



---

**Report to**

Cabinet

3 June 2008

Scrutiny Co-ordination Committee

4 June 2008

Council

30 June 2008

**Report of**

Chief Executive

**Title**

Coventry City Council's Response to the Department of Communities and Local Government's (DCLG) consultation on the draft national 'Participatory Budgeting Strategy'.

---

**1 Purpose of the Report**

- 1.1 To provide a council response to the Government consultation on the draft national Participatory Budgeting Strategy

**2 Recommendations**

- 2.1 The Cabinet are asked to consider and approve the document attached at Appendix 1 as the Council's response to the Department of Communities and Local Government's (DCLG) consultation on the draft national 'Participatory Budgeting Strategy'.
- 2.2 The Cabinet are asked to authorise the Chief Executive, in consultation with the Cabinet Member (Finance, Procurement and Value for Money), to amend the response in light of any appropriate views expressed by the Scrutiny Co-ordination Committee.
- 2.3 The Scrutiny Co-ordination Committee are asked to consider the response appended to this report and forward their views for consideration in accordance with the arrangement outlined at 2.2 above.
- 2.4 The Council are asked to formally approve this response, which, in order to meet the consultation deadline of the 10th June, 2008, will have been sent to DCLG by the due date with the proviso that it was subject to formal subsequent approval by the Council.

**3 Information/Background**

- 3.1 DCLG has published a draft national strategy on participatory budgeting for consultation. Participatory budgets or 'Community Kitties' give local people a direct say in deciding how some of their local public services budget should be spent. The purpose of the consultation exercise is to seek views on the draft strategy as a plan to achieve the government's

ambition for participatory budgeting to be used in all local authority areas by 2012. The draft strategy is also part of the Government's Empowerment agenda, and has clear linkages to the new Community Empowerment Bill, which will be enacted in the next Parliamentary session.

- 3.2 The aim of this report is to provide a council response to this consultation.
- 3.3 The deadline for comments to the DCLG is the 10<sup>th</sup> June 2008. It has not been possible to take this response to Scrutiny Co-ordination committee ahead of Cabinet or to Council prior to submission to DCLG, as there were no scheduled meetings before the consultation deadline. However, the response will be taken to Scrutiny Co-ordination committee on the 4<sup>th</sup> June, and to Council on the 30<sup>th</sup> June.
- 3.4 As part of the consultation, DCLG have asked the following set of questions:
- 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 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?
- 3.5 In summary, the Council's general view is that Coventry has a strong history of involving local people and communities in the decision making process and developing services. Examples of these include the annual budget setting process, the redesign of the Looked After Children service, which was undertaken with service users themselves and the long term engagement with local communities in the Coventry Partnership. However, there are clear costs attached to community engagement processes generally and to participatory budget setting in particular, so any process adopted to deliver participatory budgeting needs to take this into account. Appropriate governance arrangements also need to be put in place in order to ensure equality of access to any participatory budgeting process, and to ensure funds are allocated in a fair and equitable manner
- 3.6 The full response to this consultation can be found in Appendix 1.

#### **4 Proposal and Other Option(s) to be Considered**

- 4.1 It is proposed that Cabinet approve the document attached at Appendix 1 as the Council's response to DCLG consultation on the draft national 'Participatory Budgeting Strategy'.
- 4.2 There are no other options proposed.

#### **5 Other specific implications**

5.1

	<b>Implications (See below)</b>	<b>No Implications</b>
Best Value		✓
Children and Young People		✓
Climate Change & Sustainable Development		✓

	Implications (See below)	No Implications
Comparable Benchmark Data		✓
Corporate Parenting		✓
Coventry Community Plan		✓
Crime and Disorder		✓
Equal Opportunities		✓
Finance		✓
Health and Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations		✓
Information and Communications Technology		✓
Legal Implications		✓
Neighbourhood Management		✓
Property Implications		✓
Race Equality Scheme		✓
Risk Management		✓
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

## 6 Monitoring

- 6.1 As this is a response to a Government consultation there are no monitoring requirements involved.

## 7 Timescale and expected outcomes

- 7.1 Responses to the consultation are required by DCLG by 10<sup>th</sup> June 2008. The Government intends to publish a summary of responses to the consultation by 8<sup>th</sup> September 2008. The Government would like to see all local authorities implementing participatory budgeting by 2012.

	Yes	No
<b>Key Decision</b>		✓
<b>Scrutiny Consideration (if yes, which Scrutiny meeting and date)</b>	✓ Scrutiny Co-ordination Committee 4 June 2008	

<b>Council Consideration (if yes, date of Council meeting)</b>	√ 30 June 2008	
--	-------------------	--

List of background papers	
Proper officer: Chief Executive	
Author: Robina Nawaz, Corporate Policy Officer, Chief Executive's Department (Any enquiries should be directed to the above)	Telephone: 024 7683 3060
Other contributors:	
Jenni Venn, Corporate Policy and Research Manager	024 7683 3741
Paul Jennings, Financial Strategy Manager	024 7683 3753
Tina Pinks, Senior Accountant	024 7683 4092
Christine Forde, Head of Legal Services	024 7683 3306
Jaz Bilen, Human Resources	024 7683 1125
Richard Brankowski, Principal Committee Officer	024 7683 3077
Jackie Fox, Neighbourhood Manager South Area	024 7678 5555
Papers open to Public Inspection	Location
Participatory Budgeting: a draft national strategy document	Room 79, the Council House <a href="http://www.communities.gov.uk/corporate/">http://www.communities.gov.uk/corporate/</a>

## **Appendix 1:**

### **Participatory Budgeting: a draft national strategy consultation Response from Coventry City Council**

Thank you for the opportunity to comment on the draft national Participatory Budgeting Strategy. Coventry City Council welcomes the government's stated aims of strengthening local democracy and extending opportunities to empower local people by involving them in the decision making process.

#### **Work streams and actions to deliver objectives**

Coventry City Council places great emphasis on citizen engagement and already has a number of mechanisms in place to involve and engage local communities in local decision-making. For many years we have involved key stakeholders including local community and voluntary sector organisations in the council's policy making processes and the annual budget setting process. During 2007, we conducted an extensive round of public consultation to inform the Council's budget. The responses from this consultation were used to inform the final budget proposals.

In the light of this experience, we agree that the following work streams and actions, identified to help achieve the strategic objective of participatory budgeting (PB) being used in all local authority areas by 2012, are the right ones:

- promoting awareness,
- developing more participatory budgeting pilot,
- producing guidance materials,
- encouraging and advising other government departments to apply it, and
- evaluating and assessing the results.

#### **Additional powers for local authorities**

The Council does not think that any new powers are needed to engage citizens on spending decisions, given the current legislative and policy framework within which local authorities operate. The new 'duty to involve, inform and consult' ensures that local authorities and named partners take into account the views of local people when making decisions, whilst the duty for local authorities to respond to petitions and the 'councillor call for action' both provide mechanisms through which local people can raise local concerns.

Coventry City Council already provides people with involvement opportunities across the authority's functions. One example, from Children and Young People's Services, is the allocation and of the Coventry Youth Opportunities Fund through a grant panel comprised of young people aged between 13-19 years old. In 2007 the grant panel was involved in allocating over £500,000 to local projects initiated and run by other young people. As part of the process, the grant panel assessed the funding applications and subsequently monitored the projects to which funds were allocated.

The Council also takes local petitions very seriously and already has a framework in place, which is more comprehensive than the one outlined in the 'Local Petitions and Calls for Action Consultation' guidance. We already accept petitions on issues wider than just the Council's activities, for example on shared issues such as transport. A petition needs to have a minimum of just 6 signatures to be heard which allows issues of very local concern to be heard. Petitions are referred to the most

appropriate part of the organisation for action; many petitions are heard at full Council, and some are directed to committees (such as planning). A log is kept of outstanding petitions and, where relevant, issues are referred to external organisations and followed up.

It is felt that although balloting might allow a broader level of engagement with people, it would not be meaningful as an approach required for participatory budgeting. Although it would allow large numbers of people to respond on key issues, however, it would not provide the understanding of the context and complexities of decision-making that is characteristic of participatory budgeting models or provide systematic, long-term participation.

Balloting on spending decisions also raises questions of how we ensure that the voice of the minority is heard and of how we engage with hard to reach groups, who often require specialist methods.

In view of these comments, we do not feel that any additional powers are needed by local authorities to deliver participatory budgeting.

### **Incentives for local authorities to undertake participatory budgeting**

Research from pilot studies show that in order to undertake participatory budgeting effectively, a dedicated budget is needed to deliver the process. Under current proposals, the costs associated with delivering the Participatory Budgeting process would need to be allocated from already scarce local authority resources. Therefore, having additional funding to deliver participatory budgeting would be a key factor in motivating local authorities and local communities. In addition, care needs to be taken to ensure that the cost of involvement is not greater than the benefits it provides.

Furthermore, there are clear tensions between the Government's policy aims. At the same time as promoting the participatory budgeting agenda, and ensuring greater responsiveness to local needs, local authorities are also required to meet Gershon efficiency targets and ensure value for money. Government is urged to recognise these tensions and understand the complexity of them locally.

Given the time input required to deliver participatory budgeting, the council would prefer to maintain maximum flexibility in the range of ways of delivery and management of participatory budgeting projects.

### **Engaging community groups in the process**

Coventry City Council has a history of engaging community groups in policy making and decision-making processes – including the long term involvement of local communities in the Coventry Partnership which includes the Coventry Empowerment Network. The Council operates ward forums in all 18 wards. The ward forums are an important way for local people to get involved, and by working with their local councillors, to raise local concerns and get things changed.

In order to encourage greater community participation, there needs to ongoing, regular forms of participation, with capacity to support and equip community groups with the right information and skills in order to participate fully in the process, ensuring that communities that are less often heard are also able to take part which

may require different types of support and methods of engagement which may be resource intensive.

A recent specific example from Coventry is the involvement of community groups in deciding priorities and allocating resources as part of the Coventry Neighbourhood Renewal Fund programme and we are currently working locally with local community groups to allocate funds to key priorities, post-NRF.

Local examples of on-going engagement include the “*Your Neighbourhood Matters*” programme through which local communities are working with service delivers to develop services that are more responsive to local needs and our local “*Safer Neighbourhood Groups*” which involve local residents in identifying and responding to community safety issues with support from the Coventry Empowerment Network.

Funding for on-going capacity building and support to local communities to facilitate engagement is important and support for this activity such as the former Community Empowerment Fund has been reduced by central government.

### **Barriers to devolving public budgets**

Devolving public budgets raises a number of issues around transparency and ensuring effective governance, as well as efficiency.

If local authorities are to devolve governance than appropriate checks need to be put in place to ensure transparency and accountability in decision-making, such as having clear roles and responsibilities, ensuring effective communication of decisions, and monitoring the outcomes of spending decisions.

Some discretion should also be allowed for authorities to be able to decide not to act upon the decisions of participatory budgeting projects where there are concerns that the decisions made may impact negatively on particular groups.

People lead busy lives and many may not have the time, or indeed the inclination to be engaged in participatory budgeting. Care needs to be taken to ensure that participatory budgeting is inclusive and does not run the risk of marginalising non-participants or under-represented groups. The council has responsibility, in its local leadership role, to balance the particular needs of a community with the needs of the city as a whole and to resolve any conflicting demands between communities.

Community capacity, or lack of it, is also a barrier to delivering participatory budgeting. Economic decision-making and budgeting can be difficult tasks. Complex trade offs have to be made, often with long-term implications. In order to ensure that they are able to participate fully, communities need to be equipped with the right knowledge and skills and to feel that their contribution is valuable.

A considerable amount of local authority funding is ring-fenced for particular activities. This means that there are limited amounts of non-committed resources that could be used for participatory budgeting projects. Therefore, care will need to be taken to manage the expectations of local communities, for example in relation to legal constraints on local authorities or the scope of the issues which budgets can cover.

In recent years councils have come under increasing pressure to prove their financial processes are efficient under Comprehensive Performance Assessment (CPA).

However, devolving services and budgets runs the risk of detracting temporarily from the smooth running of operations, and may prove more costly in the short term. CPA does not address devolution arrangements within its methodology. An inspection regime which recognises and understands the issues of participatory budgeting would be welcome, and so the council thinks that the impact of participatory budgeting needs to be considered as part of the development of the CAA.

### **The role of councillors in the use of participatory budgeting**

The council agrees that councillors play a leading part in participatory budgeting through their role as community leaders and strategic decision-makers. Ward councillors in Coventry are already involved in local ward forums, where they act not only as political representatives, but as community advocates and knowledge champions, who support local projects and initiatives, highlight key issues in their area, and inform local people about how they can get involved and explain reasons behind council decisions.

Other ways in which local ward councillors could be involved in the participatory budgeting process include: acting as the primary source of information between the community and the council; taking part in the participatory budget process, and supporting local people through it by helping them to identify solutions to local concerns; and being key contact points in their local community, who people know and feel they can turn to.

### **General issues**

It was noted that no impact assessment has been carried out on the draft strategy. As mentioned above, we consider that there are likely to be a number of impacts of this strategy, such as increased costs and putting in place appropriate governance arrangements in order to ensure equality of access to any participatory budgeting process, and to ensure funds are allocated in a fair and equitable manner. It would therefore be appropriate to carry out an impact assessment.

The council hopes that these comments are clear and helpful in shaping the final strategy, which we look forward to receiving. Should you need any further information or clarification, please contact Robina Nawaz (024) 7683 3060.