent to an annual cut in real terms. Manchester City Council has also had a policy of limiting council tax rises to below the national averages for similar authorities. If they wished to create a new investment fund only small changes to that policy could potentially provide the sort of sums PB experiments need: by allowing budget increases to match inflation, but then applying that 'inflationary' increase to a participatory investment budget. This would require political will and strong leadership. But the sums are small relative to the overall budgets available to departments. It is important to remember that PB works to return those monies to the departments most valued by local people.

Every year, at the beginning of the process, politicians could agree how much each service department might have available to submit to the participatory budget. This might vary from service to service. In Manchester for example the Education Department receives 45 per cent of the total Council revenue budget. In 2003/4 it spent £340 million on education, primarily for school- and nursery-based children. The environmental service spends around £42 million on services (figures from Manchester Budget Consultation Document 2004). Therefore a one per cent 'levy' to fund a participatory budget spread equally across only these two departments would be able to generate around £3.8m. Of course it might be decided that Education cannot afford this loss to its budget, so

only has to contribute 0.5 per cent, representing around £1.7m, and a reduced PB pot of £2.1m. It must be remembered this money may well be returned to those departments as a result of the process, and therefore isn't lost by the local authority. It may be spent disproportionately one way or the other, especially if, as evidence shows, residents often prioritise the quality of the urban environment higher than education. But this shift will closely match concerns at local level.

In most PB processes a mix of the above methods is being used to construct the pot for investment. The overall pot may be made up of a number of sources of income. The important thing is that this pot is real un-restricted money, it has been pre-allocated to participatory decision making and that it is significant enough to be worth discussing.

Once established, other agencies might also contribute resources. Significant local expenditure lives outside council control, particularly in areas such as Health, Policing and Transport issues. Each of these agencies come together to jointly deliver services through Local Strategic Partnerships. PB offers a way for these cross-authority budgets to be connected as never before.

2. Create well-defined geographical structures

In order to establish well-defined geographical structures, there are eight principles which need to be followed. They are:

- 1.** A strong guiding vision
- 2.** Clear and comprehensive organisational structures
- 3.** Spending time on determining rules and priorities
- 4.** Local engagement and devolution of resources
- 5.** Raising awareness through innovative communications
- 6.** Community empowerment for its own sake
- 7.** Developing a shared calendar
- 8.** Creating a web of information

In Manchester and Salford, experience learnt in Brazil has been brought to bear by Community Pride in its work towards the establishment of the Community Network for Manchester (CN4M), and through proposals for enhanced community action planning and devolved structures in Salford. Below are examples from the community network for Manchester, matched by descriptions from Brazil, to describe 'well-defined geographical structures'. Some of the key features of the Community Network for Manchester (CN4M) that might connect with PB can be identified as follows:

1. Guiding vision, principles and benefits

One of the most persuasive aspects of PB to grassroots communities is its strong ethos as being 'for the people'. The CN4M has adopted this approach setting out a clear statement of aims and principles, as well as clearly stating some of the benefits of involvement.

2. Clear and comprehensive organisational structures

Another significant feature of PB, from the point of view of community organising, is its comprehensive approach. Wherever you live in Porto Alegre there is a PB meeting you can attend and meetings cascade up to the city-wide budget council. There are also 'thematic'

forums for communities of interest around some key issues, such as inclusion, disabilities, gender, children and youth. There are therefore clear lines of accountability and involvement, and individuals or more informal groups can be directed to appropriate intermediate or link organisations representing similar interests.

The CN4M has adopted a comprehensive approach, dividing the city into seven geographical networks, each with sub-forums at ward or neighbourhood level. At an initial meeting of stakeholders in the network 22 different 'thematic networks' were identified, representing communities of shared interest, the large number reflecting the diversity of the city, and maximising opportunities for people to get involved through the network they feel most appropriate. All networks connect to a Community Network Strategy Group, which develops the strategic direction for the community sector and for engagement with the Local Strategic Partnership (LSP).

The CN4M is also working alongside the LSP to begin to rationalise some of the local partnership structures, with the intention that CN4M meetings can become 'one-stop shops' for public service providers, creating easier links into local networks by service managers. In more recent times this is connecting with ideas coming from the Local Authority around ward co-ordination.

3. Determining rules and priorities

The CN4M has committed a lot of time and energy to determining a series of 'rules' with respect to meetings and decision-making. Central to this has been the determination of nine 'priority networks' which seek to positively discriminate in favour of those groups vulnerable to exclusion, who receive disproportionate representation and access to resources. Alongside this has been a commitment to engage through other modernising programmes such as Voluntary Sector Compacts, and support for constituting informal groups and developing training initiatives.

4. Local engagement and devolution of resources

In Brazil, much emphasis is placed on a team of community development workers who simply walk the streets, knock on doors and attend and support local meetings. The CN4M has placed a similar emphasis on "getting out and about" within local communities in order to let people know about what is happening. This is being enhanced by deliberate attempts to ensure that resources are devolved as far as possible to local networks rather than being used centrally. This contrasts with other UK cities where more emphasis has been given to the role of established Councils for Voluntary Services (CVS).

In Salford, Community Pride Initiative has developed a programme of community organisers, using paid local residents, whose job is to help spread word of the opportunities to participate and to support people into the world of public meetings.

Alongside this work, CPI is developing budget literacy workshops and a 'toolkit' for community organising to support the ways in which residents and groups are involved. Much time has gone into developing ideas for improving community co-ordination, through building on existing devolved structures with the intention of linking to a new way of allocating Salford's devolved budgets, which currently operate as small grant pots distributed by local assemblies. In future CPI is working with the council to improve the relationship between the local Community Action Plans and Departmental Service Strategies.

5. Raising awareness through innovative communications

A key element to engaging local communities is the provision of accessible and relevant information about both the content of discussions and the process for getting involved. The CN4M has borrowed techniques for effective communication from Brazil such as the use of cartoons and popular language and stereotypes in its publicity about the LSP. Consideration is given to using a range of media to communicate including local radio and the internet.

The role of Council publicity departments is very important. Creating a strong 'brand' and an interesting style for communicating about the Participatory Budget is needed to make people aware of how to participate. Local media such as regional papers are generally not interested in covering community affairs, so pro-active publicity is essential. Many councils already use their own free-sheets and newsletters to communicate directly with residents.

6. Community empowerment for its own sake

In Brazil, many people involve themselves in community activity to find solutions to social problems. This is not primarily to improve the provision of mainstream services or increase the accountability of their local politicians, but instead to socialise and build links with people who have similar interests or concerns. PB offers this opportunity through encouraging participation by informal and un-constituted associations at a very local level. As the work is delivered by the Council these small groups are freed from the current world of bidding for funding, leaving them freer to build themselves up as volunteer organisations.

Again, the CN4M has encouraged networks to develop around their own needs and issues rather than simply the LSP / neighbourhood renewal agenda. There has been early thought on imaginative ways to sustain the network beyond the insecurity of central government initiative money, which has a history of changing faster than the voluntary and community sector can respond. Research and strategic thinking has been given money, as well as expenditure on publicity and meeting expenses.

It must be noted that in Manchester, community development work has historically been seriously under-resourced. Citing budgetary pressures, the council closed down much of its community development services early in the 1990s and maintains a largely arms-length approach to supporting the community sector. So the CN4M plays a crucial role in doing the nuts and bolts work of community organising that in other areas is provided directly by the local authority.

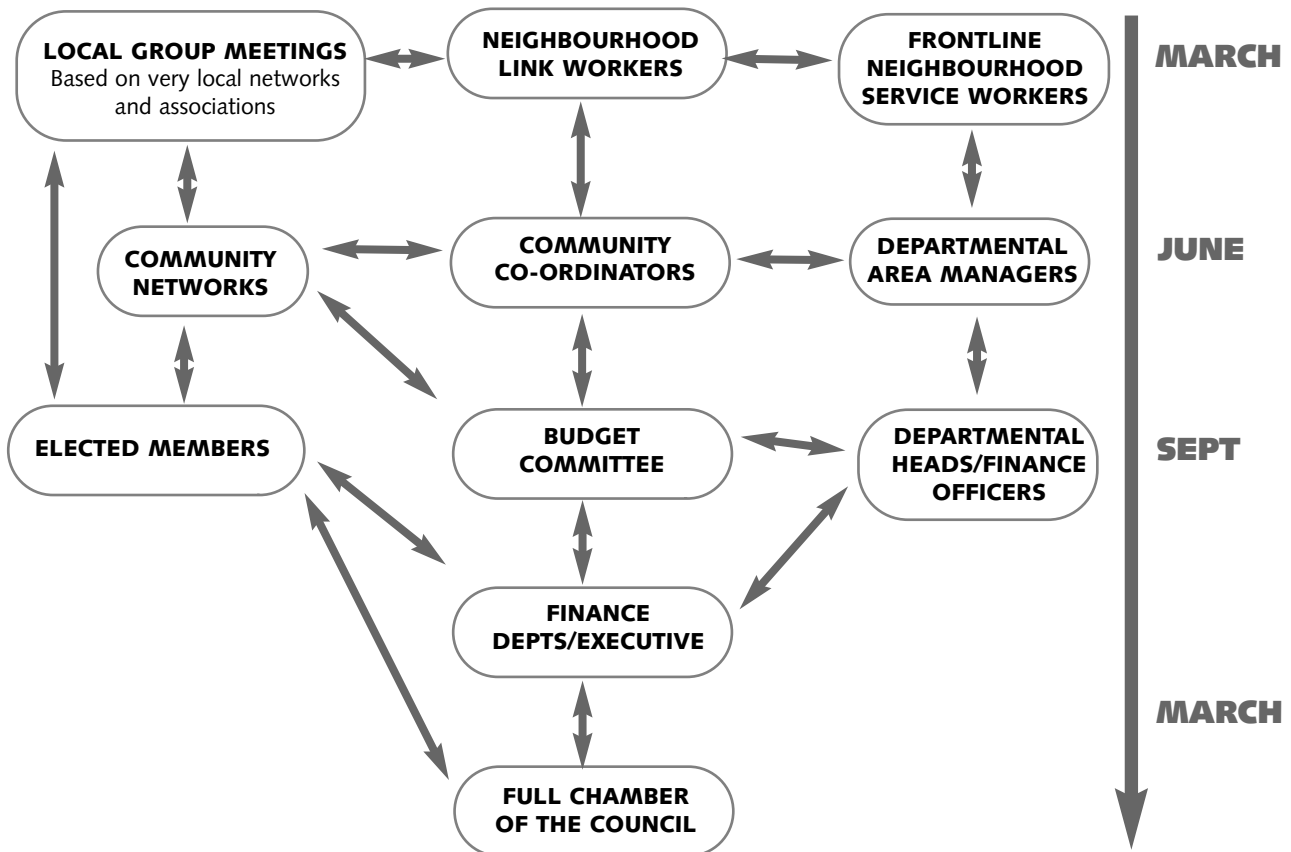
7. Developing a shared calendar

The CN4M is developing an 'annual cycle' for involvement with public agencies. This is intended to include not only the LSP/Community Strategy 'cycle' but also Local Authority 'Best Value' review cycles, public budget cycles, Primary Care Trust cycles and so forth. It will also include a Community Network Annual Forum as well as a strategy (steering) group, at which 'priorities' for the sector are determined and the CN4M process can be refined.

8. Creating a web of information

The diagram below is one way of showing how, through a year, running from top to bottom, a set of dialogues occur between different parties. These come together through the report, issued in the Autumn of the preceding financial year on investments through PB. This report is primarily the work of the PB Budget Council, based on rules and criteria established the previous year. After they have produced their report and passed it to the Local Authority (who will hopefully implement the plan as part of its mainstream budget for the following year), the Budget Council re-convenes to evaluate how the process works and propose any changes. At a similar time the Local Authority declares in percentage terms the resources that will be considered by the next annual cycle.

In this way a rhythm of information sharing, meetings, and planning is developed between members of the voluntary and community sector that matches the internal cycles of the Local Authority holding the budget.



3. Build new deliberative structures: the Citizens' Budget Council

Controlling the Local Authority's overall budget is rightly the responsibility of local councillors, who, through the ballot box, are given the power and responsibility to manage the city. So the development of participatory democracy, to discuss strategic priorities and targets and evaluate and monitor on-going activity, needs to complement the existing representative democratic structure.

Within a PB structure, a new deliberative body called the Citizen's Budget Council (CBC) is created alongside the Council chamber. This body, of around 30 people from local communities, is elected according to a set of prepared rules. It must contain members from all the regions of the city, as well as representatives of special interest groups. It generally excludes elected councillors, and often has rules to ensure that individuals cannot dominate the discussion. It works by voting, and each representative member generally names a deputy, who attends but only votes in the absence of the main representative. One crucial role of the CBC member and deputy is to feedback information to their local areas.

Local Authority workers, who do many of the administrative tasks such as organising calendars, preparing papers and maintaining contact lists, support the Citizens Budget Council (CBC). But the Budget Council itself is made up of community representatives, independent from local government, and governed by its own set of rules. These rules often, for example, preclude people being on the Budget Council in subsequent years, to keep the process fresh, and bring in new ideas.

The role of the Budget Council

The role of the Budget Council is to make recommendations for Councillors to implement. The Budget Council's report is submitted to the Local Authority alongside its own internal directorate plans on future spending. As such, it is considered alongside the mainstream budget proposals, and sits within the core strategies and policies of the Local Authority. In theory, it can be amended by elected councillors and the cabinet, but in general it is passed largely unchanged. The preceding year's deliberations pay off in a generally acceptable compromise of interests, which can be implemented without wholesale amendment. It is not a set of wish lists, because, alongside local projects, there are clear links to actual resources, and the cost of implementation.

“ Now there is more understanding that the City Hall's money is limited. The community know that they need to identify their priorities for investment. One of the greatest results has been the positive dialogue between the Local Authority and the community. The potential for separation or conflict between local people and councillors is changing. Now we have a good balance between democratic and participatory democracy. It proves that you can have both and people understand that now. ”

BETANIA ALFONSIN,
PLANNING DEPARTMENT,
PORTO ALEGRE, MAY 2003

The Budget Council draws on the experience of the Local Authority

Much information is supplied by service managers to the Budget Council, who prior to it sitting over the summer, prepare briefing reports on the projects that have been submitted through the earlier meetings in regions. This enables the Budget Council to work against specific criteria in their decision making. Questions they might ask include:

- 1. Is the proposal 'legal'?** That is, is it the responsibility of the Local Authority to deliver this type of project, and as such can it be considered legitimately within the Participatory Budget programme?
- 2. Is this project deliverable?** Can it actually be done, within reasonable timescales, and without significant amendment?
- 3. Is it affordable?** The budget matrix, developed out of local responses on priorities, will already be setting the strategic pattern of work.

The Budget Council reports on how the investment pot should be spent

The Budget Council knows how much it has available to work with, as this is declared at the beginning of the year by the Local Authority. Feasibility reports by service managers provide information on the cost of the options before them. Budget tables help them decide on the pattern of investment for each area. So the role of the Budget Council is to agree the most appropriate use of the Participatory Budget by matching projects to resources, and pass this on in the form of a report.

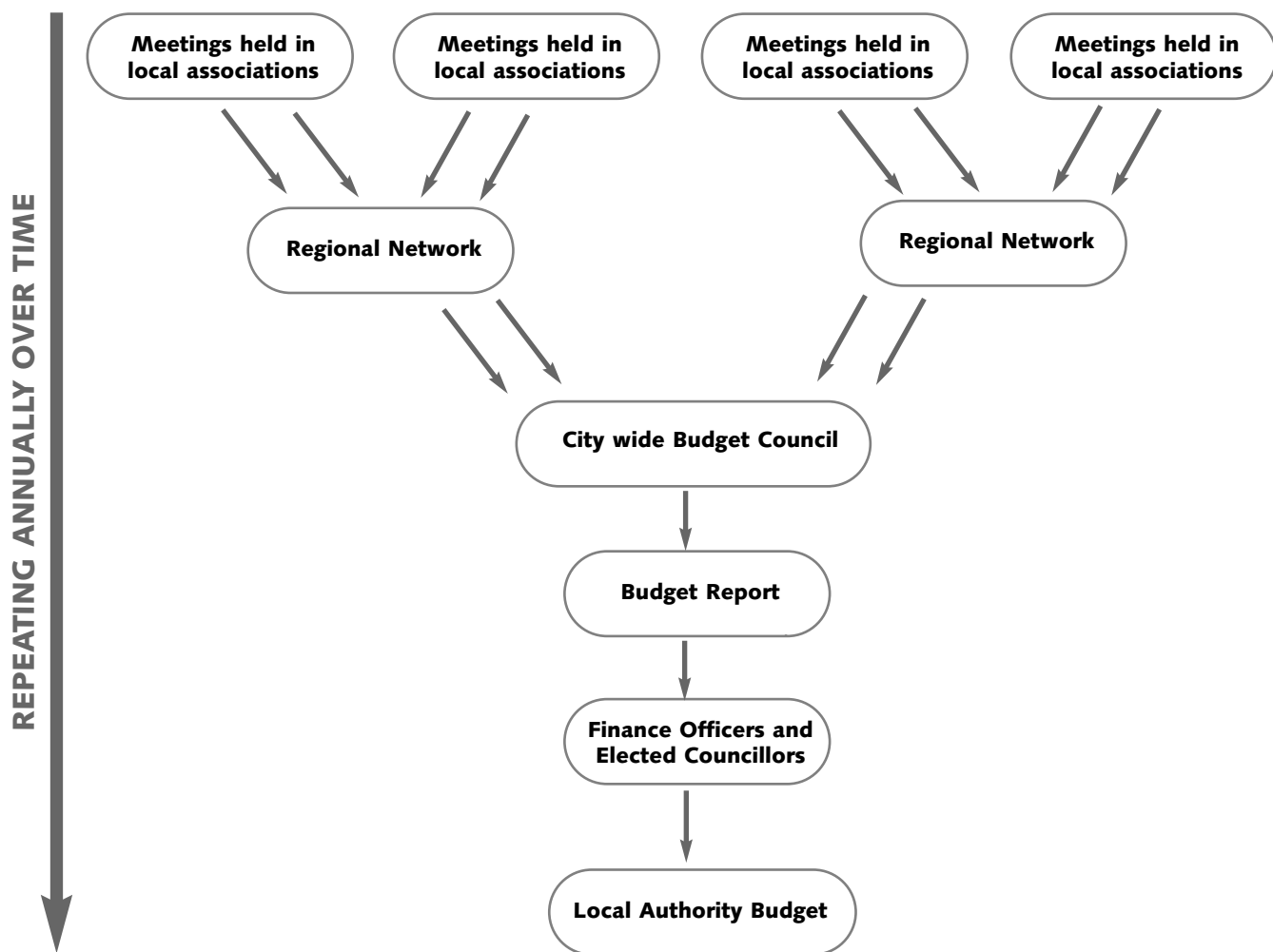
The Budget Council makes proposals for amendments to the process

Following the production of their report, the Budget Council goes into a rest period whilst the report is considered by the Local Authority. Then, towards the end of the year, it re-convenes to do some particular tasks:

- ...❖ Review the rules of the process for the following year.
- ...❖ Agree the Calendar of meeting for the coming year's annual cycle.
- ...❖ Receive information on the likely resources to be spent as part of the new annual cycle.
- ...❖ Comment on the progress of implementation of projects from previous years.

The outcome of this second round of meetings is written up and presented to the local groups at the beginning of the next cycle, alongside the Local Authority's own statement. The Budget Council stands down, and a new set of members emerges out of the current year's deliberations.

The diagram overleaf shows how the Budget Council sits between local groups and the executive bodies of the council. Information cascades down the chain, and is then fed back into the next year.



The use of budget matrix tables

A budget matrix is a table that converts locally generated priorities and ideas into financial allocations, with which delivery agencies can engage in developing their strategies. In reality it is a series of tables that all work together in order to indicate financial allocations. Understanding how these tables work can take time, but once the principle is grasped it becomes clear how they can be produced in a number of ways. They are in essence a simplified version of the formulas used to calculate the Revenue Support Grant given by central government in their annual awards to local authorities. The point of the tables is to relate three interconnected issues that form the basis of investment decisions under a participatory budget:

- ❖ **The relative size of each area** (generally measured in population).
- ❖ **The relative levels of deprivation between areas** (generally measured by a range of statistical indicators common in regeneration, such as employment rates, health and housing conditions).
- ❖ **The actual concerns of residents** (indicated by their prioritisation of the different services they receive).

There are seven stages to generating budget matrix tables.

Stage 1 - Developing local priorities and ideas

The budget matrix table is driven by the generation of local priorities and the development of local project ideas. Local community groups are asked to rank different themes against each other in order of their perceived importance in their local community, at the same time identifying particular projects or issues which need to be addressed. This information is gathered through questionnaires and public meetings, and collated by some form of neighbourhood forum. This local forum puts forward the scores that are then passed on to the city-wide process.

Stage 2 - Transforming local priorities into city-wide priorities

By adding the 'scores' in each area it is possible to generate a measure of city-wide priority. By calculating each theme's percentage of the total score it is possible to allocate the total investment pot across each theme accordingly, so generating an initial financial allocation to each theme. The process could stop here and just spend money according to people's priorities. But this is generally too simplistic. It cannot be assumed that all areas of a city have equal needs. Some areas have a greater population than others and in a progressive society it is widely understood that there is a need to reduce the gap between those areas that might be considered more deprived than others. For this reason the budget matrix process enables adjustments to be made to address these factors. Stages 4 to 6 identify a process for making such adjustments.

Stage 3 - Making adjustments for population

The gathering of local statistics has improved greatly in the UK, and it is generally possible to acquire accurate population statistics at least down to local government ward level through using census data and electoral rolls.

Stage 4 - Making adjustments for deprivation

The Index of Multiple Deprivation is one set of statistics that could be used to develop a scoring system. It works by ranking each Council Ward with respect to the rest of the country (there are currently around 8,400 individual wards in the UK). It is possible to refine a budget matrix by using even more specific measures of deprivation. For example, using educational measures such as school league tables with respect to a Children and Young People theme; or local crime statistics with respect to the Safer Community theme.

Which measures of deprivation are used becomes a matter for debate by participants within the PB process. It may be envisaged that as a PB process matures there is a demand to improve how deprivation is measured, and statistics, which is a key outcome of using PB as a way to focus attention on deprivation, and enables better monitoring of public services.

Stage 5: Weighting the matrix - deciding the levels of progressiveness

One of the most important elements of the budget matrix is its ability to target investments into areas with greater populations or with higher deprivation. This is achieved by attributing relative 'weights' to population and deprivation scores giving a 'multiplier' effect. Weighting can be adjusted over time to change the focus. This enables different strategies to be adopted. In divided areas expenditure may be better spread evenly to avoid accusations of bias. In other areas a strong political mandate, enjoying widespread support to target poverty reduction can be backed by a high weighting in favour of deprivation.

Stage 6 - Identifying resources

The budget matrix focuses upon an identifiable pot of money for investment. As previously discussed, this could be a particular regeneration pot, such as the Neighbourhood Renewal Fund, or it could be the combination of a number of investment pots, perhaps including a proportion of departmental budgets.

Stage 7 - Matching projects against allocations

Based on the information gathered above, it is possible to calculate a comprehensive set of tables to make financial allocations for each area of the city. The following table briefly illustrates what a budget table might look like. Appendix 3 contains a fuller description of how to derive a budget matrix. It is the job of the Budget Council to use this sort of table to match the projects submitted by local groups to available resources. This forms the basis of the Budget Council's report. If this is accepted by the full council alongside its main revenue budget, the money is then passed back to the relevant service department to enable it to implement the project.

Table 1: Distributing training to local groups.

In this scenario there is £41,200 available to the local council for spending on training for the community sector. A consultation using the PB process identified that areas ranked training in different amounts and a score (the priority total) is calculated to indicate this. Alongside this, some objective measures of relative need and population have been agreed which have been converted into similar types of score. These are used to complete the table, to show how the resource should be spent across the areas concerned.

Geographic Area	Need total	Population total	priority total	Total score	% of total city score	Resource available (£41,200)
Area A	6 ⁱⁱ	9 ⁱⁱⁱ	6 ⁱ	21 ^{iv}	12.9% ^v	£5,314 ^{vi}
Area B	9	6	3	18	11%	£4,544
Area C	12	6	12	30	18.4%	£7,581
Area D etc	~	~	~	~	~	~
etc	~	~	~	~	~	~
				163	100%	£41,200

Step 1: Consultation develops a priority total.ⁱ

Step 2: The locally adjusted score is then added to deprivation adjusted scoresⁱⁱ (need total) and population adjusted scoresⁱⁱⁱ to give a total score^{iv} for each area.

Step 3: The total score for all areas is then used to calculate each area's score^v as a percentage.

Step 4: The percentage is then used to allocate the total amount^{vi} of money available.

4. Support community engagement through link workers

The development of PB requires a concerted effort across the Local Authority. In Porto Alegre, the department for Co-ordination of Community Relations (CRC) is the body responsible for ensuring that meetings occur and are recorded, the PB timetable is maintained and the PB process is clearly understood. They have a role both within and outside the Local Authority. Responsible for publicity and working alongside the Council's political executive and the PB Budget Council, the CRC ensures the smooth co-ordination of the annual process and the implementation of the resulting projects. In brief, their role would be to create the channels of dialogue needed for the PB cycle to run.

The cost of running the CRC in Porto Alegre and its associated publicity material is generally met from within the Local Authority. Much of this expenditure was already occurring and existing staff were 'seconded' across from their departments to the new body, which also links PB clearly to service delivery. In Porto Alegre it was calculated that in one year the cost to run the PB programme is around \$450,000 (£243,000) for a population of approximately 1.3 million residents. This is around £0.19 per person. Much of this is used by the CRC for publicity and capacity building and to assist attendance at meetings (eg through the provision of crèche and other facilities).

In the recent establishment of ward co-ordination there is a fledgling structure in Manchester which can be compared to the CRC. There are also parallels with the way regeneration officers within SRB and New Deal for Community areas work closely with the Chief Executives department. Other local authorities (such as Salford's ward co-ordinators) use similar but differing devolved management structures. Variations exist depending on past policy and practice of the particular Council, but all will have these types of cross-departmental link workers. The way Neighbourhood Management might develop in Salford similarly uses the idea of a team responsible for citizen liaison, located close to, and working across, the Local Authority.

The Porto Alegre model is based around neighbourhood co-ordinators – or community link workers – employed by the Local Authority, who maintain close links with service departments and neighbourhoods on the ground.

“ Research shows that neighbourhood associations are the main way that people get involved. Many methods are used to promote meetings including flyers and word of mouth but news adverts are very expensive. Mostly there is participation in the poor neighbourhoods.”

LUCIANO BRUNET,
CONGRESS OF THE CITY AND THE
WORLD SOCIAL FORUM

The job description of a Community Relations Link worker/Co-ordinator might include:

- ...❖ Preparing publicity for meetings and maintaining contact lists
- ...❖ Facilitating consultations and recording the results of discussion
- ...❖ Liaising with service managers in the preparation of project reports
- ...❖ Supporting the working of the Budget Council
- ...❖ Identifying and addressing barriers to participation
- ...❖ Monitoring attendance and ensuring marginalised communities are able to participate
- ...❖ Mediating between participants on the rules of the process, and on disputes over interpretation.

It may be that these skills are best split between area co-ordinators, who might have a managerial background within service departments, and neighbourhood link workers with community development skills. Similar roles to these already exist throughout UK local government, and in particular in regeneration partnerships.

Ideas and opportunities for community engagement

Community Pride Initiative has been working to develop specific ways to explain PB principles. These are already used in Salford and Manchester to some degree. They include:

Budget literacy workshops

Community Pride Initiative has developed a series of workshops giving residents background information on budget issues in Manchester and Salford. These sessions have included quizzes, presentations and discussion groups. They have proved useful in exposing lack of awareness both within community groups and council staff and even some councillors over the budgeting of the Local Authority. Developed in co-operation with the senior finance managers in each Local Authority, the content should aim to reflect the council's perspective on budget consultation, the limitations of revenue funding, and the link between local taxation and services. Held early in a yearly budget cycle, these sessions would lay a good foundation for improving the quality of debates that arise from the PB process, particularly over explaining which projects are eligible for investment, for reporting on any previous years investment and other practical issues requiring greater transparency.

Developing a toolkit for development of Community Action Plans

As part of developing community action planning, Community Pride Initiative has been working with Salford Council on a 'toolkit' for raising the standard of local action plans. This aims to create greater consistency between the plans and the way they are created so they can be better integrated across the city. It includes consideration of representation and inclusiveness, avoidance of jargon, effective decision making processes, good record keeping and keeping up standards of monitoring. It will eventually form a practical handbook for community link workers on how to hold meetings, the information that is being gathered and who it needs to be delivered to. Alongside a timetable for delivery, the toolkit will outline ideas for the type of publicity that the Local Authority might choose to employ. It would influence whether there was training provided for the community sector, what expenses should be paid to enable participation, and what the levels of support given to local voluntary representatives sitting on the citywide budget council should be.

A participatory 'game' to explain the annual cycle of meetings

Potential participants can adopt characters and use scenarios to develop a budget matrix, through a series of connected workshops that are run over a number of hours. This could become part of a training package for linkworkers and community representatives on the budget council.

Creating a new Department for Community Affairs

In Porto Alegre, a new team was created alongside the Executive body of the Council to bring in PB. This may be equivalent to existing regeneration teams in the UK. It was felt a dedicated team was important to create a coherent message about how citizens could participate. Bringing together work currently spread across the authority enabled more consistent methods to develop, and there is concentration of expertise in publicity, facilitation and neighbourhood community development (see page 22).

Opportunities from voluntary sector co-ordination

There is also potential in the development of an independent voluntary and community sector support agency network to facilitate dialogue between Councils and community groups. Grassroots networks should be used to reach marginalised groups. For a support network based in the community sector to emerge would represent self-organisation of the voluntary and community sector. If such a network wanted to develop a role similar to that of the CRC, then its relationship with the Local Authority and other public sector agencies will need to be carefully considered. It would need resources, but also be seen to be remaining independent.

There are hints of this occurring in the development of the Community Network for Manchester. The Network has divided itself into areas, each employing a development worker, co-ordinated by a strategy group drawn from across the network. Their role, amongst other tasks, is to support the engagement of the community network in the Local Strategic Partnership. Funding has come through central government's Community Empowerment Fund, and also more directly through matched funding from Europe, and other external sources have boosted its resources. So far it has not been resourced directly by the Local Authority. The Council does however recognise the value of the voluntary and community sector through separate funding for service delivery.

Initiatives such as local compacts, area management, thematic working groups, and the experience of Community Pride Initiative in budget consultations over the last few years shows it is possible to develop the role of community liaison and development workers. PB is about creating new dialogues between existing individuals and institutions. Under PB the role of the community liaison worker is clear: to help open up new areas of dialogue over service investment, and to ease the flow of information as it moves around big, messy, complex organisations like our Local Authorities.

5. Build an Annual Cycle

Planning for the future is a process everyone undertakes all the time. It is done by children receiving their pocket-money, schools, households meeting heating, mortgage and other charges, businesses planning stock levels and cash-flow forecasts, and by Local Authorities delivering services. If done openly and honestly, it is the way to collectively take stock of needs, consider ways to make best use of stored resources and expected future income, and balance this against known outgoings. The significance of making plans according to an annual cycle is even more deeply embedded in people's thinking, deriving as it does from the most fundamental natural cycles.

To engage widely with its people, the Local Authority must recognise the significance of timetabling the PB process through an annual cycle. Without this pre-planned calendar of participation it is impossible to co-ordinate the necessary exchange of information between communities and service delivery agencies at the appropriate time to come to a mutually acceptable plan. This calendar setting is at the heart of all PB experiences. Participation in the PB Annual Cycle aims to become a part of the 'routine' activity of community groups, local politicians and service managers. Preparing and promoting this cycle is a key task for the Local Authority.

Preparing a plan or budget almost always begins by establishing the context. This often involves information-gathering exercises; and then a period of sharing priorities; followed by some form of options appraisal for considering the merits of different suggestions on how to expend energies or resources. This leads finally to a shared plan or set of proposals with ongoing monitoring to ensure that the process is, and can remain, on course. The ultimate aim of any budgeting process is to implement the best use of resources, and avoid any unexpected conflict between available resources and demands upon those resources. This complex set of processes takes its own time to run, particularly if a wide range of people are going to be included in the debate.

There are, of course, already a number of cycles affecting budget consultation and service delivery in the UK. Local Authorities' budgets are prepared in relation to the financial year, running from April to March of the following calendar year. This connects with national government grants to local councils announced by the Chancellor of the Exchequer and also the tax year from which most public money for services is generated. These cycles contain some critical dates for Local Authorities, most notably the announcement of the Revenue Support Grant, but also the holding of the yearly council meeting, generally in early March, at which the Authority's forthcoming budget proposals are approved.

Table 2 overleaf is a simplified annual participatory cycle, showing the process of project development through to implementation. It begins within local groups defining local priorities and proposing local investment ideas. Local priorities are combined into an area wide priority table (the budget matrix). Project ideas are assessed within local delivery agencies and fed back to a budget council drawn from neighbourhood groups and associations. The report of the Budget Council is fed directly into the mainstream budget proposals of the Local Authority, alongside other budgetary decision making, putting local priorities at the heart of neighbourhood regeneration.

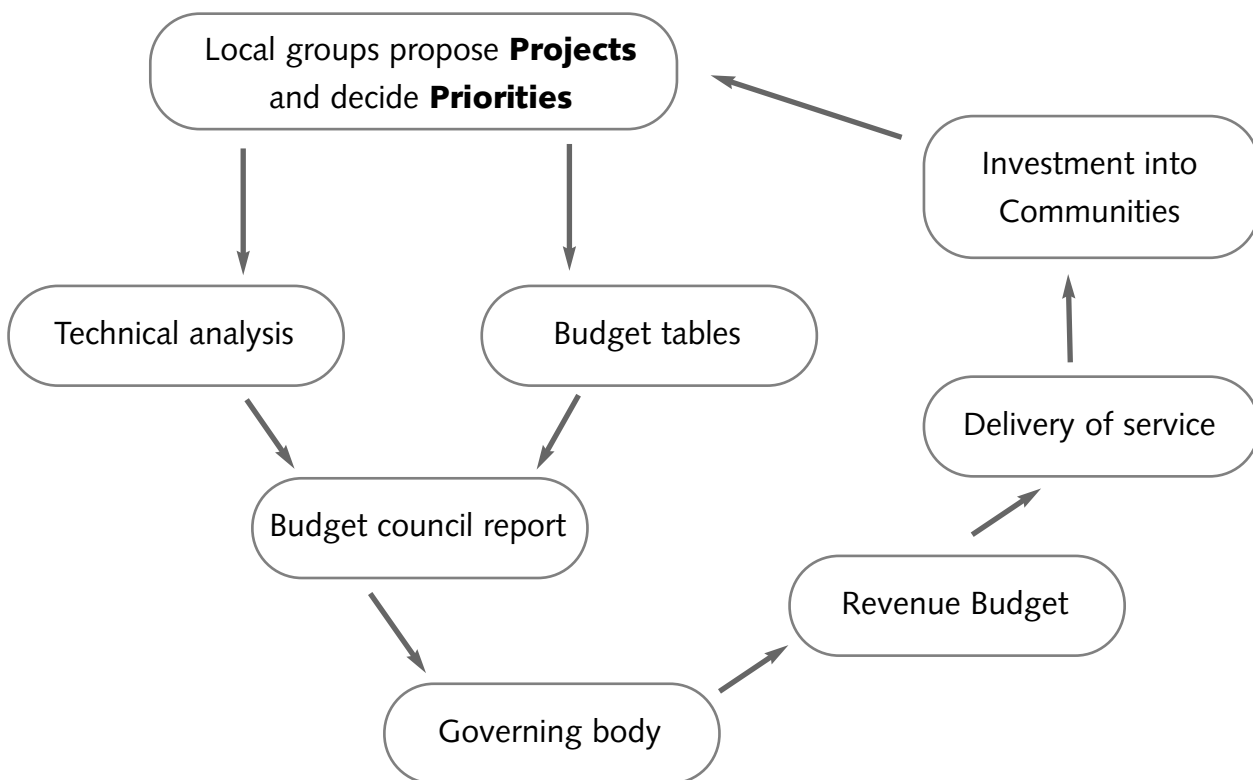


Table 2: A simplified annual cycle

The annual cycle is about bringing in a more coherent understanding of how residents need to be engaged. At its most simple we can compare it to a typical consultation cycle. External influences often mean that budget consultation with residents is compressed into the very short window from late December to the end of January. Evidence exists that few residents take up this opportunity. This is probably because they feel they have been squeezed out of this important debate and their views will have no impact on the detailed investment plans of individual departments – other than perhaps on the general level of council tax settlements. As council budgeting becomes more complex and focused on central government agendas, the opportunities for residents to influence it become even more limited.

Focusing on the annual cycle can achieve a number of benefits beyond simply improving the quality of council budgetary decisions. PB develops a shared agenda and understanding of issues by putting spending proposals into a more realistic wider context. The PB cycle contains a strong educational aspect. Learning more generally follows common patterns of information gathering, review and reflection, proposition and then decision making. Learning about these stages of project development brings together the language and ideas of the different partners. Dialogue and shared understanding takes time, and this is what PB recognises and supports.

PB requires the Council to lead on developing the cycle of meetings and consider how it engages with citizens. The council's own internal calendar is well defined, but communities are expected to respond to less defined structures. Bringing together the internal and external processes of the Authority allow outsiders to gain a perspective of the inside. Keeping to an agreed calendar is often just common courtesy that shows mutual respect. Community Pride Initiative notes that 'Too often, in our experience, partnership meetings are cancelled at short notice because of internal calendar conflicts. Unclear calendars and ad hoc meetings are a bad idea.'

PB puts citizens back at the heart of the process of setting diary dates. It integrates existing consultations into one comprehensible structure, thereby reducing the burdens of consultation fatigue and partnership burden. The annual cycle declares that there is one process for consultation in each Local Authority. The community groups, voluntary organisations, and residents all use the same calendar and know when they have a role. The rest of the year, groups are free to go developing their own agendas, relieved of the need to engage with multiple consultation processes. PB encourages groups to form themselves around the submission of priorities and projects, and reduces the costs on them of participation.

Communities, particularly in areas undergoing regeneration initiatives, are constantly being asked to join in strategic partnership boards, grant award panels and forums. If they want to attract resources they are being encouraged to bid against other projects. All this activity has a severe effect upon communities, as active members become engaged elsewhere. PB clarifies how communities can get involved in resource decisions and simultaneously allows them to limit their engagement. It further helps develop a common understanding, shared with the Local Authority, on the themes, priorities and limitations of local investment.

At this point it may be worth comparing the planning cycle used for internal service investment, the consultation calendar in an average Local Authority, and the cycle of meetings under a PB annual cycle. Key to the table below is understanding at what point residents are submitting their views (in shaded boxes) in relation to the development of the plan. Our criticism of current practices is that consultation is based on choosing between prepared options for expenditure. The current norm is to not involve residents until plans have been finalised. The aim of the PB programme is to move debate so that it occurs between the right partners at the right time to produce specific ideas for making better use of new investment.

Table 3: The annual cycle

From the table below it is possible to see how the PB calendar allows for a set of discussions to occur throughout the year. This removes burdens from an over constricted timetable, and allows the quality of participation to improve.

Annual Calendar	Service Planning Cycle	Consultation Cycle	PB annual cycle
March	Council defines its political priorities and the likely scope of service developments through its budget reports		Local Council present this year's budget
April	Service heads consult with their departmental managers on future investment options	Local political manifestos are released	Local meetings establish priorities and propose projects to receive investment in the next year
May	Departmental managers consult on service needs with front line staff	Local elections re held to select councillors	Project proposals are submitted to service departments for technical analysis

Annual Calendar	Service Planning Cycle	Consultation Cycle	PB annual cycle
June	Service-specific consultations begin with users for planning, monitoring and auditing reasons. Departmental managers return their comments on future service demands		Budget Council members selected
July	Service heads submit draft proposals for future year (often in context of their existing three to five year service plans)		The Budget Council receives reports on project proposals by relevant council departments
August	Executive receive first financial predictions of income and expenditure in future years		The Budget Council constructs budget tables
September	Council's draft budget proposals returned to service managers for comments	Local Authority prepares internal budget proposals and shares these with its Councillors	Budget Council discuss and approve Budget plan
October		Council leaders agrees draft budget proposals	Local authority reviews investment proposals
November		National government announces resources available for next year through Revenue Support Grant	Participatory budget integrated into mainstream council budgeting processes
December	Departments prepare end-of-year returns and ensure current budget is on target for final quarter	Finance department prepares budget consultation papers	Budget Council and Local Authority meet to prepare following year's calendar and make amendments to the rules
January	Consultation period		
February	Departmental managers prepare detailed service budgets	Consultation responses considered by Scrutiny committees and other council meetings	Local Authority announces its new PB programme, including reports on last year's projects and the likely level of resources
March		Mainstream Council Budget is debated and announced	Local meetings meet to submit new proposals

5. CONCLUSION

This document has tried to explain the 'how' of participatory budgeting. It has showed what participatory budgeting is, and how it works in practice, giving the details of each process, how it operates and who is involved.

It should be read alongside its sister document *Breathing life into democracy: the power of participatory budgeting*, which explains the importance of participatory budgeting in local government in the UK today.

There are many ways of doing participatory budgeting; it is a flexible process that needs to be adapted to the local situation. What is clear is that it can change the way that local democracy works. It can redirect funds where they are most needed and give a voice to the most important people in any city – its citizens. And that is what we hope this document will help you to do.

“ Participation is tough to do. It's the 'how' that is most challenging and more difficult. ”

TRICIA ZIPFEL, NEIGHBOURHOOD
RENEWAL UNIT, OFFICE OF THE
DEPUTY PRIME MINISTER

APPENDIX 1: GLOSSARY OF TERMS

Anti Poverty Strategies (APS)	An attempt at a co-ordinated approach to tackling poverty including programmes to help people claim benefits, manage debt, have access to low interest small loans and better access to social work and housing services.
Area Based Regeneration	In some areas, problems of economic, social and environmental dereliction combine to lock local communities into a vicious cycle of exclusion. Area based initiatives encourage a range of partners to work together, targeting their resources to improve the quality of life in these areas.
Best Value	A framework, based on a set of nationally determined indicators to help local authorities measure, manage and improve their performance. www.local-regions.odpm.gov.uk/bestvalue/bvindex.htm
Capital Funding	Money spent on the purchase or improvement of fixed assets such as buildings, roads and equipment.
Community Chest	Neighbourhood Renewal Community Chests are administered by voluntary sector 'lead organisations' and offer small grants of up to £5,000 to community groups for projects to help them renew their own neighbourhoods.
Community Empowerment Fund (CEF)	Aims to help community and voluntary groups to become empowered in order to participate in Local Strategic Partnerships and neighbourhood renewal. Government Offices for the Regions are responsible for distributing CEF resources of £36m over three years.
Community planning	The process where a local authority and partner organisations come together to plan, provide and promote the well-being of their communities. It promotes the active involvement of communities in the decisions on local services which affect people's lives including for example health, education, transport, the economy, safety and the environment.
Community strategies	The plans which local authorities are now required to prepare for improving the economic, environmental and social well being of local areas and by which councils are expected to co-ordinate the actions of the public, private, voluntary and community organisations that operate locally.
Floor targets	Deprivation will be tackled through the bending of main Departmental programmes such as the police and health services, to focus more specifically on the most deprived areas. Departments now have minimum targets to meet, which means that, for the first time, they will be judged on the areas where they are doing worst, and not just on averages.

Local Public Service Agreement	Agreements between individual local authorities and the Government setting out the authority's commitment to deliver specific improvements in performance, and the Government's commitment to reward these improvements. The agreement also records what the Government will do to help the authority achieve the improved performance.
Local Strategic Partnerships	New overarching partnerships of stakeholders who will develop ways to involve local people in shaping the future of their neighbourhood in how services are provided.
Locality Budgeting	The process of developing and co-ordinating budgets between all government organisations relevant to community and neighbourhood needs in a particular area.
Mainstreaming	Re-aligning the allocation of mainstream resources – such as the police and health services – to better target the most deprived areas.
Neighbourhood Renewal Fund	Provides public services and communities in the 88 poorest local authority districts with extra funds to tackle deprivation. The original £900 million pot has been extended for a further 3 years and has been increased by a further £975 million.
New Deal for Communities	A Government programme to regenerate 39 very deprived areas across England over a 10-year period.
Public Service Agreements (PSAs)	(see Floor targets)
Revenue Support Grant	Annual calculation of what Local Authorities receive from Central Government.

These terms come from www.neighbourhood.gov.uk/glossary.asp?pageid=10.

APPENDIX 2: COMMUNITY PRIDE INITIATIVE AND OXFAM UK POVERTY PROGRAMME

Community Pride Initiative (CPI)

Community Pride Initiative (CPI) was established in April 1999 and is administered by Church Action on Poverty, but has its own management committee drawn from community and voluntary sector volunteers and professionals. It receives funding from the Big Lottery Fund, and from a range of charitable and statutory bodies. It works to enhance the capacity of grassroots activists, community groups and faith-based projects in disadvantaged communities of Manchester and Salford by means of:

- ...❖ **Analysis** To undertake social, political and economic analysis of forces which create and sustain poverty and social exclusion within their own communities and neighbourhoods.
- ...❖ **Strategy & Action** To develop their own proposals for action at local, regional and national levels to address the needs and issues identified within their own communities and neighbourhoods.
- ...❖ **Networking & Engagement** To develop coalitions and networks to engage with the strategies and policies of the major strategic players within their neighbourhoods, Local Authority areas and the regional and national context.
- ...❖ **Policy Debate** To participate in wider policy debates about poverty, social exclusion, neighbourhood renewal and urban regeneration and local democracy at local, regional and national levels.
- ...❖ **Sharing Good Practice** To participate in learning and exchange with organisations and community networks with similar aims and methods across the UK and internationally.

Oxfam UK Poverty Programme (UKPP)

Oxfam UK's Poverty Programme was created in 1996 in response to the growth in poverty and inequality in the UK. Its work is guided by the same principles as Oxfam's work in other countries: it develops ways of working which enable people living in poverty to work out their own solutions to their problems and to challenge the policies and practices that are responsible for creating and maintaining poverty.

If the root causes of poverty are to be tackled effectively, then local people must be involved in making and implementing the decisions which affect their lives. Using a range of approaches, from group exchanges to practical resources based on real life experience, Oxfam has enabled communities and local authorities to learn from their counterparts in other countries about involving people experiencing poverty in decision-making processes.

The UKPP has supported work on participatory budgeting in the UK by facilitating learning from the Brazilian experience, and by providing funding and other support to CPI. This forms part of a wider exploration of models of and approaches to participation and accountability to local people.

Community Pride Initiative, Oxfam UKPP and participatory budgeting

CPI has been keen to learn from the experiences of participatory budgeting in the countries of the South. In partnership with Oxfam's UK Poverty Programme, CPI developed a 'learning exchange' with the cities of Porto Alegre and Recife in Brazil. Its aims were:

- ...❖ To facilitate South-North learning around local governance issues, and in particular the Brazilian experience of participatory budgeting
- ...❖ For community activists and council representatives from Manchester and Salford to identify possibilities for changes to policy and practice which would enable greater participation of communities in municipal decision making and hence strengthen local democracy;
- ...❖ For community activists and council representatives from Brazil to learn from the experience of Manchester and Salford in areas of interest to them.

Exchange activity with Brazil has included:

- ...❖ Hosting the visits of Brazilian workers from non-governmental organisations in Recife who have addressed conferences and seminars in Manchester and Salford;
- ...❖ Sending delegations to visit non-governmental organisations, community projects and Local Authority officials in Porto Alegre and Recife;
- ...❖ Establishing regular dialogue with non-governmental partners in Brazil;
- ...❖ Hosting the visit to Manchester in June 2003 of Andre Passos Cordeiro, Co-ordinator of the Planning Cabinet (GAPLAN) of the Prefeitura of Porto Alegre.

Exchange activity has led to a number of opportunities for PB in Manchester and Salford:

- ...❖ Work with Manchester, Salford and Trafford local authorities to develop practical innovations in local governance, based on elements of the participatory budgeting model of Porto Alegre;
- ...❖ The production of a series of research briefings and reports about participatory budgeting and its potential for enhancing local democracy in the UK context;
- ...❖ Presentations about participatory budgeting at a number of local, regional, national and European seminars and conferences.

APPENDIX 3: HOW A BUDGET MATRIX WORKS

In the examples given below, all the figures and numbers are for descriptive purposes only, and do not relate to any real events or statistics.

Example one:

Distributing crime and community safety resources across the city.

Within Bristol, a new pot of money to fund neighbourhood wardens across the city comes to the local authority from central government. This will be enough for 10,000 days of warden time. For administrative reasons the city has already been divided into a number of regions of varying sizes. For convenience we will only consider three areas of Bristol in depth.

To allocate this limited resource, reflecting varying geographical and thematic needs, the co-ordination body develops a budget matrix, through a number of logical steps.

1. Establishing local priorities

Through consultation and debate in local areas, the four highest priorities in each of the geographic areas are selected from a number of pre-determined themes (nine thematic areas of work in each region, which mirror themes present within neighbourhood regeneration).

These top four priorities are allocated a score between 1 and 4. (4 = Highest priority)

Table 1: Matrix of local priority

Areas	Themes								
	Crime and CS*	Social care	Children and families	Transport	Education	Housing	Leisure	Youth employment	Physical environment
Eastown	4		3			2		1	
Edgetown	4	3		2			1		
Middletown	2			3	4				1
etc	~	~	~	~	~	~	~	~	~
etc	~	~	~	~	~	~	~	~	~
etc	~	~	~	~	~	~	~	~	~
Totals across the City	42	26	38	22	31	12	5	18	28

A table is constructed with the geographic areas under consideration on the vertical axis and the different areas of work across the horizontal. Within each area different, following consultation work with residents, scores are given to the top four thematic areas of work, on a scale of 1-4.

*CS = community safety

2. Developing city-wide priorities

On a city-wide level these priority scores can be added together to provide the city-wide index of priority (crime and community safety will very likely come near the top).

	Crime and CS	Social care	Children and families	Transport	Education	Housing	Leisure	Youth employment	Physical environment
City Totals	42	26	38	22	31	12	5	18	28

The local authority could use this to prioritise its own departmental strategies on a city-wide basis. But more local initiatives can also receive consideration by further development of the matrix.

The city-wide ranking is then given a score which will go into future calculations (e.g. top 3 priorities = 4 points, next 3 priorities = 3 points, and so forth)

For example: Crime and community safety (1st) = 4 points
 Physical Infrastructure (4th) = 3 points
 Leisure (9th) = 2 points

3. Adjustments for differences between local and city-wide priority

A particular area's own table of priority is balanced against the city-wide priority for a particular theme. This helps to even out major differences, reduces local distortions due to particular circumstances (eg one particularly gruesome crime in an area), and ensures each area receives some allocation of the available funding. In one sense this can be seen as a pooling of local and city-wide knowledge

Table 2: Adjustments for variance between local and city-wide priority

Area	City wide priority for Crime and CS	Local priority for Crime and CS	
	Weight	Score	Multiplied Total
Eastown	4	4	16
Edgetown	4	4	16
Middletown	4	2	8

4. Adjustments for differences between areas.

Each area also receives a scoring depending on its size (population), and agreed measures of need ('deprivation').

For crime and safety, the measure of deprivation in this example is the number of reported crimes.

Populations by region

0-5,000 residents = 1 point
 5,000- 10,000 = 2
 10,000-20,000 = 3
 above 20,000 = 4

Crimes per thousand households

1 crime = 1 point(s)
 2 crimes = 2
 3 crimes = 3
 4 crimes = 4
 5 crimes = 5

Existing statistics for each area provides a local score, to which a pre-agreed 'weighting' is then applied. In our example, deprivation has a pre-agreed weighting of 4, and population of 2, reflecting a desire to target resources to make up for differences in provision, and reduce local inequalities.

Table 3: Adjustments for deprivation and population

Deprivation				Population		
Area	Weight	Score	Multiplied Total	Weight	Score	Multiplied total
Eastown	4			2		
Edgetown	4			2		
Middletown	4			2		
etc	~	~	~	~	~	~

Both Eastown and Edgetown have relatively high levels of crime, but as Edgetown's population is smaller it ends up with a lower multiplied total.

5. Calculating final resource allocations

Finally, the various multiplied totals for each area are added together to generate the final allocations of neighbourhood wardens across the city.

Table 4: Allocation table for neighbourhood wardens

Area	Area based priority total	Deprivation total	Population total	Area Score (total of previous columns)	Area score as % of total city score	Resource available (10,000 days of warden time) multiplied by %
Eastown						
Edgetown						
Middletown						
Total for all areas of the city					100%	10,000 days available

The agency responsible for managing the wardens can then prepare a strategy for the following year, allocating the appropriate number of wardens in different areas. This plan can then be presented to the full council of the elected local authority, prior to it agreeing the next budget, for approval.

Using this method across all thematic areas, complicated allocations for each major regeneration theme can be made across the city, in a fair, thoroughly sophisticated, and ultimately democratic way.

As the process develops over a number of years, with the weightings and other variables being constantly re-defined, experience has shown that allocations tend to move towards those thematic areas perceived to most relate to social exclusion. The debate within civil society moves away from inter-sectoral fighting over amounts of money, to a mature and open debate about relative needs.

APPENDIX 4: RESOURCES ON PARTICIPATORY BUDGETING

Websites and Internet resources, especially dealing with participation.

UK Participation weblinks:

1. <http://www.jrf.org.uk/knowledge/> Link to page within Joseph Rowntree Foundation website.
2. <http://www.neweconomics.org/> Website of the New Economics Foundation.

Local authority websites worldwide (implementing or considering PB):

3. <http://www.portoalegre.rs.gov.br/> Website of the city of Porto Alegre.
4. <http://www.orcamentoparticipativo-palmela.org/main.htm>
Website of the Portuguese town of Pamela, newly experimenting with PB.
5. <http://www.presupuestosparticipativosdesevilla.org/> Participatory budgeting in Seville.

International bodies who have information or resources on PB:

6. <http://www.internationalbudget.org/>
International organisation focusing on public budgeting issues.
7. <http://www.worldbank.org/poverty/empowerment/toolsprac/tool06.htm>
Link to report: Empowerment Tools and Practices 6: Participatory Budgeting.
8. http://www.worldbank.org/participation/navarropt_files/frame.htm
Extract of World Bank presentation on PB.
9. <http://www.unhabitat.org/campaigns/governance/>
The United Nations Human Settlements Programme, UN-HABITAT, is the United Nations agency for human settlements. It is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all.
10. http://europa.eu.int/comm/europeaid/projects/urbal/index_en.htm
European union project linking with Latin America.
11. <http://www.ids.ac.uk/ids/particip> Institute of Development Studies (IDS) Participation Group.
12. <http://www.ids.ac.uk/logolink>
Logolink (Participation and Local Governance) good practice network.
13. <http://www.goethe.de/br/poa/buerg/en/framebag.htm>
Website of the German Goethe institute with good international references.

Non Governmental Organisations outside the UK working on PB:

14. <http://www.budget-participatif.org/>
French network promoting participation in local budgeting.
15. <http://www.usn.org.za/about.htm>
South African NGO involved with development and governance issues.

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<http://www.pbabd.org>

A Guide to Participatory Budgeting

Brian Wampler, October 2000. Written under the auspices of the International Budget Project of the Center for Budget and Policies Priorities and the Ford Foundation. Available via CPI and also on the internet.
<http://www.internationalbudget.org/cdrom/papers/systems/ParticipatoryBudgets/Wampler.pdf>

A Participatory Budgeting Model For Canadian Cities

Hendrik Thomas Nieuwland, July 2003. MA thesis submitted to the School of Policy Studies, Queen's University, Kingston, Ontario, Canada, which references work in Salford.

Budgets As If People Mattered: Democratising Macroeconomic Policies

May 2000, UNDP/SEPED. http://www.undp.org/seped/publications/conf_pub
City Consultation in Barra Mansa and City Consultation In Icapui Yves Cabannes. Available from CPI. Report on involving children and young people in PB processes.

Democracy Counts! Participatory Budgeting in Canada and Abroad

Alternative Federal Budget 2003 Technical Paper #4. Canadian Centre for Policy Alternatives.
<http://www.policyalternatives.ca>

Guide To Applied Budget Work For NGOs

International Budget Project, Washington DC, 2001. Practical handbook of budget analysis.
<http://www.internationalbudget.org/>

Informality as a culture of dialogue: Three Mayors of Porto Alegre face to face.

Giovanni Allegretti (available by contacting Community Pride Initiative).
Reflections on visit to Porto Alegre.

Municipal Poverty Reduction and the Sustainable Livelihoods Approach

Nigel S Smith, Loughborough University, September 2001.
A postgraduate research report which references Community Pride's work in Manchester.

Participatory budgeting: a significant contribution to participatory democracy

Yves Cabannes, Environment & Urbanization Vol 16, No 1, April 2004. This paper was extracted from a longer document, 'Participatory budgeting and municipal finance' prepared for the Porto Alegre Municipality.

Participatory budgeting toolkit '72 Frequently Asked Questions about Participatory Budgeting'

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<http://www.unhabitat.org/campaigns/governance/>

Participation, Citizenship and Local Governance

John Gaventa and Camilo Valderrama, Institute of Development Studies, June 21-24, 1999.
Background note prepared for workshop on 'Strengthening participation in local governance'

Participatory democracy in Porto Alegre, Brazil. Rualdo Menegat. June 2002.

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http://www.iied.org/sarl/pla_notes/

Participatory Governance, People's Empowerment and Poverty Reduction

SEPED Conference Paper Series # 7 (S R Osmani) May 2000, UNDP/SEPED

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Strengthening Civic Engagement in Public Expenditure Management

NGO and Civil Society Unit, Social Development Department, World Bank.

Contact: jthindwa@worldbank.org

Tools And Practices 6: Participatory Budgeting

World Bank 2002. Extract from a larger report, giving information on PB. Available from the website of the World Bank, and via CPI. Describes PB in Porto Alegre, gender budgeting in South Africa, and budget work in the Republic of Ireland.

Urban Governance, Partnership and Poverty

International Development Dept, School of Public Policy, University of Birmingham.

Women's Participation in the City Consultation Process

Habitat Debate, UN-HABITAT, Vol.8 No.4, December 2002. <http://www.peacewomen.org>

Community Pride Initiative Reports (www.participatorybudgeting.org.uk)

The participatory budgeting project has prepared innumerable presentations and short briefing papers on PB. The following represent some of the most significant individual reports we have completed. Other, shorter, papers are available upon request to the PB team.

Citizens' Budget Report, Nov 2000, with updates. Report on our first visit to Brazil, with descriptions of interviews with residents, non-governmental organisations and the local authority, with a set of proposals for introducing PB into the UK.

The Budget Matrix, 2001. Early description of the working of the budget matrix, based on learning from Brazil.

Local Strategic Partnerships and Participatory Budgeting in Manchester, October 2001.

Comparison between proposals to develop a local strategic partnership for Manchester, and how the structures might mirror experiences in Porto Alegre.

Community participation publications – an annotated bibliography, 2001.

Review of existing literature on community participation.

Salford budget consultations and PB, 2001. Early analysis of Salford's budget consultation processes and suggestions for introducing PB work into Salford. Later on this paper led into the first pilot study, commissioned by Salford Council in 2002.

Building a People's Budget in Salford, 2003. Report of the first pilot study into introducing PB into Salford, with recommendations for extending devolved budgeting, annual budget consultations and community action planning.

What is participatory budgeting? 2003. One-page description of PB and its relevance to the UK.

Slicing up the pie – community organising in Brazil, 2004. Report of the 2003 research visit to Brazil, looking at the development of PB in Porto Alegre since earlier visits and discussing its impact on community organising in Brazil.