



Participatory Budgeting: a draft national strategy  
**Giving more people a say in local spending**  
**Consultation**



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# Foreword



I have always believed that strengthening local democracy – giving people real opportunities to influence the future of the place where they live – is the right thing to do.

But it is also the key to meeting many of the big political challenges we face today. It is the best way to make sure public services genuinely meet people's needs; the surest way to encourage the grass roots activism and civic volunteering that so enriches our communities. It will help us tackle challenges such as climate change or childhood obesity, where part of the solution must be people making small changes in the way they live their lives.

That is why I am proud to be part of a Government making a reality of what the Prime Minister has called “*a reinvention of the way we govern*”, a shift in power and influence away from Whitehall, towards the town hall and towards local people themselves.

In October 2007, I published, together with the Local Government Association, a *Community Empowerment Action Plan*<sup>1</sup>, setting out a series of concrete measures to put local people in the driving seat.

Participatory budgeting – otherwise known as “community kitties” – is one such measure. Here is a tool which gives people a real and direct say about how funds are allocated, and helps them to take more ownership of their neighbourhood, to feel able to say, “*this is my street, my estate and I'm proud of it*”.

I outlined my commitment to participatory budgeting in one of my very first speeches as Communities Secretary. I talked about 10 areas in England who were already demonstrating excellent practice, engaging people on decisions about issues which really matter to local people: from environmental services, street improvements, measures to discourage crime to cohesion activities.

Since then, a further 12 local authority areas have committed to developing

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<sup>1</sup> *An Action Plan for Community Empowerment: Building on Success*, Communities and Local Government and Local Government Association, October 2007.

participatory budgeting pilots in different places, rural and urban, large and small.

And I want to go further still. I have set out a government ambition that every local authority area will give people a real say over public budgets by 2012.

This document starts a consultation on the next steps, how we turn ambition into practical change that people can see and feel.

As with so many aspects of our daily democracy, local government, voluntary groups and others working in the field are ultimately the people who can make participatory budgeting a success. So we want to hear from you. Have we set out the right measures? Are we proposing the right incentives? Are there other issues or barriers we need to consider?

A handwritten signature in black ink, reading "Hazel Blears". The signature is written in a cursive style with a long horizontal line underneath.

**Rt Hon Hazel Blears**  
**Secretary of State**  
**Communities and Local Government**

# Purpose of the consultation

## Context

The purpose of this consultation is to seek views on the draft Participatory Budgeting Strategy. Specifically, what are your views on the strategy as a plan to achieve the government's ambition for participatory budgeting to be used in all local authority areas by 2012? These introductory pages set out the context to the draft strategy and the background to and extent of participatory budgeting in England at this time.

The Community Empowerment Action Plan, issued in October 2007, explained this Department's vision for more communities to empower themselves – to have more say over decisions made about local services – as part of the Government's drive to reinvigorate local democracy. The Action Plan set out a number of ways people can have a say in their community, from setting up community contracts (local charters) to acquiring and managing public assets. We want to provide a menu of different opportunities for empowering people. In December 2007 we launched a consultation on two other important ways to help people have an influence: local petitions and councillor calls for action.

Participatory budgeting is a key set of tools to empower many people in their communities. It is contained in the Action Plan, with a government ambition that participatory budgeting should be used in all local authorities by 2012.

This department has identified two main objectives for empowerment activities to achieve: giving communities the power to shape the local place and services and strengthening local democracy. Participatory budgeting could contribute significantly to achieving both these objectives, especially with local councillors playing a leading role to deliver it on the ground. We will assess the extent to which participatory budgeting gives communities more power to shape their neighbourhood and services as the process develops and is taken up more widely.

## Background

This form of engagement started life in Brazil where it has successfully empowered people in extremely deprived communities since the late 1980s. Its tools and principles are now used in many places across the world.

### What we mean by participatory budgeting

Participatory budgeting engages people in taking decisions on the spending priorities for a defined public budget in their local area. This means engaging residents and community groups to discuss spending priorities, make spending proposals, and vote on them, as well giving local people a role in the scrutiny and monitoring of the process.

Currently, participatory budgeting projects have allocated spending on services such as local environmental issues, community facilities, road safety measures and measures to discourage crime.

The projects take a number of forms:

- for spending of parts of specific grant pots, for example, New Deal for Communities or Neighbourhood Management Pathfinders
- council budgets devolved to local area committees, for example for road improvements
- agreeing local area agreements, local strategic partnership priorities and spending (ie, mainstream funding)

The models are set out in more detail in the introduction to the draft strategy. The third level referred to above is in very early stages, but we hope to work with local authorities to explore how this can be done this year. Additionally, many local authorities consult residents' about their views across the borough on the council's draft budget – a wider level of engaging with people than participatory budgeting, but not as deep.

Participatory budgeting must be conducted in an inclusive way, helping bring about real change in the relationship between citizens, communities, local council officials and elected councillors. This means that in focussing on communities of place, particular groups in the community are not neglected. It also means the projects must reach out to all parts of the community, including the 'hard to reach'.

It should be noted that there may be less scope to use participatory budgeting on funding streams provided for very specific ring-fenced purposes.

In the process of engaging with citizens in this way, it brings a number of other benefits: it helps bring diverse people together, supporting community cohesion; it helps to raise people's understanding of the complexities of public budget setting and deciding between competing priorities; and it can lead to real improvements in the way local people and elected councillors and council officials work together. By empowering people, devolving more decisions on spending public budgets in this way, services can be better tailored to local circumstances, and improved resident satisfaction with them is likely to result. Ultimately, we are seeking to get more people to take part in their community and rejuvenate local democracy.

The Participatory Budgeting Unit, part of the charity, Church Action on Poverty, has been carrying out the role of promoting and co-ordinating delivery of participatory budgeting. They will continue to fulfil this role at least until the end of March 2009, co-funded by grant aid from this department. These arrangements will be reviewed in 2008.

## Scope and evaluation

There are currently 22 local authority pilot areas in England, this includes some excellent examples in Newcastle, Salford, Bradford and Sunderland. The pilot projects initially included parts of area based initiative budgets. The initial 10 participatory budgeting pilot areas are in inner city areas, but the most recent set of pilots announced includes a mix of rural and urban local authorities.

The Participatory Budgeting Unit completed an evaluation of four English (and one Welsh and one Scottish) participatory budgeting pilot projects in June 2007<sup>2</sup>. This study produced some valuable findings about how the participatory budgeting process can be most effectively undertaken. It shows that given long term and strong engagement with community groups, participatory budgeting can reach out to "harder to reach" groups, and not just attract those who often take up these kind of opportunities. It also produced evidence that people or groups did not only vote for their own interests; but in many cases people supported projects which did not directly benefit them. Turning to the role of councillors, there was evidence of councillors welcoming the opportunities presented by participatory budgeting projects to learn about their communities' priorities.

As the draft strategy sets out, it is important that we continue to evaluate, learn the lessons and celebrate the good practice of participatory budgeting as it develops and is taken up more widely.

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<sup>2</sup> *Participatory Budgeting in the UK: an evaluation from a practitioner perspective*, report and research by Kezia Lavan, Economic and Social Research Council (ESRC), carried out for the Participatory Budgeting Unit. The full report can found under "resources" on the PB Unit's website at: [www.participatorybudgeting.org.uk](http://www.participatorybudgeting.org.uk).

## Cross government working

The main thrust of the proposed strategy is on encouraging local authorities to devolve more decision making on budgets to the community. We are also committed to working with other government departments on policies to devolve spending decisions for other service providers, such as police and health budgets, and we have flagged up this work with three departments here. We aim to incorporate this cross government work into the forthcoming Empowerment White Paper.

## Workstreams and actions

In October 2007, we met with a wide range of stakeholders: local authorities with participatory budgeting pilots, other government departments, along with empowerment officials from the Government Offices, third sector regional empowerment representatives, and agencies with expertise in consultation and engagement. We discussed with them what kind of measures should make up a strategic plan to work towards the ambition for participatory budgeting in all local authority areas by 2012.

Following this, we have set out five workstreams to fulfil the ambition: promoting awareness, developing more participatory budgeting pilots, producing guidance materials, encouraging and advising government departments to apply it, and evaluating and assessing the results.

## Powers to ballot on spending decisions

We are committed in the Governance of Britain green paper<sup>3</sup> to consult on whether to introduce new powers to ballot on spending decisions. We would like to ask this question here. First, it is important to set out the existing powers: Under the Local Government Act 2003, section 116, 1 (a)<sup>4</sup>, local authorities may hold a poll to ascertain views on the range of services it provides or the authorities' expenditure on those services. This does not provide for people to call for a poll and the local authority is under no obligation to act upon the results of it.

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<sup>3</sup> The Governance of Britain, a green paper presented to Parliament by the Secretary of State for Justice and Lord Chancellor, July 2007.

<sup>4</sup> Local Government Act 2003, chapter 26, section 116, 1 (a) "(1) A local authority may conduct a poll to ascertain the views of those polled about—  
(a) any matter relating to—  
(i) services provided in pursuance of the authority's functions, or  
(ii) the authority's expenditure on such services.

We understand that this power has mainly been used to undertake local authority wide polls into views of council tax issues or other strategic issues, not for the kind of local community engagement that participatory budgeting has generally involved in England. It should be borne in mind that participatory budgeting does not only involve polling or balloting local people on spending priorities, but it engages the community in a much deeper manner (as described on pages eight and nine).

When considering powers to call for spending decisions to be devolved to local people, two other measures should be borne in mind: This department issued in December 2007 a consultation proposing **a duty for local authorities to respond to petitions**<sup>5</sup> in various circumstances: where the subject relates to the authorities functions, where it is organised by local people, and where there is a sufficient level of support. The Government also introduced in the Local Government and Public Involvement in Health Act 2007 a new “**councillor call for action**”<sup>6</sup>. This will introduce powers for a councillor to refer a local matter to do with his or her ward and division to an appropriate overview and scrutiny committee for consideration.

Do respondents think any further powers are needed to call for spending decisions to be devolved to local people other than those referred to above, and if so, what should they be?

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<sup>5</sup> *Local Petitions and Calls for Action* consultation, issued by Department for Communities and Local Government, December 2007.

<sup>6</sup> *The Local Government and Public Information in Health Act 2007*, section 119.

# Consultation questions

## Who we are consulting

Local authorities (officials and councillors), the voluntary and community sector, community development agencies, business development representatives experts in engagement and consultation, other community activists and specialists in engagement and consultation.

## Questions

In responding to the consultation, we should in particular appreciate consideration of the following areas:

- Have we identified the correct work streams and actions to achieve the strategic objective of participatory budgeting to be used in all local authority areas by 2012, if not, what others would you suggest?
- Do local authorities think they need any additional powers<sup>7</sup> to engage with citizens on spending decisions in this way. If so, what should they be?
- What would incentivise local authorities to undertake participatory budgeting?
- What would help community groups to engage in the process?
- What barriers are there to local authorities devolving parts of public budgets in this way?
- How can councillors be given a central role in the use of participatory budgeting?

## Submitting responses

The consultation opens on Wednesday 19th March and will close on **Tuesday 10th June**.

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<sup>7</sup> For example the Governance of Britain green paper committed the government to consult on providing additional powers to hold ballots on spending decisions: *The Governance of Britain*, a green paper presented to Parliament by the Secretary of State for Justice and Lord Chancellor, July 2007.

Please e-mail responses to [participatorybudgeting@communities.gsi.gov.uk](mailto:participatorybudgeting@communities.gsi.gov.uk)

Or send responses by post to:

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# Participatory Budgeting: a draft strategy

## Giving more people a say in local spending

### Introduction

Participatory budgeting has become a key plank of the Government's drive to devolve more decisions on local services and facilities to local communities. It is a key set of empowerment tools set out in the 2006 Local Government White Paper<sup>8</sup> (along with measures such as community contracts (local charters), community ownership of assets and calls for action), and its importance to help empowering communities was reiterated in the Community Empowerment Action Plan<sup>9</sup>, issued in October last year.

The Government has an ambition for all local authority areas to use participatory budgeting by 2012. This proposed strategy focuses mainly on increasing the uptake by local authorities; but also flags up how we intend to encourage it for other public services, we aim to develop these new ways of utilising participatory budgeting in the forthcoming Empowerment White Paper.

Although Participatory Budgeting can take a variety of forms, it can be defined broadly in the following way:

#### What we mean by participatory budgeting

Participatory budgeting engages people in taking decisions on the spending priorities for a defined public budget in their local area. This means engaging residents and community groups to discuss spending priorities, make spending proposals, and vote on them, as well giving local people a role in the scrutiny and monitoring of the process.

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<sup>8</sup> *Strong and Prosperous Communities, the Local Government White Paper*, Department for Communities and Local Government, October 2006.

<sup>9</sup> *An Action Plan for Community Empowerment: Building on Success*, Communities and Local Government and Local Government Association, October 2007.

## Varying models of Participatory Budgeting

When considering the development of Participatory Budgeting, it is important to bear in mind how it has been applied in England to date. Communities and Local Government does not wish to prescribe how individual local authorities, other accountable bodies or local partners apply it. The process should be designed in a way appropriate for the community which is using it. It has broadly taken three forms in England:

- **Spending parts of specific grant pots**  
 This involves designating parts of area based government grants to be allocated by participatory budgeting. Examples of grants used are the New Deal for Communities (for example, the project in Sunderland) the Neighbourhood Renewal Fund (examples are Bradford and Newcastle) or Neighbourhood Management Pathfinders (Manton in Nottinghamshire and Lancaster). The advantages are that the community is already engaged as an integral part of the neighbourhood management process. The funds are typically dedicated to social and environmental improvements of a neighbourhood leading to cohesion and liveability benefits in an area – very appropriate issues which people are likely to wish to engage in.
- **Council budgets devolved to local area committees** for service delivery, for example for highways improvements as in Salford. Elected council members may agree to devolve budgets to ward area committees for them to decide how to spend in the way they see fit. The area committee may then choose to allocate that spending by participatory budgeting. This is a good way of trialling the process on core local authority service delivery, but still at the local level. There are also good opportunities for councillors to get involved in this process given their role to devolve their ward decisions to the community.
- **Wider local authority and local area agreement** spending priorities (ie, mainstream funding). Many local councils have consulted with residents in various ways on their proposed annual budget. Councils are just beginning to explore the use of participatory budgeting to engage residents on parts of the main annual budget. The Participatory Budgeting Unit is looking to work with a council to develop a model for this during 2008. There are exciting opportunities to use participatory budgeting in the development of Local Area Agreements. A paper drawn up by The Participatory Budgeting Unit, *Towards a Local Area Agreement Participatory Budget Process*, is a good starting point for considering this. It is available on the Unit's website at:  
[www.participatorybudgeting.org.uk](http://www.participatorybudgeting.org.uk), under "resources".

## Case studies to illustrate examples of Participatory Budgeting in England

### Newcastle, Neighbourhood Renewal Fund

*Two pilots:*

#### A. Liveability Pilot

Two year pilot for Denton Lemington and Woolsington wards has won Regeneration and Renewal magazine's award as the Neighbourhood Renewal Project of the Year for 2007. Projects involve:

- £110,000 worth of funds allocated towards safer, cleaner, greener activities between 2006 – 2008
- thirty volunteers worked with officers, to promote the scheme and encourage residents to bring forward proposals
- residents worked with councillors to develop and cost ideas which were presented at public meetings and voted on.

An evaluation of participatory budgeting demonstrates how well Newcastle engaged with both young and old and different parts of the community.<sup>1</sup>

#### B. Children and young people pilot

The Newcastle projects have involved young people from across the city in developing prioritising and delivering projects – an innovative approach to participatory budgeting. Key facts:

- Groups of young people worked with council officers to design the process
- £130,000 from Neighbourhood Renewal Fund over two years allocated from 2006 – 2008
- Publicised with youth groups across the city, who were given materials to make a creative display about their project and asked to make a short presentation to others bidding for money
- Six events have been held so far, involving over 4,000 children and young people
- PB event held to decide priorities for bid to Big Lottery Fund for Play which levered £1.4 million into the City.

Newcastle is planning to mainstream participatory budgeting from April, and to develop a five year plan.

<sup>1</sup> *Participatory Budgeting in the UK: an evaluation from a practitioner perspective*, report and research by Kezia Lavan, Economic and Social Research Council (ESRC), carried out for the Participatory Budgeting Unit.

## Salford, devolved services

The pilot in Salford involves the local communities in Claremont & Weaste and East Salford in proposing and prioritising projects for highways improvements. Elected Council members approved the devolution of £800k worth of spending on highways improvements to eight community committees.

The community committees for Claremont & Weaste and East Salford decided to prioritise their £100,000 devolved highways budgets via a participatory budgeting process. (East Salford actually combined two years' funding to give a single pot of £200,000 to be decided by participatory budgeting).

The two committees wished to engage with a wider range of members than would normally attend community committee meetings. The local community also had a role in the design and delivery of the projects.

A second event is to be held at Claremont and Weaste in the 2008/9 financial year, building upon success of year one.

Finally, a participatory budgeting event will be held in 2008 to inform and encourage senior partners to become more involved in the process and to share good practice.

## 1 Promoting awareness

It is important that participatory budgeting is promoted strongly and effectively and marketed to the right agencies (at all levels of local government and community groups and residents). It is important to ensure marketing methods are used appropriately to engage all sections of the community. So, there is an important task here of winning hearts and minds within local communities and town halls.

Marketing and promotion are key to this, as well as providing the right guidance (see section three) and evaluating the results (see section five). We propose promotion should be carried out in a number of ways:

At a national level, Communities and Local Government in partnership with the National Empowerment Partnership will arrange for high profile events to be held, with ministerial involvement to celebrate success, and announce new pilot areas. For example, the Participatory Budgeting Unit and Newcastle City Council will hold a major **celebratory event in Spring 2008**.

The Participatory Budgeting Unit will continue to deliver **practical seminars** and workshops, mainly to local authorities at a regional level, to promote participatory

budgeting learning.

**Press coverage** is valuable as a means of spreading information on participatory budgeting. Communities and Local Government and the Participatory Budgeting Unit will pursue coverage of good stories and key announcements in the local government press as well as through national and local outlets.

**Web communication** is of course of increasing importance. Last year Communities and Local Government, in partnership with the Ministry of Justice and the Sustainable Development Commission, funded the development of the **People and Participation.net site**. This resource is supporting those who work to provide empowerment opportunities, both at national and local level, by offering an interactive tool to help users select participatory methods based on their specific circumstances, a library of information to support using these methods and case studies highlighting real examples of how they have been used. This presents an excellent facility for promotion and exchange of information on participatory budgeting both for the Participatory Budgeting Unit and Communities and Local Government to exploit as well as local authorities and other practitioners. The Participatory Budgeting Unit also has a website at: [www.participatorybudgeting.org.uk](http://www.participatorybudgeting.org.uk), containing good practice studies, information on projects, research and guidance and links to further resources.

At a regional level, the **regional empowerment consortia** will have a key role in promoting good practice within and between regions alongside the **Regional Improvement and Efficiency Partnerships** and the Government offices. This is considered further in section three.

At a local level, the thorough and imaginative marketing of participatory budgeting projects in communities is key to achieving an inclusive and representative process, and advice and guidance will be provided to local authorities and community groups on this.

One of the key ways of promoting participatory budgeting could be as one of the ways to help meet the **Duty to Involve** coming into force in 2009, and this is covered on page 21.

## Promoting through networks

Where networks exist in the field of community development, neighbourhood management and regeneration, the channels they can offer for promoting participatory budgeting should be more widely utilised. This will be done by, for example, working with the **National Neighbourhood Management Network**, which supports over 300 schemes to improve our communities, to use the opportunities in their national and regional events, newsletters and on their website.

Networks covering rural governance and rural community issues are key to spreading the word about what participatory budgeting can do in a rural context. The Participatory Budgeting Unit has started to work with **Commission for Rural Communities** (CRC) to help identify two new LA areas to pilot participatory

budgeting in a rural setting. CRC, along with the **National Association of Local Councils**, are committed to promoting the benefits of participatory budgeting to rural communities, and we will engage with them on the opportunities they have to do this.

## 2 Developing and deepening Participatory Budgeting pilots

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

The Participatory Budgeting Unit has developed considerable knowledge and expertise from studying the models in Brazil and other international experience, and from local authorities in England. They initially helped establish ten pilots. These are mainly on small budgets (of tens of thousands of pounds) from area based regeneration grants or from delegated local authority area committees.

In the summer and autumn of 2007, the Participatory Budgeting Unit conducted workshops with nearly 100 local authority officers about the local implementation of Participatory Budgeting. As a result, the Participatory Budgeting Unit has helped 12 more local authorities to commit themselves to doing participatory budgeting – which the Secretary of State Hazel Blears announced on the 4 December. Significant interest was also established in a number of other local authorities.

Crucially, the new pilot areas bridge the range of different local government types: county, district and unitary authorities, as well as looking at how parish councils can use it; and these include some rural as well as urban areas. Developing participatory budgeting in these diverse contexts will help learn how it can work in different ways and to develop different models. This is an important part of the Participatory Budgeting Unit's work.

The Participatory Budgeting Unit are working with these authorities to help them develop participatory budgeting project plans and contract with associates to provide tailor-made support and advice in setting them up. They will continue to provide workshops and other learning and networking activities to raise more interest and awareness. International evidence suggests that participatory budgeting works best and is more likely to be sustainable when developed from a small base. The Participatory Budgeting Unit will help local authorities and other local bodies to develop processes in such an incremental way, tapping into and building on innovative engagement processes where they already exist.

Going further, the Participatory Budgeting Unit will also develop expertise about how the process can be mainstreamed into local area agreement budget setting and for other public authorities such as community policing, Primary Care Trusts and spending on youth services (see section 4 below on working with other

government departments). The aim is to start developing a participatory budgeting pilot within pooled local area agreement mainstream budgets by the end of 2008.

### 3 Producing guidance materials

As participatory budgeting is taken up more widely, the provision and availability of support and guidance tools will be key to effective implementation.

It should be noted that a considerable amount of guidance and information is already available on the Participatory Budgeting Unit's website:

[www.participatorybudgeting.org.uk](http://www.participatorybudgeting.org.uk)

Two guidance notes are particularly useful, *Bringing Budgets Alive*, and *Breathing Life Into Democracy: The Power of PB*, which can be found on the web site under "resources". The site also contains references and links to further resources.

The Community Development Foundation (CDF), the Communities and Local Government's community development agency, brought together partners from across the sectors in 2007 to set up the **National Empowerment Partnership (NEP)**<sup>10</sup>. One of the roles of the NEP is to improve the quality, co-ordination and evidence gathering about empowerment tools such as participatory budgeting at a local level across England.

Under the NEP, **regional empowerment consortia** are working with **Regional Improvement and Efficiency Partnerships, and GOs in each region** taking forward the NEP programme. We will set up a series of participatory budgeting "**regional learning sets**", and we are exploring how this could work alongside and through the NEP's regional consortia (made up of third sector groups working with communities and local authorities to help improve and facilitate empowerment). The learning sets will help local authorities and community groups to learn from champions within the region and to help the spread of best practice within and between regions. In addition, the learning sets will help raise the knowledge and interest of local residents in participatory budgeting.

We will involve the members of the **Network of Empowering Authorities**, the 18 local authority empowerment champions, in sharing learning on how to apply practical guidance, at a local and regional level.

At a more detailed and practical level, we will commission a participatory budgeting **implementation toolkit** for local authorities and community groups considering using participatory budgeting. This will provide quality advice on implementation, in a flexible modular structure, with directions to further contacts and background.

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<sup>10</sup> The NEP is led by the Community Development Foundation and includes key organisations such as: the Local Government Association, the Improvement and Development Agency, the Academy for Sustainable Communities, the Community Development Exchange, Involve and the Take Part network.

Guidance on using participatory budgeting for public service budgets within local area agreements across government policies will be provided.

We welcome the contribution which third sector bodies and other expert agencies can make, where their objectives can help promote participatory budgeting. We would encourage such bodies to discuss with the PB Unit how such collaboration can be developed.

From 1 April 2009 the statutory **Duty to Involve**<sup>11</sup> will require best value authorities in England (except police authorities) to “involve representatives of local persons”<sup>12</sup>. Under the duty, best value authorities should consider, as a matter of course, the possible information provision, consultation and involvement opportunities they need to provide to people across all authority functions – this includes hard to reach sections of the community.

Communities and Local Government completed the Consultation in March on the statutory guidance underpinning this duty, which is included in *Creating Strong, Safe and Prosperous Communities*<sup>13</sup>. The final guidance will be issued in May. We will work with the Local Government Association and its partners to assist best value authorities to work towards meeting the duty to involve: for example, by promoting engagement and empowerment approaches to assist with the duty.

We will work closely with the Audit Commission to make sure that the **Comprehensive Area Assessment** (CAA – the joint inspectorate assessment of performance and prospects for delivery by local authorities and their partners, which will be introduced from April 2009 as part of the new local performance framework) recognises and supports the use of participatory budgeting to achieve empowerment objectives.

Local councillors are central to the process of approving and supporting participatory budgeting. Empowering processes such as participatory budgeting should complement democratic institutions. The independent Councillors Commission report, *Representing the Future*, December 2007<sup>14</sup>, recognised the importance of the modern councillor being a vital part of participatory as well as representative democracy. It flags the need for councillors to be given the tools to engage with local community participatory activity in their unique position at the interface between the council and the local community (recommendation 4). Communities and Local Government is currently developing a Government response to this independent report. The LGA/IDeA are also working on taking this agenda forward with the local government sector including developing and revising councillors’ support and training so that it is relevant to the future demands on

<sup>11</sup> The duty is set out in Part 7 (section 138) of the Local Government and Public Involvement in Health Act 2007.

<sup>12</sup> Within the context of the duty the term “local persons” refers to anyone likely to be affected by, or interested in, a particular authority function. This covers both individuals and groups. The phrase “representatives of local persons” refers to a mix of “local persons” i.e. a selection of the individuals, groups or organisations the authority considers likely to be affected by, or have an interest in, the authority function. In the context of the duty the “representative” does not refer to formally elected or nominated members of the community, such as councillors.

<sup>13</sup> Published 20 November 2007, Department for Communities and Local Government: <http://www.communities.gov.uk/publications/localgovernment/statutoryguidance>

<sup>14</sup> “Representing the future – The report of the Councillors Commission”, December 2007, independent report of the Councillors Commission Chaired by Dame Jane Roberts, issued by Communities and Local Government.

councillors. This would include helping councillors to engage with exercises such as participatory budgeting.

## 4 Working with government departments on applying participatory budgeting

The Community Empowerment Action Plan explained how Communities and Local Government aims to work with colleagues across government towards firmly embedding community empowerment into other government policies. We plan to explain how this will be achieved in the forthcoming Empowerment White Paper.

This section highlights three key policy areas which have strong potential to incorporate participatory budgeting: **youth services, community policing and health**; and the cross government action plan will explore how we intend to go further and deeper in providing opportunities for people to have an influence over budgets across a range of local services. The aim is to start developing participatory budgeting projects for each of these service areas by the end of 2008.

The **Department for Children Schools and the Family** (DCSF) is delivering two funds: the **Youth Opportunity Fund** and the **Youth Capital Fund** which enable young people to make decisions on the allocation of funding for facilities and activities in their area. Running since 2006 and available in all local authority areas, the funds have now been extended for a further three years, with additional investment through the Youth Opportunity Fund in the most deprived areas.

An independent evaluation of the first two years (2006-08) of these funds will be published in the summer. The DCSF will work with Government Offices and local authorities to learn the lessons of these funds to develop and deepen the work to give more influence to young people over budgets for youth activities. They will also carry out a study of the baseline of young people's current influence on budgets. The National Youth Agency has been commissioned to do this and is due to report in March.

The ten year youth strategy **Aiming High for Young People**<sup>15</sup> includes a commitment to encourage councils to take more account of young people's views when deciding on resources for young people's services, so that by 2018 young people will have a real say on how twenty five per cent of that spending is allocated.

We will work closely with the DCSF to ensure learning is shared and good practice and awareness raised regionally and locally between their schemes and those which the Participatory Budgeting Unit has helped establish.

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<sup>15</sup> Aiming High for Young People: a ten year strategy for positive activities, issued by the Department for Children, Schools and Families and HM Treasury, July 2007.

We have engaged with the **Home Office** on the **The Review of Policing by Sir Ronnie Flanagan**, which started in April 2007, and reported on 7th February 2008, on work to embed and sustain neighbourhood policing.

Sir Ronnie's report recommended Communities and Local Government work with partners to identify suitable areas where participatory budgeting for community safety could be trialled. Accordingly, we are working with the Home Office and the Participatory Budgeting Unit and policing bodies to identify suitable areas which would be happy to trial it, perhaps as part of wider work to integrate neighbourhood policing within neighbourhood management. A cross government, multi-agency group has been set up to implement this action plan. There is a strong shared commitment between departments to follow this through and include the findings into "how to" guidance on integration.

Anti-social behaviour is a prime concern for many communities. Communities and Local Government believes that communities should be given tools, powers and confidence to build strong communities and tackle anti-social behaviour. Participatory budgeting is a tool which has the potential to empower and engage local communities by helping people to feel that they have a stake in their community and increase pride in their area; thus instilling positive values and acceptable behaviour. So, the process itself can help create a climate which makes anti-social behaviour less likely; as well engaging people in deciding appropriate measures to discourage it, within for example, a neighbourhood policing participatory budgeting process.

The **Department of Health** (DoH) has set out its vision for the health service in ***Our NHS, Our Future***<sup>16</sup>: further public engagement and consultation on the vision set out in Lord Darzi's interim report, which was a major review of the way the NHS delivers patient care. His vision is of the NHS as fair, personalised, effective, and safe. It should be noted that social care provision is already subject to various community engagement processes locally.

In line with this, the recently published **Operating Framework for 2008/09**<sup>17</sup> and **World Class Commissioning**<sup>18</sup> both emphasise the need to engage patients, the public and staff and focus on increasing satisfaction. There are also new duties of involvement, and to report on consultation (revised section 242 of NHS Act 2006<sup>19</sup>), which place requirements on NHS organisations to involve patients and public in the planning and development of services. There is also a new duty on reporting on consultation (Section 234<sup>20</sup> of the Local Government and Public Involvement in Health Act (LGPiH)) which places a requirement on Primary Care Trusts and Strategic Health Authorities that commission health services to report consultation with users and its impact on commissioning decisions.

We are at the early stages of engaging with the DoH on how participatory budgeting could be applied to the commissioning of local health services. One area

<sup>16</sup> *Our NHS, Our Future: NHS next stage review interim review*, Department of Health, October 2007.

<sup>17</sup> *The Operating Framework for NHS in England for 2008/09*, Department of Health, December 2007.

<sup>18</sup> *World Class Commissioning*, NHS document approved by the Department for Health, gateway reference 8754, December 2007.

<sup>19</sup> "National Health Service Act 2006" (chapter 42, 2006).

<sup>20</sup> National Health Service Act 2006 (chapter 42, 2006).

to consider is around GPs' powers to commission services, which could have the potential for a process for patients to influence these decisions. One of the aims of **Local Involvement Networks (LINKs)**, which will be established from 1 April 2008 following the successful passage of the LGPIH Act through Parliament, is to promote and support the involvement of people in the commissioning of local services. LINKs might well provide an important part of the connection between GP commissioning (and indeed other commissioners of both health and social care services) and local communities.

The current participatory budgeting pilot in Southampton is focussed on health, with the City Council working with the PCT in Thornhill and the local Community Health Group to decide spending on pro-active community health initiatives. The first year's spending using a participatory budgeting method will be from April 2008.

Lastly, the initial ten pilots were mainly based in deprived *inner city* areas. However, it is also important that *rural communities* are given opportunities to have a say over how public funds are spent. This could help tackle rural social exclusion, provide fairer access to services in outlying areas, and increase engagement opportunities in the countryside. The Participatory Budgeting Unit has been engaging with the Commission for Rural Communities, as noted in section 2 above, and projects in rural areas are being developed.

## 5 Evaluation and research: Increasing evidence of what works and good practice

Participatory Budgeting is still a relatively new empowerment mechanism in England, though there are already demonstrable benefits associated with projects as referred to in the *Participatory Budgeting Unit's evaluation of PB pilots*<sup>21</sup>.

We will develop an evaluation framework to ensure lessons are learnt – an important part of developing the policy and improving the implementation processes of participatory budgeting. This will help to measure the impact participatory budgeting will have on the percentage of people who believe they can influence local decisions. This is the government's Public Service Agreement indicator against which the success of community empowerment policies will be measured. We plan to develop and incorporate an evaluation component into guidance and toolkits. The aim will be to encourage the implementation of individual projects to include in-depth assessment and data collection using a common 'quality-assured' framework. In this context, the Participatory Budgeting Unit along with some of the current practitioners will develop a set of *common standards*.

<sup>21</sup> *Participatory Budgeting in the UK: an evaluation from a practitioner perspective*, report and research by Kezia Lavan, Economic and Social Research Council (ESRC), carried out for the Participatory Budgeting Unit.

This could link into the National Empowerment Partnership's activities in enhancing the quality and co-ordination of empowerment tools. Another aim of a common evaluation framework is that, over time, the data collected will enable robust comparative analyses at different geographical levels, local, regional and national. One of the core things we will assess within the framework is the extent to which it "*gives communities the power to shape local place and services*". This is one of the two key objectives for community empowerment identified by this department.

Amongst other things, evaluation will need to include the level of delegation, how broad the participation was, what the role of elected members was, and how the project met its objectives.

Critically, the development of this evaluation will need to start to provide a clearer understanding of the costs, benefits and effectiveness of participatory budgeting. This will include evidence and analysis of the wider potential impacts on the community in increased participation and satisfaction with services, as well as more 'intangible' longer term impacts, for example on levels of trust, social cohesion, social capital and local capacity.

National comparative evaluations will also be undertaken periodically, either commissioned by the Participatory Budgeting Unit, or directly by this department. These may include comparisons between a variety of projects and have a thematic basis, for example to learn the lessons of specific approaches such as how participatory budgeting for young people's services works.

We will stay in touch with international work in order to learn lessons and good practice from alternative approaches overseas which can be applied in England.

Overall, the evaluation framework will help ensure the promotion of Participatory Budgeting is supported by compelling evidence, and that good practice is used to improve the way participatory budgeting is delivered on the ground.

## Consultation criteria

The Government has adopted a code of practice on consultations. The criteria below apply to all UK national public consultations on the basis of a document in electronic or printed form. They will often be relevant to other sorts of consultation. Though they have no legal force, and cannot prevail over statutory or other mandatory external requirements (eg under European Community Law), they should otherwise generally be regarded as binding on UK departments and their agencies, unless ministers conclude that exceptional circumstances require a departure.

- Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy
- Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses
- Ensure that your consultation is clear, concise and widely accessible
- Give feedback regarding the responses received and how the consultation process influenced the policy
- Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator
- Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

The full consultation code may be viewed at:

**[www.berr.gov.uk/bre/consultation%20guidance/page4420.html](http://www.berr.gov.uk/bre/consultation%20guidance/page4420.html)**

Are you satisfied that this consultation has followed these criteria? If not, or if you have any other observations about ways of improving the consultation process please contact:

Albert Joyce,  
Communities and Local Government Consultation Co-ordinator  
Zone 6/H10  
Eland House  
Bressenden Place  
London SW1E 5DU

or by email to [albert.joyce@communities.gsi.gov.uk](mailto:albert.joyce@communities.gsi.gov.uk)

Please note that responses to the consultation itself should be sent to the contact shown within the main body of the consultation pages 12 and 13 above.

A summary of responses to this consultation will be published by **Monday 8th September** (within three months of the end of consultation period) at the address below.

**[www.communities.gov.uk/corporate/publications/consultations/](http://www.communities.gov.uk/corporate/publications/consultations/)**

Paper copies will be available on request.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data in accordance with the DPA and, in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

## Impact Assessment

After consideration, it was decided that no impact assessment is required on this consultation. This is because the consultation does not propose any new budgets or funding streams or regulation which has a positive or negative impact, but rather seeks views on a strategy to promote a way residents can get engaged in influencing how the budgets are spent. If as a result of the consultation issues arise which might require an impact assessment this will be considered at that stage.