

Participatory Budgeting

Report by Ian Johnson, Head of Communities and Economy

1 Purpose of Report

The purpose of this report is to recommend that from the 1 April 2017 Councillors Environmental funds be allocated using a Participatory Budgeting (PB) approach.

2 Background

- 2.1** PB reflects the legislative requirements of the Community Empowerment Act (2015). The Act provides new regulatory powers for the Scottish Government to require Public Authorities to facilitate public involvement in decision making, including having a say on the allocation of resources. This is consistent with Scottish Government policy to empower local communities and develop alternative ways of funding services.
- 2.2** PB is a consultative model that involves setting up a steering group of local community members and organisations and empowering the steering group to define the process and criteria within the limits of the budget. The public then decide how the money is allocated.
- 2.3** A paper on PB was submitted to Council in March 2015. The paper provided an overview of current PB activities across Scotland and sought approval to host a seminar with Elected Members and for officers to pilot a PB project in April 2016. A briefing was sent to Elected Members in September 2015 and a structured discussion was delivered by PB Partners to elected members in December 2015, where elected members discussed the options, issues and challenges of PB.
- 2.4** Midlothian Council's Communities Team successfully delivered a pilot project in Mayfield and Easthouses between March and May 2016. The aim of the project was to fund projects that will help families who are struggling financially. The Scottish Community Development Centre independently evaluated this pilot.
- 2.5** A paper was presented to Council on 16 August 2016 where elected members approved a recommendation that instructed officers "to discuss further with elected members how they could most effectively distribute a proportion or all of their environmental budgets using a PB approach".
- 2.6** All members were invited to discuss participatory budgeting. Consequent to those discussions this report proposes that from the 1 April 2017 Councillor Environmental funds should be allocated using a PB approach.

3 Resources

- 3.1** The Scottish Government has set a target for Councils that at least 1% of their overall budgets is spent using PB. Further information on the Scottish Government's approach to resourcing PB can be found on their [website](#).
- 3.2** In 2015/16 Midlothian Council allocated £35,000 to PB. This represents 0.018% of the Council's revenue budget. This money has attracted additional match funding of £38,900 giving a total spend of £73,900. Details of that spend were reported to Council in August 2016. In addition to the recommendations in this report, the Services to Communities Board officers will seek to identify existing budgets that could potentially be made available for PB.
- 3.3** A paper "Prioritising Targeted Areas in the Small Grants Programme" was considered by Council on 28 June 2016. Council agreed to allocate the £40,000 Small Grants Poverty fund to the targeted areas of Dalkeith/Woodburn, Mayfield/Easthouses and Gorebridge in the 2017/18 grant round and beyond, using a PB decision making process.
- 3.4** The annual recurring capital budget totals £180,000 (£10,000 per Councillor). That allocation per Member is proposed to remain for the 2017/18 financial year with the proposal that it is spent using a PB approach. All disbursements made using these funds will require to accord with the Council's Capital Expenditure guidance. It is therefore proposed that Elected Members use a PB approach in the spending of their environmental funds.
- 3.5** Where members have unspent allocation funding from previous years, it is proposed that where possible such sums are also invested through a PB approach.

4 Risk

- 4.1** PB approaches do come with a degree of risk. Empowering communities to take decisions about funding allocations limits the control that funders and other decision makers have. Individuals and groups that are promoting a particular project can be unhappy with the process, especially if they do not get the outcome that they had hoped for.
- 4.2** Running effective PB programmes requires a significant amount of human resources; however, this does help staff make connections with people and community groups that they may not otherwise connect with. Officers support the steering group to develop fair and transparent processes. Use of external evaluators assists in managing risk and identifying learning. The Communities Team would use their experience of running successful PB programmes to ensure that PB is a transparent and open process.
- 4.3** Systems and processes need to be in place to ensure resources are appropriately allocated and reported. The risks are limited when the levels of funding are relatively small; however, they increase if funding levels go up. These risks exist in all grant allocations.
- 4.4** The distribution of the Environmental Grants using PB will comply with the Councils' Following the Public Pound requirements.

5 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☒ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

5.1 Key Priorities within the Single Midlothian Plan (SMP)

The Council approved position of prioritising targeted areas in the small grants programme by reallocating the Poverty Stream to the targeted areas and the small-scale PB projects in Midlothian, has provided additional resources for the three priority areas of the Council in order to support the Single Midlothian Plan top three priorities of closing the outcome gap in health, learning, and economic circumstances.

5.2 Adopting a Preventative Approach

The Christie Commission Report of the Commission on the Future Delivery of Public Services (2011) made it clear that “reforms must aim to empower individuals and communities receiving public services by involving them in the design and delivery of the services they use”. In addition the report notes that “we must prioritise expenditure on public services which prevent negative outcomes from arising”. PB is an example of supporting local people to design projects and allocate funding. This is an example of adopting a preventative approach.

5.3 Involving Communities and other Stakeholders

PB is recognised internationally as a way for local people to have a direct say in how and where public funds can be used to address local needs.

5.4 Ensuring Equalities

The PB projects in Midlothian have focused on areas of high deprivation. Community consultation and outreach work have helped to engage people who would otherwise not be involved in local decision making. Providing additional resources in areas with higher levels of poverty provides evidence of Positive Action under the Equalities Act (2010).

A PB Equality Impact Assessment was completed on 17 August 2016. The assessment concluded that PB was compliant with the Council's Equalities Duties and helps strengthen equalities groups in Midlothian.

5.5 Sustainability

The Scottish Government requires Local Authorities to embed PB as part of their active citizenship agenda. The reallocation of Environmental funds demonstrates a sustainable organisational commitment to PB.

6 Summary

PB reflects the Scottish Government's approach to increase community engagement in public authority decision making. PB helps connect staff with 'harder to reach' groups, and can empower communities to take an active interest in how budgets are allocated. The Communities Team have the skills and experience to support the delivery of high quality PB programmes. PB provides an opportunity to apply for external funding and support disadvantaged communities. Distributing Environmental funds using a PB approach demonstrates a transparent approach to the allocation of public resources.

7 Recommendations

It is recommended that Council:

- i) notes the policy approach of the Scottish Government to empower communities to participate in decisions on the allocation of public resources;
- ii) agrees that the environmental funds allocated to each Councillor for the 2017/18 and subsequent financial years are to be spent using a participatory budgeting approach, and in accord with the Council's Capital Expenditure Guidance; and
- iii) instructs officers to prepare more detailed guidance on good practice in the operation of participatory budgeting.

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