



**Centrifuge Consulting**

## **PARTICIPATORY BUDGETING**

### **A Briefing Note**

**10 Leazes Park  
HEXHAM  
NE46 3AX**

**T: 01434 670330  
E: [info@centrifuge.coop](mailto:info@centrifuge.coop)  
W: [www.centrifuge.coop](http://www.centrifuge.coop)**



## PARTICIPATORY BUDGETING – A BRIEFING NOTE

Involving the wider community in governance and the design and delivery of services is one of the key challenges for 21<sup>st</sup> Century government.

In July 2007, Hazel Blears, the newly appointed Secretary for Communities & Local Government, announced plans to enable communities to have a greater say in how local authorities spend resources and address the needs of their locality. Pioneered in the Brazilian city of Porto Alegre, '**participatory budgeting**' gives communities the opportunity to examine and decide on the allocation of local authority budgets.

With an ambition for every neighbourhood to exercise control of a 'community kitty' within the next five years, proposals for the implementation of participatory budgeting in the UK do not appear to extend as far as the 'Alegrean Model' of civic participation. However, devolving power to communities through mechanisms such as participatory budgeting is central to the modernising government agenda and as such these proposals require some consideration.

This paper is an attempt to provide some insight into the factors driving this agenda, exploring the implications of participatory budgeting and identifying what can be learned from the application of this form of community empowerment within Porto Alegre.

### Introduction

Engaging and involving communities in the governance and delivery of services has become increasingly central to national policy over recent years as the Government has sought to improve and develop public services. Evidence of this shift can be seen in the range of service delivery bodies and agencies which now have a statutory duty to consult and engage the community to varying degrees in their decision making processes. These include:

- Primary Care Trusts;
- Local Authorities;
- Police Service; and
- Local Strategic Partnerships.

One of the principal drivers behind this policy shift is an increasingly widespread recognition that wider community involvement can improve the quality of citizens' engagement with services, providing a **range of mutual benefits** for both individuals and agencies. While not an exhaustive list, **Figure 1** over provides an insight into some of these benefits.



**Figure 1: The Benefits of Community Engagement and Empowerment**

Individuals	Agencies
More accessible and responsive services	Improved knowledge on residents' needs
Increased awareness of the joined up nature of problems and issues	The capacity for developing joined up solutions
Opportunities to acquire skills, training and pathways into education and employment	Innovation in service delivery
Improved trust in services providers	Enhanced community trust
Improved local conditions	Improved local conditions.

In addition to the benefits identified above, efforts to engage and empower communities are widely perceived to be a potential antidote to voter apathy and low turnouts in local elections. This shift in focus fits with current interest in the "co-creation" of public services, harnessing the intelligence, investment and imagination of users in design and delivery of services.

These developments are clearly linked to the **trust** agenda in public services:

*'Trust is at the heart of the relationship between citizens and government...even if formal service and outcome and targets are met, a failure of trust will effectively destroy public value<sup>1</sup>'.*

Trust, therefore, has a critical impact on the community's engagement with public sector organisations and processes, and the services they deliver. In contrast, reduced levels of trust can lead to:

- a loss of confidence in services and service providers;
- reduced contact; and
- citizens being less likely to engage.

As a consequence the loss or a lack of trust has an impact on the ability of local authorities to improve and develop public services. In the context of public services, trust can be perceived as being largely related to satisfaction with services and the fulfilment of commitments. However, the method by which services are delivered, transparency, the ability to learn from experience, and the active engagement and involvement of citizens are also significant.

<sup>1</sup> Cabinet Office (2002) [Creating Public Value: An analytical framework for public service reform.](#)



## What is Participative Budgeting?

Participative budgeting is one of a number of methods that have been proposed in recent years to ensure the active participation of citizens and the development of a culture of trust between communities and local government. Essentially it involves giving communities the opportunity to have a say in how public funds are spent on works and services in their area.

However, in practice participatory budgeting can take many forms, depending on a number of factors, including:

- process and methods of participation;
- the nature and scope of community participation and representation; and
- the scale and scope of funds and services devolved to the process.

It is widely felt that the participatory budgeting process re-engages the electorate with politics and governance. This devolution of power will then enable citizens to prioritise local authority spend in their locality, bringing the range of benefits highlighted in **Figure 1**, not least improved local conditions and services.

In addition the process can also serve to enhance transparency and enable the community to possess greater understanding about the constraints and trade offs associated with spending finite resources and the subsequent need to prioritise investment.

The participatory budgeting process was initially implemented in the City of Porto Alegre in Brazil in 1989. Since its inception the process has steadily developed to a system in which a parallel organisation, including elected community representatives, operates alongside the municipal council to formulate and monitor the municipal budget. Implemented in the wake of damaging activities related to the concentration of power, wasted resources, financial insecurity<sup>2</sup> and corruption<sup>3</sup>, participatory budgeting in Porto Alegre is underpinned by the following three principles:

- there is a city wide framework that enables **all citizens** to be involved in an **annual cycle** through the election of a representative to their neighbourhood assembly<sup>4</sup> or thematic assembly<sup>5</sup>;
- it is a **city wide** process with citizens meeting in open assemblies within their neighbourhoods to debate and vote on local priorities which are subsequently negotiated across neighbourhoods; and
- negotiations occur through a **regular cycle of transparent meetings** at neighbourhood and strategic level, thereby linking local discussions with the setting of city-wide priorities<sup>6</sup>.

<sup>2</sup> [www.tni.org/archives/chavez/portoalegre.pdf](http://www.tni.org/archives/chavez/portoalegre.pdf) (accessed 13 July 2007).

<sup>3</sup> <http://www.unesco.org/most/southa13.htm> (accessed 13 July 2007).

<sup>4</sup> The City has been divided into 16 sections or neighbourhoods. Geographical, social and community organisation issues were considered during the division process.

<sup>5</sup> The City also has 5 thematic assemblies to enable issues based community organisations to participate. The 5 thematic assemblies cover issues such as urban development, transport, health & social care and education.

<sup>6</sup> <http://www.guardian.co.uk/comment/story/0,,2121732,00.html> (accessed 13 July 2007).



In addition the participatory budget also incorporates **local flexibility** as it requires an element of the budget to be devolved to neighbourhood level to enable spend and service delivery to be shaped to the needs of the locality. **Transparency** is central to the entire process, with the election of representatives, the prioritisation of issues and the awarding of contracts undertaken through a series of open discussions.

Due to the levels of community involvement required for this process and the size of the population within the area, the scale of this operation in Porto Alegre is substantial. Support for the system appears strong, with surveys suggesting that around 85% of residents are aware of the participative budget and approximately 80% view it positively<sup>7</sup>. However, it should be noted that as with conventional electoral processes in the UK, not all citizens participate<sup>8</sup>.

Since its inception Porto Alegre's Participatory Budget has been widely credited with having a positive impact on the City. For example, the process has led to a genuine redistribution of public investment to the outlying districts of the area<sup>9</sup> and has often led to a beneficial reversal of the Local Government's previous priorities, most notably in housing and development<sup>10</sup>.

In addition the process has been credited with making a substantial contribution to significant improvements in the City's infrastructure and services and the development of a more accountable civic administration that has gradually gained the trust of the community<sup>11</sup>. However, while Porto Alegre has subsequently earned a UN Prize as the world's most habitable city<sup>12</sup> it is reasonable to assume that the increased culture of trust developed between citizens and the local authority cannot be taken for granted.

## Lessons from Porto Alegre

Following the experience of Porto Alegre more than 70 Brazilian cities, and a total of around 300 cities worldwide, have established or are in the process of establishing a participatory budgeting process. In addition the approach has been identified as a new, sustainable and replicable model of participatory and democratic governance by a number of governmental and non-governmental organisations across the world<sup>13</sup>. However, while this approach is widely acknowledged as an innovative and positive model suitable for replication there are a number of issues which require

<sup>7</sup> <http://mondediplo.com/1998/10/08brazil> (accessed 13 July 2007).

<sup>8</sup> <http://www.unesco.org/most/southa13.htm> (accessed 13 July 2007).

<sup>9</sup> [www.tni.org/archives/chavez/portoalegre.pdf](http://www.tni.org/archives/chavez/portoalegre.pdf) (accessed 13 July 2007).

<sup>10</sup> <http://mondediplo.com/1998/10/08brazil> (accessed 13 July 2007).

<sup>11</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/CESILPROGRAM/0,,contentMDK:20291807~pagePK:64156158~piPK:64152884~theSitePK:459661,00.html> (accessed 13 July 2007).

<sup>12</sup> <http://politics.guardian.co.uk/comment/story/0,,2121743,00.html> (accessed 13 July 2007).

<sup>13</sup> <http://www.participatorybudgeting.org.uk/Downloads/PARTICIPATORY%20BUDGETING%20DPM%20April%2006.pdf> (accessed 13 July 2007).



consideration if the model is to be used as an example of best practice and replicated elsewhere.

For example, one factor which must be considered when analysing the experience of Porto Alegre is the fact that unlike Britain, Brazilian municipalities have considerable **autonomy** over their revenues and expenditures. As a consequence participatory budgeting in the UK is likely to be **limited in scope** when compared with the process in Porto Alegre.

However, if participatory budgeting is to be used and marketed as a tool to re-engage people with politics and foster trust between local authorities and their communities it is essential that communities are given the opportunity to implement real change. Therefore, if participatory budgeting is to bring “devolution right to the doorstep<sup>14</sup>” the size and scope of budgets involved are crucial and as such the level of local autonomy over revenue and expenditure is an important consideration.

In addition while the participatory budgeting process itself holds the potential to act as a catalyst for burgeoning civic activity, it is clear that for the approach to be successfully implemented an area requires an already **existing civic culture**.

A further important consideration is that, no matter what issues may exist around local government in the UK, it is nowhere suggested that levels of corruption and alienation approach that of Brazil in the 1980s. There is a real danger that significant extension of the approach could serve to undermine the legitimacy of the role of the elected representative.

Having said this, it should be noted that the participatory budget is **not an entirely new concept** in the UK as a number of local authorities and other regeneration and service delivery bodies have piloted community involvement in the monitoring and allocation of budgets. Examples identified by the neighbourhood renewal unit include:

- **Sunderland New Deal for Communities** (NDC) involved the community at neighbourhood level by using a small grants budget to enable them to set priorities and allocating grants to small local projects that would contribute to achieving the priorities of the NDC;
- **Bradford Local Strategic Partnership** brought together 200 community representatives from across the city to decide how the city’s budget for environmental improvements should and be allocated<sup>15</sup>.

In addition, utilising a grant from the Scottish Executive, **Fife Council** undertook three pilots to test the concept using relatively small budgets (£25,000-£50,000 per community)<sup>16</sup>.

---

<sup>14</sup> <http://www.communities.gov.uk/index.asp?id=1511749> (accessed on 13 July 2007)

<sup>15</sup> <http://www.participatorybudgeting.org.uk/Downloads/PARTICIPATORY%20BUDGETING%20ODPM%20April%2006.pdf> (accessed 13 July 2007).



Elsewhere in Scotland, statutory Community Planning Partnerships<sup>17</sup> have also enabled communities to have a say in how resources are allocated in their area.

While the participatory budgeting model has largely been applied to the distribution of special funds rather than mainstream budgets in the UK, Local Authorities such as Salford City Council are increasingly devolving decisions regarding mainstream budgets<sup>18</sup>.

As with all community involvement it is important to consider the **level of commitment** required of participants and the **accessibility** of events when considering the application of participatory budgeting.

Commitment and capacity of community members and their representatives is an important factor. Clearly the time commitments associated with participating can act as a significant barrier to individual involvement. In addition this is also likely to be a factor in the age profile of participants as involvement undoubtedly requires time for participation, favouring the economically inactive. As a consequence the timing and frequency of events is clearly an issue.

Work commitments and time constraints are regularly cited as the main reason for members of the community not becoming involved in regeneration processes with the timing of events having an impact on the representativeness of participants. For example, we have often encountered community involvement events that have been undertaken during traditional working hours, an approach that significantly diminishes the opportunities for involving economically active members of the community or those with other commitments. In terms of the frequency of events and the level of commitment required there is the important issue of "meeting fatigue" to be considered within the participatory budgeting process.

This then raises issue over the "representative legitimacy" of community participation in the process, illustrating a clear need to balance both the mechanisms through which people are involved, and the existing democratic structures overseeing local services. This again needs to be balanced against the demands put on entirely voluntary participation in the decision making process.

---

<sup>16</sup> <http://www.fifedirect.org.uk/atoz/index.cfm?fuseaction=service.display&objectid=C93BB67E-E7FE-C7EA-0C87CC2FACBD796E> (accessed 24 July 2007)

<sup>17</sup> [http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/webpages/cs\\_005873\\_hcsp](http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/webpages/cs_005873_hcsp) (accessed 16 July 2007).

<sup>18</sup> <http://www.participatorybudgeting.org.uk/Downloads/PARTICIPATORY%20BUDGETING%20ODPM%20April%2006.pdf> (accessed 13 July 2007).



Research recently undertaken in North West England highlighted the pressures that can be placed on community activists and the potential detrimental impact such pressures can have on their health:

*"it is vital that everyone who gets involved has the information and support they need to make the experience enjoyable and not exhausting, fulfilling and not frustrating"<sup>19</sup>.*

This also highlights the important issues of **information** and **support**. If communities are to play an active role in the monitoring and allocation of public funds it is essential that they possess the knowledge and information that will enable them to fulfil their role to the best of their abilities. It is often highlighted that community participants in regeneration processes do not often have the same access to information as public sector professionals.

Clearly this indicates there is a need for supporting active communities in interpreting policy and programme options and budget literacy to enhance understanding of, and participation in, participatory budgeting processes. These issues are particularly important for hard to reach groups, such as black and minority ethnic communities. In Porto Alegre teams of community activists and educators have been involved in training members of the community in budget literacy while public sector specialists provide training and instructions around technical and system issues to prepare communities and give them the tools necessary to play an active role in the process<sup>20</sup>.

Providing both opportunities for community involvement and the support required to enable individuals to take advantage of these opportunities will require **resources**. These resources will include funding and local authority officer time, and in some cases, the development of dedicated support structures. All of this infrastructure does not, however, come without cost, and the pilots undertaken to date have only influenced relatively small amounts of money. The true test of the approach would be whether it could be applied to mainstream spend, the vast majority of which is dictated by central government, which has in the past been unwilling to entrust to full local authority control, let alone local communities.

Importantly, the **role of elected members** as local representatives and points of democratic engagement must also be considered as there may be some issues around how a long term approach to participatory budgeting at mainstream, as opposed to special programme, level will be reconciled with representative democracy. How will the "community" voice be accredited, and to whom is it accountable?

---

<sup>19</sup> Kagan C (2006) "Making a Difference: participation and wellbeing" RENEW Intelligence Report 1 January 2006.

<sup>20</sup> <http://www.yesmagazine.org/article.asp?ID=562> (accessed 16 July 2007).



## Summary

While the participatory budgeting approach has been credited with contributing to an impressive improvement in services and infrastructure and the transparency and efficiency of resource allocation in Porto Alegre, and championed as an example of good practice in 21<sup>st</sup> century governance, it is important that the approach is not seen as a 'quick fix'.

The Brazilian experience has shown that such an approach requires time to evolve, and it has done so in a very specific socio-political context. In the UK, there is a wide range of issues around **participation**, **support** and **resources** that have to be considered before participatory budgeting impacts on the mainstream, rather than relatively small amounts of special programme money targeted on regeneration areas.

*This paper is a Centrifuge Consulting contribution to debate on topical issues in regeneration. We welcome comment and discussion, and suggestions for other contributions to this occasional series.*

**August 2007**