

Finance and Resources Committee

10am, Thursday, 16 August 2018

Proposed 2018/19 Citizen Engagement

| | |
|----------------------------|--------|
| Item number | 7.12 |
| Report number | |
| Executive/routine | |
| Wards | |
| Council Commitments | 47, 48 |

Executive Summary

This report sets out the Council's approach to engaging with citizens and stakeholder groups in 2018/19 on the Council's proposed budget for the following year.

In 2018/19, the Council plans to use four main engagement methods:

- An issues paper which sets out the necessity for change;
- An online budget planner which allows participants to make decisions to balance the city's budget based on their own priorities and values;
- An offline, game-based approach to making collective decisions about local spending priorities; and
- A feedback mechanism for the specific 2019/20 budget proposals.

Through these approaches the Council seeks to raise awareness of:

- Financial, social, and demographic pressures;
- Potential for different approaches to delivering services;
- Opportunities for communities to exercise more direct control of appropriate local facilities;

And to further develop these as part of engagement activities in subsequent years to help build informed consent for changes to services the Council provides.

Proposed 2018/19 Citizen Engagement

1. Recommendations

- 1.1 Approve the approach for engagement with citizens and stakeholder organisations with a launch date of Monday 1 October and a close date of Friday 7 December – with the launch to be delayed if budget proposals are not approved at the Finance and Resources Committee Meeting on Thursday 27 September;
- 1.2 Note the plan to provide a further detailed report on future engagement for approval, alongside the results of the 2018/19 budget engagement, to the 24 January special Finances and Resources Committee;
- 1.3 Approve the procurement of Budget Simulator (£4,995) to deliver the online engagement element. This resource comes from the overall allocation for budget engagement.

2. Background

- 2.1 The City of Edinburgh Council has, in recent years, engaged annually with citizens and stakeholder organisations as it plans changes to its budget. This engagement has taken a variety of forms as the Council has attempted to innovate, to deliver better information, and to obtain more meaningful feedback. The process of budget engagement has evolved as the needs of the organisation have evolved, and as access to technology made the niche engagement activity of a decade ago, into mainstream practice.
- 2.2 The public sector in the UK – in particular, those services provided by local government – has reduced in real terms, while demand for public sector services has increased as a result of demographic and social change. Edinburgh is similarly impacted, and the Council expects that it will face difficult decisions in the near future which cannot be addressed through incremental measures.
- 2.3 To meet pressures which are already present, the organisation needs to inform, to engage, and to obtain consent from citizens about the shape of local government and the role of the Council in providing these services. This is a profound challenge to the organisation, and we need to continue to evolve our approach.

3. Main report

- 3.1 This programme of work relates specifically to engagement in financial year 2018/19, but this work is imagined as part of a multi-year strategic approach necessary to develop legitimacy and obtain consent for larger change programmes. A further report will be submitted to committee in early 2019 seeking approval for the subsequent stages of this work; this is specifically timed to allow elected members to judge the effectiveness of the 2018/19 engagement alongside the detailed change programme.
- 3.2 By engaging and involving citizens and stakeholder groups on its spending and saving priorities, the Council aims to:
 - 3.2.1 Increase awareness and understanding of the financial, social, and demographic pressures which will shape the future delivery of public services, especially those faced by local government;
 - 3.2.2 Increase awareness and understanding of potential different approaches to providing services and develop models which are acceptable to service users and citizens;
 - 3.2.3 Increase awareness and understanding of opportunities for communities and individuals to exercise more direct control of appropriate local facilities and services through volunteering;
 - 3.2.4 Through the above, create a broad agreement between the Council and its citizens about the scope and function of local government, and the role and responsibilities of citizens.
- 3.3 These aims will be progressed during the 2018/19 engagement by achieving the following objectives:
 - 3.3.1 Communicate the Council's current budget position and the clear and imminent decisions it is proposing to take to balance its 2019/20 budget;
 - 3.3.2 Obtain informed feedback on local and city-wide services and priorities from a broad diversity of citizens; and
 - 3.3.3 Communicate the Council's longer-term plan to increase meaningful engagement with citizens and stakeholder organisations.

Methods

- 3.4 Engagement in 2018/19 will be organised around four main activities:
 - 3.4.1 The development of an issues paper which presents the evidence base and makes the case for necessary change in the planning and delivery of public services;
 - 3.4.2 An online budget planner similar in scope to that used in previous budget engagements, but building on the lessons learned in these processes;
 - 3.4.3 an offline, game-based approach to making collective decisions about local spending priorities. Strategy and Insight will conduct some group activities

directly and will support localities to host these discussions amongst local networks; and

3.4.4 a feedback mechanism for the specific 2019/20 budget proposals.

Issues Paper

- 3.5 Strategy and Insight intends this engagement to be part of a multi-year activity that builds towards a new compact between citizens and the Council. An essential foundation to this discussion and agreement is the development of an evidence base which articulates the necessity of change, and the impossibility of business as usual in the long term.
- 3.6 Rather than recreate this information each year, the Council will produce a single paper which will be referenced throughout this engagement period. Much of the narrative of this report has already been created in previous years by Finance, Communications, and Strategy and Insight.
- 3.7 Options for creating this paper in the most engaging and accessible formats will be explored by Communications.

Online planner

- 3.8 The Council will present all discretionary budget spend for all services using the online tool Budget Simulator – please see [demonstration version](#) for functionality. This exercise was undertaken during the previous administration of the Council to provide longer-term priorities for saving and investment.
- 3.9 The online planner was more successful at reaching all age groups than online surveys, and was especially successful at encouraging participation amongst age groups younger than those normally interested in Council budgets.
- 3.10 The lessons learned from previous experience of presenting the budget in this way were:
- 3.11 The number of services (or sliders) presented is important. Too many results in exhaustion, too few makes decisions feel insubstantial. In 2018/19, the Council budget will be structured to provide approximately 20 sliders, a reduction of around half from the previous simulator.
- 3.12 The value of sliders is important. The Council will aim to present services in “chunks” of £25m to £50m, ensuring that any change in spending level generates significant movement towards the total. This will involve meaningfully grouping some service areas and logically splitting others; this also helps to equalise impacts and gets closer to real preferences.
- 3.13 The text used to describe the implications of changes is key and as with previous applications, services will be involved in producing their own language, but this will be reviewed to be consistent across all options to ensure that no one service overwhelms participants or undersells itself.
- 3.14 Participants value flexibility. The model must allow for a budget to balance using many alternative solutions; while it is essential for participants to appreciate the

consequences of their decisions, the model cannot force any choices. It should also be possible for participants to add funds by making discrete policy decisions, including tax raising powers (Council Tax, Tourist Tax), alternative business models (voluntary provision or outsourcing of some services), or changing service standards. As with spending reductions, the Council will be clear about the implications of these decisions – the model should not allow “free money”.

- 3.15 In the previous example, administrative and support services were targeted more than services perceived to be “front line”. The reality is that all “front line” services require business functions such as finance, payroll, personnel, etc. to perform their functions. For 2018/19, administrative and support services will be distributed pro-rata to the services they support. This avoids unhelpful and often false “free money” narratives about cutting waste and inefficiency which allowed some participants to avoid expressing any meaningful priorities. For this exercise, support services will be assumed to scale proportionately.

Offline group exercise

- 3.16 Alongside the budget planner there is a need to create an offline engagement method which is complimentary, and this presents an opportunity to involve localities and community groups more than has been possible in previous years. While Budget Simulator’s functionality cannot be duplicated, the principle of responsive engagement can be applied, ensuring participants have an experience which is rewarding as well as informative and importantly lays a strong foundation for deeper collaboration into the future
- 3.17 For 2018/19 engagement, Strategy and Insight will develop a game-based approach to making local budgeting decisions. While this approach would need to be tested in-house, it is currently assumed that the format would be:
- 3.17.1 All services provided in a ward would be costed (for ease and efficiency, this will be an average of all wards, rather than an accurate costing for each individual ward) and presented to participants;
 - 3.17.2 Participants would each receive an equal share of the Council’s future budget – an amount which collectively would not be sufficient to buy all the services, and would usually not provide individuals with enough money to unilaterally purchase all services they would want for themselves;
 - 3.17.3 Participants would discuss and agree their spending priorities and make deals to buy the best “basket of services” for them;
 - 3.17.4 Participants would also have the option of purchasing some services under different circumstances and therefore at lower costs – for example, they could maintain a local park if volunteers were willing to contribute to maintenance. These options would reflect the choices implicit in the change programme.
- 3.18 The negotiation process, and the principles and values reflected, would be as important as the actual choices made. Strategy and Insight would directly conduct

eight applications of this process with citizens recruited on-street in localities and held at local libraries or community centres. Strategy and Insight would also train locality teams to operate the approach, produce packs for them to use, and assist localities in having these conversations with their stakeholders.

Specific consultation on the 2019/20 budget proposals

- 3.19 It is the intention that specific items changed in the 2019/20 budget would be part of their own engagement activity similar to previous years, with an online survey and paper submission form allowing participants to comment on specific proposals or to express any points they want to make the Council aware of.
- 3.20 As in previous years, it will remain the responsibility of services to raise awareness of any relevant budget items with key stakeholder representatives.
- 3.21 This approach is particularly unappealing to citizens, who regard the volume of information as impossible to navigate and the consequences of changes difficult to understand. Therefore the online survey and paper forms will also seek to raise awareness of alternative methods of engagement discussed previously.

Communications and other engagement activity

- 3.22 The budget engagement will be supported, as in previous years, with a social media campaign that involves elected members and a Question Time event in November 2018.

4. Measures of success

- 4.1 Based on the experience of previous years, the following levels of participation are a reasonable estimate for engagement:
 - 4.1.1 1,000 completed online budget planners;
 - 4.1.2 24 groups completing the offline game-based approach (~200 individuals involved in these groups); and
 - 4.1.3 400 other submissions on the budget.
- 4.2 As in previous years, there is high potential for individual budget items to attract public attention and generate petitions or other group feedback. Total budget feedback typically often the estimated level for this reason, but this is difficult to predict in advance.

5. Financial impact

- 5.1 A budget of £30,000 has been made available for budget engagement in 2018/19. This will cover the charge for Budget Simulator (£4,995), and provide resource for the offline game approach and locality deployment (~£5,000), with the remainder (~£20,000) used for communications to create the issues paper, raise awareness of the budget engagement activity, and encourage participation.

- 5.2 The Council does not believe that a like-for-like substitute of Budget Simulator is available and is therefore seeking approval as part of this report to make a direct purchase.

6. Risk, policy, compliance and governance impact

- 6.1 Were the Committee to reject the recommendations of this report, it would have a detrimental effect on the ability of the organisation to deliver effective budget engagement in the short term, and would limit the potential of the organisation's change programme in the long term.

7. Equalities impact

- 7.1 All budget proposals are subject to equalities and rights impact assessment. This process is separate from budget engagement.
- 7.2 As part of the budget engagement exercise, the Council will attempt to engage a broad diversity of citizens through network and communication approaches, and will gather demographic information about participants to assess our effectiveness. Therefore it is expected that this will enhance the rights of all equalities groups.

8. Sustainability impact

- 8.1 There is no significant sustainability impact in relation to the proposed 2018/19 budget engagement exercise.

9. Consultation and engagement

- 9.1 While this approach is based on the experience and feedback from previous budget engagement exercises, no specific consultation or engagement has been undertaken on the nature of the 2018/19 budget engagement process.

10. Background reading/external references

- 10.1 None.

Andrew Kerr

Chief Executive

Contact: David Porteous, Acting Strategy Manager (Insight)

E-mail: david.porteous@edinburgh.gov.uk | Tel: 0131 529 7127

11. Appendices

None.