

Finance and Resources Committee

10.00am, Thursday, 7 October 2021

Participatory Budgeting: Progress Update

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
 - 1.1.1 agree the principles set out within the Council's Participatory Budgeting (PB) framework;
 - 1.1.2 note that while reprioritisation of the Council's activity in response to the COVID pandemic has affected the scope and timing of PB projects, it is anticipated that spend equal to at least 0.32% of the national 1% target will be achieved in 2021/22;
 - 1.1.3 note that a number of further projects to increase the scope of current PB activity for subsequent years are being explored with relevant service areas;
 - 1.1.4 agree that specific proposals be brought back to the Finance and Resources Committee early in the new year for consideration as part of setting the Council's 2022/23 revenue and capital budgets; and,
 - 1.1.5 refer this report to the Culture and Communities Committee for its information.

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Participatory Budgeting: Progress Update

2. Executive Summary

- 2.1 Following agreement between the Scottish Government and CoSLA that all Councils will work towards allocating 1% of their budgets by means of Participatory Budgeting (PB), this report sets out a proposed framework to guide the Council's PB activity, current activity in 2021/22 and plans to increase this in 2022/23 and subsequent years.

3. Background

- 3.1 The Council's Business Plan reflects a clear desire to adopt PB more widely across the Council as part of a broader commitment to increase community empowerment. This builds on the Coalition Agreement in 2017 which set an ambition to become a leading council in Scotland for community engagement through allocating 1% of the Council's discretionary budget through PB.
- 3.2 The Scottish Government and COSLA subsequently reached a framework agreement to work towards allocating a sum equal to 1% of external revenue funding (based on the 2021/22 Local Government Finance Settlement a target of around £8.2m for the Council) through PB.
- 3.3 While the target is defined with reference to the revenue settlement, "qualifying" spend can be identified through either the revenue or capital budget and include Housing Revenue Account-related activity. While not prescribed by the national agreement, it is proposed that the level of qualifying expenditure is recorded as it is incurred, rather than at the point it is approved (this is particularly relevant for capital projects which may span more than one year).
- 3.4 The Scottish Government/COSLA framework agreement was initially to be achieved by the end of 2021 but due to the COVID-19 pandemic, a more flexible approach has now been agreed in terms of timescales but with an emphasis on demonstrable year-on-year progress. This flexibility includes how PB is defined, leaving this to each council to specify. Progress against the 1% target will be subject to aggregated annual Scotland-wide reporting through COSLA.

4. Main report

4.1 In March 2020, the Corporate Leadership Team (CLT) identified a number of budget areas which could be prioritised for progressing participatory budgeting approaches. These included Localities/Neighbourhood Environmental Programme (NEP), Pupil Equity Fund (PEF), Parks and Greenspace, Road Safety and Early Years.

4.2 The follow-up work to develop the associated strategic proposals was, however, paused due to the pandemic but has restarted in recent months.

Council's proposed approach to PB

4.3 A Council-specific PB Framework (included as Appendix 1) has now been drafted to support the development of a programme of activity across the Council. This framework sets out the principles underpinning the Council's proposed approach and how PB coverage will be extended to include mainstreaming and commissioning activity.

4.4 The approach recognises the flexibility provided by the Scottish Government in defining PB and focuses, in particular, upon the importance of deliberative dialogue with communities in shaping and influencing the decision-making process. This builds upon the current approach to PB, such as the format of £eith Chooses, whilst recognising that the precise form of this deliberative dialogue needs to be tailored to a wider mainstreaming and commissioning environment.

PB activity in 2021/22

4.5 In recent years, most of the investment in housing estates has been delivered through Neighbourhood Environmental Projects (NEPs), with the key focus of capital investment being in existing and new-build homes. Delays in implementation due to COVID-19 have resulted in an underspend that has increased the size of the programme planned for delivery in 2021/22 and 2022/23.

4.6 Given the nature of the deliberative dialogue (consistent with the Council's PB framework) underpinning the identification and formulation of this year's projects, total PB-related spend in this area of £2.569m is anticipated in the current financial year.

4.7 This sum is in addition to the £0.049m of planned spend through the £eith Chooses project in 2021/22. Taken together, this £2.618m of spend through PB represents a sum equal to 0.32% of the 1% target for 2021/22.

4.8 The Council has also recently submitted a funding bid for the refurbishment of the existing Cairntow site as part of the Scottish Government's (SG) Gypsy/Traveller Accommodation Fund, with the outcome of the bid expected in mid-October. These proposals, totalling £4.3m, have been tenant-led, with the residents actively shaping the proposed design and layout of the site, landscaping and boundary treatments. Subject to the result of this funding bid and, where applicable, identification of alternative funding sources, these budgets would further contribute to the 1% target in 2021/22 and subsequent years.

Building on current practice and developing new PB projects in key areas 2022/23 onwards

- 4.9 The precise extent of the budget scope to be guided through PB activity still requires to be quantified and agreed with the areas agreed by CLT and would form part of on-going development across all Council services, with the detail of the proposed programme brought to the Finance and Resources Committee in the new year for consideration as part of setting the Council's 2022/23 revenue and capital budgets. Indicative estimates are, however, of a PB programme totalling £4m in 2022/23.

Neighbourhood Environmental Programme (NEP)

- 4.10 As noted above, further spend, informed by extensive deliberative dialogue, is anticipated in 2022/23. A review of current NEP arrangements is, however, underway and this may influence upon the specific process adopted in subsequent years.

Road Safety

- 4.11 There is an opportunity to involve key stakeholders more explicitly in the design of safer and more sustainable routes to school, with relevant spend of up to £9m anticipated over a five to six-year period. Delivery is anticipated to begin from 2022/23, subject to the confirmation of relevant internal and external funding. PB in this area would, however, be developed in such a way as to take appropriate account of established delivery timelines of relevant projects.

Pupil Equity Funding

- 4.12 Use of PB expenditure in PEF is increasingly being promoted nationally with possible opportunities to extend this to other areas of expenditure, as part of a longer-term development of PB-based approaches within schools.

Area-based regeneration

- 4.13 There may furthermore be opportunities over the medium to longer term, as part of a more holistic approach, to involve the community more actively in helping shape change and improvement in their own neighbourhoods, supporting wider area-based regeneration ambitions and improving the quality of life for those who live there.

Other areas

- 4.14 In addition to the initiatives above, it is anticipated that further "qualifying" spend will be incurred during 2022/23 through £eith Chooses, as well as (subject to further discussion with the service area) potential opportunities within Parks and Greenspace and Early Years provision.

Associated staffing and related support requirements

- 4.15 Despite previous SG PB-funded programmes providing 12% support costs for projects, the SG/CoSLA framework agreement does not specifically provide resource to support local progress on PB. Whilst the support costs associated with the current year's activity can be contained within existing resources, resources for the medium to long term will need to be identified as part of costed project plans.

5. Next Steps

- 5.1 Subject to Committee's agreement to the broad principles set out within the Council's framework, discussions will continue with relevant services to develop proposals for further initiatives, with these brought to the Finance and Resources Committee for consideration in the new year as part of setting the Council's 2022/23 revenue and capital budgets.

6. Financial impact

- 6.1 The proposed approach to PB focuses first and foremost on *how*, rather than where, available funding is spent and, as such, is not about identifying a separate and/or additional resource. There are, however, some areas of expenditure that cannot be influenced or changed by public choices, such as historic borrowing costs and sums linked to pre-existing contracts.
- 6.2 As noted above, staffing and other related resources for the medium to long-term development of PB will need to be identified as part of costed project plans.

7. Stakeholder/Community Impact

- 7.1 PB offers the potential to achieve better outcomes for individuals and communities by involving and engaging local people in having a direct say in how public money is spent in their community. Resources are allocated through a process of community participation in the decision-making process, in order to meet identified local need.

8. Background reading/external references

- 8.1 [Community Choices: Participatory Budgeting in Scotland: Framework for the operation of the 1% target for Local Authorities \(2021 Update\)](#), COSLA/Scottish Government, June 2021.

9. Appendices

- 9.1 Appendix 1 - Proposed Participatory Budgeting Framework
- 9.2 Appendix 2 - Timeline of planned activity

Appendix 1 – Timeline of planned activity

	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	
	2021				2022							
2021/22 projects												
Neighbourhood Environmental Projects (NEPs), 2021/22	[Yellow bar]											
£eith Chooses - planned event					[Yellow bar]							
Gypsy/Traveller Accommodation Fund - bid outcome known		[Yellow bar]										
Progress update to Finance and Resources Committee		[Yellow bar]										
2022/23 projects												
Discussion with service areas on potential opportunities for roll-out in 2022/23	[Yellow bar]											
Approval of 2022/23 projects as part of Council budget-setting						[Yellow bar]						
Neighbourhood Environmental Projects (NEPs), 2022/23								Draft list of projects developed				
Roll-out of agreed PB-based initiatives								[Yellow bar]				

Appendix 2 - Participatory Budgeting Framework

1. Aims

The Council believes that participatory budgeting (PB) is one of the key ways to achieve successful change and continuous improvement in the provision of Council services. The Council wishes to increase community participation and open up more inclusive ways of working with citizens, people with lived experience, families, carers and service providers in shaping services so that shared decision-making becomes the norm.

2. Definition

- a. Participatory budgeting helps to achieve better outcomes for individuals and communities by involving and engaging local people in having a direct say in how public money is spent in their community. Resources are allocated through a process of community participation in the decision-making process, in order to meet identified local need.
- b. Adoption of a PB-based approach can contribute positively to the following outcomes:
 - Developing a more engaged community;
 - Empowering local individuals and community groups, particularly those traditionally excluded or suffering from inequalities;
 - Increasing community cohesion;
 - Strengthening local democracy;
 - Improving quality of life;
 - Devolving decision making to meet locally defined need; and
 - Supporting effective service design.

3. Origins and Background to PB

PB was introduced in Porto Alegre, Brazil in 1988 with the aim of decentralising administrative power by widening participation at a local level. In Edinburgh, PB has been used as an approach to distribute funding since 2010, starting with small grants funding and expanding to other areas such as the Neighbourhood Environment Programme and the Health and Social Care Change Fund.

The Community Empowerment (Scotland) Act 2015 aims to help to empower community bodies through the ownership or control of land and buildings and by strengthening their voices in decisions about public services. The Community Choices Fund was introduced by the Scottish Government in 2014 as a way to expand opportunities for local people to be involved in decisions on local spending priorities and has so far allocated approximately £8m in funding for the development of PB in Scotland.

4. Operation of the 1% target for Local Authorities

In October 2017, a framework was developed and agreed by the Scottish Government and COSLA, stating that at least 1% of local government budgets would be subject to participatory budgeting by the end of 2020/21. This agreement, and the associated timeline for implementation, have subsequently been revised to recognise the impact of the COVID-19 pandemic upon local government, people and communities.

The 1% target is calculated with reference to the element of councils' net expenditure requirement that is met other than from Council Tax which is seen already to be a directly- and locally-accountable tax. In the Council's case, this annual target equates to around £8.2m, based on the Local Government Finance Settlement for 2021/22. While calculated with reference to revenue funding, both revenue and capital expenditure can contribute towards meeting the target.

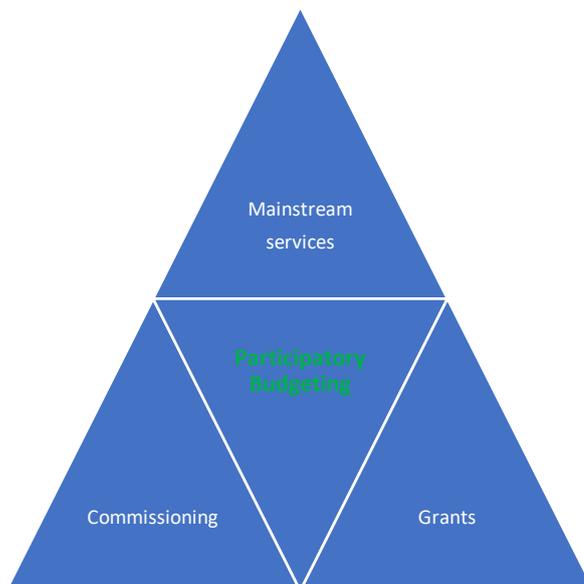
It is important to emphasise that PB focuses first and foremost on *how*, rather than *where*, available funding is spent and, as such, is not about identifying a separate and/or additional resource. There are, however, some areas of expenditure that cannot be influenced or changed by public choices, such as historic borrowing costs and sums linked to pre-existing contracts.

During 2020/21, most planned PB activity across councils was directly impacted by the work needed to respond to the pandemic, resulting in delays in meeting the target. Whilst the joint commitment between the Scottish Government and councils in allocating at least 1% via PB firmly remains, there is now a degree of flexibility available to councils as to when they can practicably meet it. The Council will consider, within

its own local context, how and when the target will be met and report regularly to elected members and communities on its progress.

5. Scope of PB activity

Three main areas have been identified as being within scope for PB as shown in the diagram below.



(i) Grants

Grants are funds given for particular projects or to meet a particular need in the community. This has been the traditional historic focus of PB projects and the Council has developed considerable experience in the successful delivery of a number of grant-based initiatives, including £eith Chooses. Given the comparatively modest size of grants budgets relative to the Council's overall expenditure, however, there is a need to expand the approach to consider how citizens' voices can better influence the allocation of existing resources across frontline services.

(ii) Mainstream services

Mainstream PB enables the direct participation of citizens in local financial decision-making, resource allocation and service design, moving beyond allocating individual budgets or identifying separate budgets for community engagement and consultation. It can be used alongside other models of community engagement as part of a strategic approach to advancing participatory democracy alongside representative democracy and public sector reform.

There are also several wider benefits to local democracy associated with running mainstream participatory budgeting. It can help to improve the democratic process by widening participation and re-invigorating the role of local authorities, local councillors and civic society. It can contribute to the effectiveness of public spending by improving the way money is invested by increasing the knowledge available to the local authority when undertaking service planning.

As shown in the diagram below, PB should be empowering of local communities, inclusive of diverse groups not traditionally involved in decision-making, focused upon dialogue and deliberation as part of decision-making and result in meaningful outcomes for local communities and people.



(iii) **Commissioning (services designed to meet the needs of specific end users)**

Input into all parts of the commissioning cycle by communities is widely recognised to deliver better outcomes overall. By recognising the involvement of communities in decision making the Council is recognising the value in the skills, knowledge and experience that communities bring, including that awareness of local activity and need. By sharing the decision-making from the beginning of the process, communities are transformed from passive recipients of services into communities with power over the resources for their community. Done well, participatory budgeting can improve service outcomes and transform communities into equal partners in designing and delivering services. To do so, the Council needs to provide accessible processes and support participation by offering a range of accessible ways in which they can contribute, enabling them to work in reciprocal relationships with professionals and with each other.

6. The Council's approach to PB

A continuous programme of PB-based activity will be developed, based on an analysis of opportunities. This approach will not be prescriptive, likely involving a combination of the above approaches, and focus first and foremost on ensuring local people have a greater say and influence in funding decisions that directly affect them.

7. Learning and Development

While considerable progress has been made in recent years, PB remains an evolving approach in giving communities a direct voice in how elements of public money are spent. The Council will continue to participate actively in development of this national framework whilst tailoring, where appropriate, these principles to the local context.

The Council will strive to raise awareness, develop and support officers, communities and relevant partners to deliver effective and empowering PB processes.

8. Evaluation and Review

As with PB itself, evaluation of the approach is evolving. At this stage, however, it is anticipated that the Council's evaluation will include, as appropriate to the specific project(s) involved,:

- Total expenditure, and by extension proportion of total budget (as calculated in accordance with national framework), allocated through PB with a view to demonstrating year-on-year progress in its coverage;
- Percentage votes cast as a proportion of eligible participants;
- Percentage of residents rating PB process as good or very good; and
- Percentage of individuals reporting improved involvement in decision-making.

The evaluation will also compare planned to actual delivery of project outcomes and take account of external reviews, internal reviews and wider best practice.