

# YOUR LOCAL BUDGET

Unlocking the potential of  
participatory budgeting

# ACKNOWLEDGEMENTS

**T**his pamphlet was written by Anne Pordes Bowers and Laura Bunt. It benefited from invaluable insight and challenge from Alice Casey, Joe Goldman, Oli Henman, Ruth Jackson and Jake Griffiths as well as the experience of pioneering teams and local authorities already engaged in participatory budgeting.

## NESTA: INNOVATION IN PUBLIC SERVICES

**O**ur public services face unprecedented challenges, made more urgent by the impact of the current economic crisis. Traditional approaches to public service reform are unlikely to provide the answers we need.

NESTA's Public Services Lab is identifying, testing and developing new ways of responding to social challenges and delivering better public services at lower cost.

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# INTRODUCTION

**B**udget holders across public services face tough decisions. The financial crisis and subsequent cuts to public spending mean that budget reductions of up to 30 per cent are a real prospect in some areas – cuts that will affect public services, the people that deliver them and the people that depend on them. The Comprehensive Spending Review outlined the top line, but local leaders and senior managers will have to translate these figures into real savings in how services are delivered locally.

This challenge demands innovation. With fewer resources, public services need to look for new ways of supporting people. Innovation, in turn, demands participation. We need to build on the vibrant, and growing, movement of direct involvement of people and communities in their public services that complements the strategic leadership already provided by our elected leaders.

Participatory budgeting is a way to do this. From its beginnings in Porto Alegre, Brazil, participatory budgeting has developed as a process for shared decision-making between citizens and the state. It enables communities to work with budget holders to define local priorities, identify available resources and allocate these resources accordingly.

We already have a rich history of participatory budgeting within communities across the UK, generating real benefits for everyone involved. Citizens have increased understanding and engagement with institutions of state, which in turn have a greater mandate for decisions based on deeper collaboration.

Ultimately both local leaders and citizens have seen how better quality choices can be made through a more meaningful relationship.

We now need to go further, and develop participatory budgeting as a tool to ensure that communities can make the most effective use of all our resources – financial or otherwise – to achieve shared ambitions.

Participatory budgeting is not about giving elected leaders the opportunity to lay blame for unpopular decisions at the feet of the public. It is always important that citizens are involved in decisions that will affect their lives. Experience shows that citizens can be most thoughtful, insightful and creative when circumstances are at their most challenging. The opportunity for citizens and the state to collaboratively choose the way forward, based on a shared set of priorities, a comprehensive pot of resources and a collective mandate, can generate radical new approaches.

We know that participatory budgeting means trade-offs, with some groups not having all of their priorities met; but this happens in any budget process even without public engagement. Evidence shows that people who are involved in decisions, even if they do not secure their ideal outcomes, are much more likely to support what happens as they feel that they have had a genuine voice in the process.

This discussion paper sets out our ambition for participatory budgeting – people and their public representatives sharing the choices facing us today in a way that releases innovation. Recognising that some local authorities are already pushing participatory budgeting to the next level, it outlines NESTA's and the Big Society Network's Your Local Budget programme to support leading local authorities and to generate insights about the potential of participatory budgeting.

This is part of an approach to reform that we call 'people-powered public services'. This paper is one of a series of publications that show how this approach can be applied to public services and the benefits that can result. This includes our public services being better placed to cope with the immediate demands of the financial crisis and better able to respond to the long-term challenges of the future.

## PART 1: PARTICIPATORY BUDGETING: 1989 TO TODAY

In 1989, a third of the population of Porto Alegre, Brazil lived in isolated slums on the city outskirts, lacking access to public amenities such as clean water, sanitation, medical facilities, and schools. Overcoming such inequalities in living standards required radical programmes of reform, driven by a citywide strategy of public engagement. Porto Alegre used an innovative deliberation process to improve access to public services and to empower the most marginalised in society. It was here that participatory budgeting was born.

Each year, a series of neighbourhood, regional and citywide assemblies brought residents together with elected representatives to identify and vote on spending priorities. These were real decisions about real budgets with considerable implications – from construction, transport and city infrastructure spending to allocating monies to health, education and other services. Investment priorities were collectively determined, giving priority to progressive distribution of resources to ensure poorer areas were well provided for.

Participatory budgeting has led to direct improvements in the quality and accessibility of public service provision in Porto Alegre, as well as encouraging citizen engagement and inclusion across communities – especially in low-income districts. Since its emergence in Brazil, participatory budgeting has spread to hundreds of Latin American cities, been developed in Europe, North America, Asia and across the

world. Though adopted for different contexts, the core principle remains: participatory budgeting is about shared decision-making through engagement with citizens.<sup>2</sup>

In the UK, participatory budgeting formally began in 2006 when the Government set an aspiration to introduce participatory budgeting as a mechanism for better decision-making across the country.<sup>3</sup> This built on the UK's long history of deliberation and cooperation, reaching back to generations of meetings in town halls.

Newcastle, Bradford, Tower Hamlets and other local areas ran pilot processes to involve residents in local budget decisions.<sup>4</sup> These pilots, coupled with other participatory budgeting experiences, lay the foundation for our project, providing lessons on what works, where there may be barriers and where we want to go next.

## **We have seen some real benefits from participatory budgeting**

Participatory budgeting projects in the UK, as well as across the world, have generated a number of insights about what makes the process so powerful, particularly in developing richer relationships between communities and their public sector leaders and more effective local decisions.

### **Individuals feel empowered, listened to and engaged**

Participatory budgeting can have a very real positive impact on citizens who are involved, increasing their connectedness and improving their understanding of public services. In most projects, public involvement and engagement increased significantly over time as people became more aware of the process and, crucially, more confident that public sector leaders were really sharing control and power.

As a result of participatory budgeting, people feel much more 'listened to' by their public sector leaders, which often translates into a greater sense of cooperation and shared ownership over outcomes.

### Case study: Tower Hamlets<sup>5</sup>

Tower Hamlets kick-started their 'You Decide!' project in January 2009, with the aim of improving perceptions and performance of local services. The project gave residents the power to design and choose services through participating in the budget process. Tower Hamlets ran eight events with local residents to decide how £2.4 million of the central council budget should be spent, and how mainstream council services should be prioritised and delivered. Services discussed ranged from a Zero Tolerance Drug and Crime operation at a cost of £35,000 to a tree planting scheme at a cost of £5,000.

The project was designed to develop capacity for participation within the Tower Hamlets community, so at each event residents were given ample information about the services on offer and had the chance to deliberate and vote on which services should be purchased. Given the diverse demographics in the neighbourhood, the Council reached out to people from all backgrounds to give them the experience of participation, and to learn from it.

By getting involved in the process, residents also engaged with the local area, local services, voluntary organisations, and politics generally. Though interest wavered at the start, citizens bought into the process much more once they fully understood how it worked. The process was developed in its second year to give more time for structured deliberation, and participants took on increasing responsibility for how and where resources should be spent.

*“I found today very useful. I had not understood that council tax paid for so much. It was very good to find out the services it pays for.”*

**East Leicestershire workshop<sup>6</sup>**

### **Communities share understanding and become more cohesive**

In many cases participatory budgeting led to an increase in community cohesion even if budget decisions were not area-specific. Again being listened to was crucial – not just by local government representatives but also by each other. In some experiences people made decisions that ran against the grain of their individual circumstances but unearthed what they thought would ‘make the biggest difference’.

*“Participatory budgeting for us is not just an exciting process for allocating public money; rather it is also a community cohesion and democratic activity that underpins localism.”*

**Richard Edwards, Neighbourhood Manager, Manton Community Alliance<sup>7</sup>**

### **Practitioners and leaders feel supported and understood**

Public service workers and leaders also found participatory budgeting an empowering and engaging process, allowing them to share the responsibility for tough choices and build a much stronger mandate for difficult decisions.

*“You go through three phases: first it’s fun, then it gets complicated, and finally you are annoyed because it’s so hard to achieve a balanced budget. At the end, you really feel sorry for the politicians responsible for the budget.”*

**President of the FC St Pauli football club, Hamburg<sup>8</sup>**

### **Leaders and citizens have greater trust in the decisions they take together**

In addition to increasing community empowerment and confidence, the biggest impact of participatory budgeting to date has been a radically improved relationship between citizens and their public services.

In many cases this manifests in a new type of trust cultivated through new conversations and shifts in the power dynamics

between people and their state institutions.

*“See the difference we’ve made, as a community, as a ward... with our councillors on board, backing us; but you know, it’s not just the councillors backing us, we’re backing them.”*

**Member of participatory budgeting working group, Newcastle<sup>9</sup>**

## **But we know that there are challenges**

While participatory budgeting has generated significant benefits, there are also real hurdles to sustaining success.

### **Everyone involved needs to feel confident, armed with the right information to participate**

People need to feel secure and confident in their engagements. There are often hidden power dynamics that operate between the public and public leaders, particularly if their relationship with public services has historically been more passive. These need to be acknowledged and managed.

There are also often very different levels of knowledge about the nature of public services in an area; public sector workers usually have much more detailed data and information to hand, often coupled with the historical and current context. While there is increasing access to relevant data, this is not in any way universally true nor will this information ever be universally accessed.

### **Maintaining the citizen/state relationship requires dedication and commitment**

Unsurprisingly, experience shows that it is often hard to create and maintain the new engagement, cohesion and trust that participatory budgeting can generate – and it is always easy for these to disappear.

Everyone involved – whether a member of the public or a public sector worker – needs to see real benefit from their efforts. This is particularly true of people who engage in participatory budgeting in their own time, using their own resources stemming from their commitment.

Experience also suggests that leadership is critical. Political changes will reshape even the strongest participatory budgeting programmes. In Washington DC, failure to maintain a participatory budgeting process started by his predecessor contributed to a recent election defeat for the Mayor, while change in Porto Alegre resulted in a noticeable reduction in the percentage of budget that was included in participatory budgeting (from 21 per cent at its height to 1 per cent under new leadership in 2005).<sup>10</sup>

### **Securing representation and engagement demands attention and creativity**

Ensuring that individuals and communities feel represented – and heard – is crucial. There is a risk that particular interest groups may dominate and/or that some communities are not represented. This can be challenging if one community has strong relationships or reliance on the state while others are more distant or disengaged.

It is often challenging to convince people that politicians are serious about listening and that it is worth their time and effort to be engaged in the process. Those leading participatory budgeting exercises need to be very conscious of this, creatively exploiting a range of ways to bring communities together with public sector leaders and ensuring that the impact of their involvement is visible and tangible.

For example, in 2009 Cornwall Council engaged people from the villages of Whitemoor, Nanpean and Foxhole in a participatory budgeting exercise. The Council had not had previously found it hard to secure engagement from these communities so they made the event fun for families; there was a fire engine, bike skills for older children and a police car. Local people also set up stalls with face painting and cakes. Children were encouraged by their local schools to come along and to bring their parents and grandparents and posters were put up in the local shops.<sup>11</sup>

### **The potential for tension between representation and participation needs to be recognised – and managed**

There is an emerging consensus that participation by citizens in

their public services is a good thing; however tensions can still arise around where to draw the line between representation – the collective public voice being heard through democratically elected individuals – and participation, when people represent themselves through their own voices.

It is not practical for all decisions to be taken as part of participative processes; indeed this only remains possible in very small towns and parishes. In each local area part of the participatory budgeting process can and should be engagement with elected leaders to determine the boundaries of participatory budgeting against the existing democratic requirements.

### **Case study: Leicestershire County Council<sup>12</sup>**

In partnership with the expert pollsters Ipsos Mori, Leicestershire County Council (LCC) wanted to work with their community to plan their budgets and services. They wanted to engage citizens with the complexities of local government finance and to build understanding between the Council and the community around how and why decisions were made.

Through workshops with a cross-section of county residents, the Council gave people the opportunity to express their views about living in Leicestershire and their experience and expectations of local services. Groups were asked to make spending plans against these priorities, taking decisions about how much to spend and where resources were most needed. Online tools extended the process to those who weren't able to attend face-to-face.

Though still evaluating the process, the Council has indicated its value in gauging public opinion around how resources could be spent most effectively. Both online and offline engagement has shown the potential for developing shared understanding, and generating a shared set of priorities across Leicestershire.

## PART 2: PARTICIPATORY INNOVATION: FROM SERVICES TO OUTCOMES

**M**uch has been learned about the power of participatory budgeting to generate better decisions in the public sector. Individuals and communities across the UK and further afield feel much more in touch with their leaders, are much more confident of their own power to shape their services and feel much more affinity for what happens.

But in the context of reducing resources across public services it is important that we test the process further and extend to participatory innovation. Meaningful collaboration around how to meet priorities can release innovation and capacity in our communities that has yet to be tapped.

### Defining participatory budgeting

We've set ourselves the challenge of describing participatory budgeting in a way that captures the value of the approach, but is informed by and directed towards practical application. So for the purposes of this paper we will use the following definition:

*Participatory budgeting is a process by which citizens and communities work with their local budget holders to decide priorities, identify resources and assets (financial, in-kind etc.) and allocate these resources to the priorities.*

This incorporates three defining attributes:

**i) Real discussion and deliberation over priorities, choices and consequences**

People and their local services need to engage in detailed conversations, not just feeding information into a distant process. This should happen even if it is virtual.

A process by which the public makes its views known (collaboratively or individually) that is then 'taken in-house' and responded to is more in line with existing models of consultation than the shared decision-making central to participatory budgeting.

**ii) Inclusive informed participation where everyone's ideas are listened to**

For participatory budgeting to be fully realised, the whole community needs to feel that they can be involved – and that they are adequately informed and prepared to do this. This is as true for the hardest to reach as it is for the most vocal – and is as much about presence 'in the room' as it is about being given the right information to participate actively.

Participatory budgeting generates real innovation and creativity when people from all walks of life are collaborating. Efforts need to be taken to ensure that the loudest voices are not considered the only voices.

**iii) Shared responsibility for core activities and resources**

Participatory budgeting can have a clear influence in discretionary and specific budgets but it really comes to life when considering priorities and budgets that are core to the activities of the organisation, sitting at the heart of the services or outcomes. Exercises where pots of funds are delegated to groups of people or communities to allocate are more in line with grant-making than budget decisions.

Much has been achieved – and learned – from experiences around small-scale and additional budgets; we must now

capitalise on these to bring participatory budgeting to bear on central resources.

## Moving from services to outcomes

Participatory budgeting has achieved much for citizens, their public officials and elected representatives and for the relationship between them all.

Our current context demands more; we need to move from better quality choices to truly transformative decisions, from more agreement on how we use resources to a radical reshaping of how we deliver outcomes. Given the financial and social challenges faced by public services, it is vital that we foster participatory innovation.<sup>13</sup>

### We have historically started with services

Historically, participatory budgeting has started from the perspective of existing services and organisations, asking citizens to respond to a specific menu of options. These options are usually bounded by the existing structures and processes within the public sector bodies.

Citizens are often asked to express preferences – to ‘vote’ to allocate or take away money or ‘points’, to feed in their views on the prioritisation and relative value of items on the menu. But there is rarely a chance to go ‘off list’, to question whether the four or ten or 42 options provided are even the right options.

This does not mean that these service-focused processes are not valuable; they are very powerful for illuminating how citizens rank what already exists and for challenging public leaders’ conventional wisdom over what their constituents feel is important, more important and less important. And choices can be jointly made and owned by citizens and public bodies. We should not – and do not – underestimate the impact of this.

### We now need to focus on outcomes

We believe that there is a real opportunity now to move on from participatory budgeting around services to testing the power of participatory *innovation* starting from outcomes. This can unlock some of the hidden resources and innovation that

exists in communities.

This means that rather than choices between existing service models, professional groups, structures etc., the process begins with identifying what people want in their own lives. We ask questions about how people want to live day-to-day, such as: how can I stay healthy?; where do I have fun?; how do I get to work, to school or to the supermarket?

From these questions participatory budgeting starts to look at all of the resources – assets, capabilities, expertise – around communities, including but not limited to those in the public purse. In today's tight financial context, this is critical.

It is our hypothesis that when we take this approach, when we start from the outcomes that affect people's lives, then there is real opportunity for radical innovation and transformation, releasing the untapped capacity and energy within and around communities and public services. This approach will allow participatory budgeting to deliver the types of decisions we need today.

### **We don't pretend this is easy**

Starting from outcomes may challenge all of us – public leaders and communities. It can push against organisational boundaries, test existing approaches to services and can ask people to think in a new way about their relationship with the state. But it can also transform the role of citizens in their own lives, releasing real resource and capacity to respond before the public sector even needs to be involved.

However, much of introducing participatory budgeting is about new ways of undertaking existing activities, e.g. ensuring that some of the efforts in budget processes are directed towards participatory budgeting and reviewing 'consultation' approaches to build more meaningful interactions where real decisions and choices are made.

This should not require new money – it is about using resources more wisely with the input of the very people those budgets are designed to serve.

**This can be particularly powerful when faced with cuts**

We have said before that participatory budgeting is not about hiding unpopular decisions behind a curtain of public participation. Indeed, it is about revealing and opening the process up. However, we must also acknowledge that in the UK participatory budgeting has generally taken place in the context of relatively well-resourced budgets, where the question is about how much to put where rather than what to take away. It has often been applied around discretionary budgets that are providing additional capacity.

Times have changed. Budgets are shrinking and discretionary funding is a thing of the past. However, this does not negate the power of participatory budgeting: it should always be about how to make best use of the available resources and assets for the agreed priorities (including how to leverage these to generate others).

In tighter economic times the need for shared ownership over decisions is even greater, the power of public support and a public mandate is even more important and the chance to identify innovative new models and new resources is substantial.

*“Participatory budgeting can be very effective when you are talking about cuts and shrinking budgets. This is when elected officials can share the hard choices. It significantly improves the public’s understanding, acceptance and in many cases support of decisions.”*

**Joe Goldman, Vice President of Citizen Engagement, AmericaSpeaks<sup>14</sup>**

In today’s tight fiscal climate, starting from outcomes and engaging the public in tough decisions is vital. Local politicians and their officials are – nearly without exception – engaging in thorough budget processes, and this is likely to continue for some time. Now is the time to work with citizens to understand their priorities and to really identify and use all of the resources available.

Some local authorities have already started doing this, particularly through on-line tools that citizens can use to share their own views on how budgets should be prioritised.

### Case study: Philadelphia, Pennsylvania<sup>15</sup>

In February 2010 the city of Philadelphia was facing a \$1 billion budget shortfall over five years (the second deficit faced in three months). Mayor Michael Nutter challenged 1,700 Philadelphians with this task and pledged to incorporate the results of these forums into his budget plan. The city held four citizens' forums collectively branded "*The City Budget: Tight Times, Tough Choices*".

Participants were given the challenge of balancing the city's budget in 90 minutes, working in groups with options for service closures – closing park fountains or firing frontline police officers – alongside the savings that these would incur. Out of the 53 breakout groups, none was able to make the city solvent, and only a small handful nearly got there.

The forums were designed to get people to step back from single issues and confront the tradeoffs. "*The first goal was to inform citizens about the budget process and the nature of these decisions and tradeoffs*", said the facilitator. "*The second was to provide information, guidance, and input to the people who have to do that budget work, about where the citizens are – not as individuals, but when they work together, where they would be.*"

One of the clearest themes emerging was an unwillingness to suspend services that impact the most vulnerable citizens, especially children and the elderly. Participants also showed a remarkable willingness to raise their own tax bills such as parking and wage taxes. Perhaps the most intriguing results were those that suggested a gap between conventional political wisdom and real citizen concerns.

Participatory budgeting has been used before as a way to achieve this. Examples exist in a number of places, particularly in the United States, where communities from California to Philadelphia have used participatory budgeting to take tough decisions.

What must be retained is trust in people, a grounded belief that communities and individuals can and will deliberate on their own priorities and arrive at conclusions that will be understood and owned.

Local leaders are in a position to address some of the barriers that have already been identified in participatory budgeting, making commitments to sustained collaboration, identifying skills within their own organisations to support and lead participatory budgeting locally. This may be about focusing in one geography or on one population with a conscious approach to learning and building on these experiences.

*“One of the formidable challenges facing Mayors and other chief elected officials is balancing planning, citizen engagement and action. Without enough planning, actions often fail to achieve intended results. Without appropriate and meaningful citizen engagement, citizens continue to distrust government and oppose plans in which they had no part. On the other hand, too much planning and not enough action usually means elected officials are looking for work after the next election.”*

**William R. Potapchuk, in *The Collaborative Leadership Fieldbook*<sup>16</sup>**

How can we support people and their public sector leaders to see the era of austerity as an opportunity for change? How can we build and then sustain the capacity for innovation? And how do we translate this change into meaningful outcomes in people’s lives?

### Case study: Washington DC<sup>17</sup>

In 1998, Anthony Williams was elected Mayor of Washington DC. The city had recently emerged from near insolvency and had only managed to balance its budget in the last two years in large part due to Williams' efforts as CFO. Williams implemented a new two-year strategic budget cycle underpinned by a robust public performance management scorecard.

Working with outside facilitators, Williams drafted the first 'Mayor's citywide strategic plan' which he shared with citizens at the first ever 'citizen summit' in November 1999. The summit was attended by 3,000 people, far in excess of what was predicted. At the event citizens were asked to rank each of the five 'strategic priorities' (building and sustaining neighbourhoods, promoting economic development, strengthening children, youth and families, making government work, and enhancing unity of purpose and democracy) in the strategic plan and to identify issues and problems that they wanted to see addressed.

Citizens' priorities were translated into funding proposals in the 2001 budget and turned into individual plans and measures to make up the management scorecard. After the first cycle, the Mayor revisited the process every two years, increasing the extent to which citizens were involved. Eventually, the process involved two summits – one to gather information and ideas and the other to present back the proposals from the city leaders.

In 2006, when Mayor Williams stepped down, he invited all of the candidates running for his office to a citizen summit. There they each pledged to continue the process. However, the new Mayor, Adrian Fenty, failed to keep his promise. He lost an election in September of 2010, with many commentators reflecting that the polls showed he had become distant from the voters and 'arrogant' about their capacity to contribute. His successor, Vincent Grey, has pledged to reinstitute the strategic engagement process.

## PART 3: YOUR LOCAL BUDGET: WORKING WITH GROUNDBREAKING LOCAL AUTHORITIES

**A**s NESTA advocates for and evidences the value of ‘people-powered public services’, we continue to learn from local authorities who are at the vanguard of practice. We are launching Your Local Budget with the Big Society Network to continue this. The programme will provide support to – and learn from – up to ten local authorities already at the cutting edge of participatory budgeting. Your Local Budget will explore barriers already identified and delve into what happens when we push participatory budgeting to the next level.

### **How could participatory budgeting stimulate local involvement in creating different, better and lower cost ways of meeting local needs?**

We will support our partner local authorities to capitalise on the power of their participatory budgeting activities in the pressing environment of reduced – and reducing – resources.

Our work on the Big Green Challenge demonstrates that communities have very real, as yet untapped, responses to problems and opportunities, particularly when they define these challenges themselves.<sup>18</sup> However, there are still questions about both the depth of these resources and in particular how to release them.

How might participatory budgeting generate new responses to the compromises now required? What are the challenges and barriers inherent in the tension between decisions through representation and participation? To what extent does

participatory budgeting engender a new – and necessary – partnership between citizens and the public sector?

Your Local Budget will explore the contribution of participatory budgeting to deciding what to stop doing, where to reallocate resources that don't deliver on priorities, in many cases reshaping the role of the state.

### **How can online technology be used to engage the public in setting local priorities and in generating ideas for public service innovation?**

Local authorities in some places have already launched e-participatory budgeting processes, often building on successes in online engagement with their communities.<sup>19</sup> Online participatory budgeting is particularly attractive as it can reach a much wider group of people for a much lower cost than face-to-face events.

The recent explosion in open data also presents an opportunity to fundamentally shift the level of information and data on local services that individual citizens can access, making any process of participation more transparent and equal.

Your Local Budget will consider the opportunities presented by online participatory budgeting and by increasing access to information, particularly in securing informed engagement and broad-range representation from communities.

How do we maximise the benefits of online engagement, particularly to enable widespread substantive debate and deliberation between people and their public leaders? What is the relationship between online participatory budgeting approaches and face-to-face in-person events? How can we harness the growing availability of data to inform and engage citizens?

We are particularly conscious that online technology can reduce costs associated with participatory budgeting processes (particularly once the 'system' is in place); the key is to balance online engagement with face-to-face debate and collaboration.<sup>20</sup>

**How can a new approach to participatory budgeting help access 'hidden' wealth such as citizens' time and existing networks?**

While engagement and empowerment are critical to the ongoing relationship between citizens and the state, we need to move on from these narratives. Our current context necessitates releasing the untapped capacity within people and communities, both around helping to shape innovative models of service delivery and unleashing capacity within communities to play a central role in achieving outcomes in the future.

Local authorities are working to identify and release hidden resources and assets within their local communities. Insights about how to do this, the depth of these resources and the role of participatory budgeting in unlocking this, will be explored through the Your Local Budget programme.

We will assess whether there are particular characteristics or attributes of various incarnations of participatory budgeting that are more or less successful at uncovering – and then harnessing – previously hidden community assets.

**What does the infrastructure look like to enable all of this – particularly capacity and capabilities?**

Local authorities are already considering how to sustain participatory budgeting throughout their work. There is no 'pot of resource' set aside for participatory budgeting. Instead local authorities are considering how to embed participatory budgeting as part of their mainstream priority setting, service design and service delivery.

Your Local Budget hypothesises that this means a different use of existing resources, a new consideration of skills, including looking to people and communities for the expertise needed to support and enable this type of radical change.

## PART 4: CONCLUSION

**P**articipatory budgeting, meaning a genuine dialogue between citizen and state looking at how to use all of our resources to achieve outcomes, is a powerful tool for delivering the people-centric public services we need – and for responding to the complexities we currently face.

We are in a time of unsettling changes and unprecedented decisions. At the heart of what emerges is a recognition that communities have untapped vision, expertise and resource. Policymakers should presume a community capacity to engage, understand and take part in difficult conversations. This will of course need to be enabled and supported, but the right conditions can be created through trust in community capacity and public leaders.

The argument for a new paradigm has been made before; the question now is how? What are the new tools, mechanisms, processes and relationships that will drive ‘people-powered public services’?

Participatory budgeting has been shown to be one such response, building a transformative relationship between citizens and state – and amongst citizens themselves. But the application of participatory budgeting has the potential to go much further, to support innovation and transformation around areas with the most constrained resources.

We look forward to the lessons, insights and indeed further questions that Your Local Budget will illuminate.

# ENDNOTES

1. To access our recent work please go to our publications page at <http://www.nesta.org.uk/publications/reports>. The publications on Mass Localism and Co-production are particularly relevant.
2. For more on Porto Alegre, see: [http://siteresources.worldbank.org/INTEMPowerment/Resources/14657\\_Particip-Budg-Brazil-web.pdf](http://siteresources.worldbank.org/INTEMPowerment/Resources/14657_Particip-Budg-Brazil-web.pdf); also Novy, A. and Leubolt, B. (2005) Participatory Budgeting in Porto Alegre. 'Urban Studies.' 42(11); also <http://www.chinesedemocratization.com/budget/ParBdginPortoAlegre.pdf>; also World Bank (2004) 'Empowerment Case Studies: Participatory Budgeting in Brazil.' Available at: [http://siteresources.worldbank.org/INTEMPowerment/Resources/14657\\_Particip-Budg-Brazil-web.pdf](http://siteresources.worldbank.org/INTEMPowerment/Resources/14657_Particip-Budg-Brazil-web.pdf).
3. DCLG (2006) 'Strong and Prosperous Communities - the Local Government White Paper.' London: DCLG. Available at: <http://www.communities.gov.uk/publications/localgovernment/strongprosperous>; also DCLG (2008) 'Participatory Budgeting: A Draft National Strategy.' London: DCLG. Available at: <http://www.communities.gov.uk/documents/communities/pdf/727993.pdf>.
4. For a range of case studies from the UK, see <http://www.participatorybudgeting.org.uk/case-studies>.
5. For more on Porto Alegre, see: <http://www.participatorybudgeting.org.uk/case-studies/you-decide-tower-hamlets-london> [Accessed September 2010]; also The Participatory Budgeting Unit (2010) 'Ten Years On: the case for Participatory Budgeting.' Manchester: The Participatory Budgeting Unit. Available at: <http://www.towerhamlets.gov.uk/idoc.ashx?docid=28fc17e7-409b-4713-9c53-f6bfd0f7ee30&version=-1>; also Tower Hamlets Council (2009) 'Evaluating You Decide!' London: Tower Hamlets Council. Available at: <http://www.participatorybudgeting.org.uk/documents/2009%2007%2009%20Evaluation%20document%20APPROVED%20Tower%20Hamlets.pdf>.
6. For more on the Leicestershire County Council experience, see: Leicestershire County Council (2009) 'Leicestershire County Council Budget Consultation 2010/11.' Leicester: Leicestershire County Council. Available at: [http://www.leics.gov.uk/lcc\\_budget\\_consultation\\_workshops\\_-\\_full\\_report.pdf](http://www.leics.gov.uk/lcc_budget_consultation_workshops_-_full_report.pdf).
7. Participatory Budgeting Unit (forthcoming) 'Ten Years On: The Case for Participatory Budgeting.' Manchester: Participatory Budgeting Unit.

8. For more on participatory budgeting in Hamburg, see: <http://www.headstar.com/egblive/?p=172> [Accessed September 2010]; also <http://www.epractice.eu/en/cases/demos> [Accessed September 2010]; also <http://pep-net.eu/blog/2009/10/20/e-participatory-budgeting-in-germany/> [Accessed September 2010]; For more on the participatory budgeting experience in Newcastle, see: <http://www.participatorybudgeting.org.uk/case-studies/the-childrens-fund-newcastle>; also Newcastle City Council (2008) 'Cleaner Greener Safer Annual Report.' Newcastle: Newcastle City Council. Available at: <http://www.newcastle.gov.uk/wwwfileroot/udecide/AnnualReportCGSPilot.pdf>; also Lavan, K. (2007) 'Participatory Budgeting in the UK.' London: LSE. Available at: [http://www.lse.ac.uk/collections/NGPA/fellowships/practionerfellowships/Participatory\\_Budgeting\\_Lavan\\_Report.pdf](http://www.lse.ac.uk/collections/NGPA/fellowships/practionerfellowships/Participatory_Budgeting_Lavan_Report.pdf).
9. Participatory Budgeting Unit (forthcoming) 'Ten Years On: The Case for Participatory Budgeting.' Manchester: Participatory Budgeting Unit.
10. Pundits believe that Fenty lost his election due to black voters feeling ignored and viewing officials as out of touch and arrogant. See <http://voices.washingtonpost.com/answer-sheet/diane-ravitch/ravitch-why-fenty-rhee-lost.html?referrer=emailink>.
11. For more information on Cornwall, see: <http://www.participatorybudgeting.org.uk/case-studies/rural-cornwall-china-clay-community-network>.
12. For more on the Leicestershire County Council experience, see: [http://www.leics.gov.uk/index/your\\_council/haveyoursay/budget\\_consultation\\_2010\\_11.htm](http://www.leics.gov.uk/index/your_council/haveyoursay/budget_consultation_2010_11.htm) [Accessed September 2010]; also Leicestershire County Council (2009) 'Leicestershire County Council Budget Consultation 2010/11.' Leicester: Leicestershire County Council. Available at: [http://www.leics.gov.uk/lcc\\_budget\\_consultation\\_workshops\\_-\\_full\\_report.pdf](http://www.leics.gov.uk/lcc_budget_consultation_workshops_-_full_report.pdf).
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19. Local authorities include: Bristol Council (<http://www.itsmybristol.org/>); the London Borough of Redbridge ([http://youchoose.yougov.com/redbridge?utm\\_source=Button\\_red&utm\\_medium=Link&utm\\_campaign=Conversation2010](http://youchoose.yougov.com/redbridge?utm_source=Button_red&utm_medium=Link&utm_campaign=Conversation2010)); the London Borough of Croydon (<http://youchoose.yougov.com/croydon/>).
20. For more on e-participatory budgeting, see: Peixoto, T. (2008) 'E-Participatory Budgeting.' Aarau: e-Democracy Centre. Available at: <http://www.edemocracycentre.ch/files/Tiago.pdf>.

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Published: November 2010

ISBN 978-1-84875-108-8



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