



THE UNIVERSITY *of* EDINBURGH

## Edinburgh Research Explorer

### Democracy, governmentality and transparency

**Citation for published version:**

Brun-Martos, MI & Lapsley, IM 2016, 'Democracy, governmentality and transparency: Participatory budgeting in action' *Public Management Review*, vol 18. DOI: 10.1080/14719037.2016.1243814

**Digital Object Identifier (DOI):**

[10.1080/14719037.2016.1243814](https://doi.org/10.1080/14719037.2016.1243814)

**Link:**

[Link to publication record in Edinburgh Research Explorer](#)

**Document Version:**

Peer reviewed version

**Published In:**

*Public Management Review*

**General rights**

Copyright for the publications made accessible via the Edinburgh Research Explorer is retained by the author(s) and / or other copyright owners and it is a condition of accessing these publications that users recognise and abide by the legal requirements associated with these rights.

**Take down policy**

The University of Edinburgh has made every reasonable effort to ensure that Edinburgh Research Explorer content complies with UK legislation. If you believe that the public display of this file breaches copyright please contact [openaccess@ed.ac.uk](mailto:openaccess@ed.ac.uk) providing details, and we will remove access to the work immediately and investigate your claim.



**Pre-publication version of article forthcoming in Public Management Review  
2016, Vol.18**

**DEMOCRACY, GOVERNMENTALITY AND TRANSPARENCY:  
PARTICIPATORY BUDGETING IN ACTION**

**Maria Isabel Brun-Martos\*,  
Irvine Lapsley\*\***

\* [isabel.brun@uchceu.es](mailto:isabel.brun@uchceu.es) *Economics and Business Department, University CEU-Cardenal Herrera, Valencia, Spain*

\*\* [irvine.lapsley@ed.ac.uk](mailto:irvine.lapsley@ed.ac.uk) *IPSAR, University of Edinburgh, Business School, Edinburgh, UK*

# **DEMOCRACY, GOVERNMENTALITY AND TRANSPARENCY: PARTICIPATORY BUDGETING IN ACTION**

## **ABSTRACT**

This paper examines initiatives in participatory budgeting (PB) in a city in the UK, a country which is a slow adopter of PB. While there are UK initiatives on PB, these are developmental. Nevertheless, this study underlines the potential of participatory budgeting in an Anglo Saxon context. The finance of local government and cities is notoriously opaque. PB has the potential to enhance both democratic accountability and effective city management through transparency. This study reveals a city which is profitably engaged with democratising its budgetary activities and seeking to achieve greater transparency for its citizens and managers through the modernisation of established practice.

**Keywords: Participatory Budgeting; Democratic Accountability; Governmentality; Transparency; Modernisation**

## **1. INTRODUCTION**

This paper examines an innovation in budgetary practice in the UK: the introduction of participatory budgeting (PB) in public services. While this budgetary practice was first introduced in Brazil some 30 years ago, it remains an **innovation** in the context of budgeting in UK cities and municipalities. To date there has been limited adoption of PB in the UK. This has taken the form of pilot studies (Harkins and Escobar, 2015). Given the UK position as a pre-eminent reformer in public management, the adoption of PB in the UK would represent a reverse diffusion process.

The declared intention of PB is to enhance transparency and democratic accountability in cities and municipalities. This paper mobilises ideas of democracy, governmentality and transparency and uses the Biondi and Lapsley (2014) framework to investigate PB in the UK context. Specifically, this paper addresses the research questions of: (1) Can PB enhance transparency in public finances and democratic accountability?; (2) Can PB become a mediating instrument between managerialism and democratic accountability? The evidence presented in this paper underlines the significance of transparency in assessing the potential of PB.

This research is based on a case study of one city. This city is experiencing the difficulties of the era of austerity in public finances. This paper adds to our understanding of how austerity impacts on local government (Carmela et al, 2016). This case reveals the receptivity of one UK city for the PB budgetary mechanism. In

some ways, the evidence presented in this paper can be depicted as a story of a budgetary innovation which is operating at the margins. However, this interpretation understates the significance of participatory budgeting, as this study shows how it could enhance both transparency and democratic accountability. While the evidence presented in this study may be seen as preliminary, it nevertheless identifies great potential for participatory budgeting in the UK. To achieve its full potential participatory budgeting has to be regarded as an essential democratic process not just another budgetary mechanism.

The adoption of participatory budgeting (PB) in the UK would be a reverse diffusion process. There have been many public management initiatives from Anglo Saxon countries which flowed across the world. This study is examining a practice which emanates from the developing world and which is actively under consideration in many advanced economies. Several studies attribute the emergence of PB to the experiences of the city of Porto Alegre, in Brazil (Aragonès and Sánchez-Pagés, 2009). This initial conception of PB had the political aim of redistributing income to reduce poverty. It also had two distinct attributes by which it and by which subsequent manifestations of PB can be identified: (1) an insistence on *democratic participation* and (2) the need for *transparency* in the process and outcome of participatory budgets (Goldfrank, 2006).

While the diffusion of PB is impressive, there are complications: PB is being implemented in very different ways, largely as a result of legal, social, political and historical traditions that exist in different countries. In particular, it is noteworthy that there is limited PB in Anglo Saxon countries. Within the UK there have been tentative developments on PB, with some encouragement to develop PB approaches by having pilot studies (Harkins and Escobar, 2015). Also it is notable that PB takes a variety of forms. This paper contributes a more nuanced understanding of what PB is and what it might become in an Anglo Saxon context by drawing on Sintomer et al.'s (2008) observations on the nature of PB.

This paper addresses the issue of the nature and effectiveness of participatory budgeting in a number of stages. There is a growing literature on participatory budgeting. This is discussed by not only exploring the diffusion of this practice but also its position in European countries. This study then explores the theoretical lens of managerialism v democratic accountability, governmentality and transparency. This addresses whether the mechanism of participatory budgeting can enhance

transparency and become a mediating mechanism which resolves the tensions between the aims of managerialism and democratic accountability. The lens of the Biondi and Lapsley (2014) framework is mobilised to evaluate participatory budgets in a case study site. The research design elaborates how this was done. The results section of this paper examines three variants of participatory budgeting at the case study site. Finally, this paper offers conclusions and a management and research agenda.

### **3. THEORY: DEMOCRACY, GOVERNMENTALITY & TRANSPARENCY**

This study focuses on the experiences of one city in its development of PB. In this investigation of PB three strands of contemporary thinking are mobilised:

#### *1. Managerialism v Democracy*

The setting of cities has been at the centre of sustained managerial initiatives over the past three decades to reform their structures and processes as part of the world-wide phenomenon of NPM. Cities in the UK are political organisations with elected representatives having overarching responsibility for shaping the policies and direction of these entities, while working with city managers to deliver the programmes for which elected members have overall responsibility (Lapsley et al., 2010).

Critics of the NPM trend see its spread as privileging management at the expense of citizens and their representatives (Box et al., 2001). This tension has often been depicted as a preoccupation with efficiency and results-oriented management which undermines democratic accountability (Ribot et al., 2008) and where recasting the citizen as a consumer is highly problematic (Box et al., 2001). Nevertheless, there are proponents of the new managerialism in local government who suggest that the results-oriented reforms have the potential to enhance political accountability and representative democracy (Ospina et al., 2004).

Within the literature there is a point of convergence around the significance of transparency in both democratic accountability (Hollyer et al., 2011) and in public management (Hood, 2006). Indeed, it has been observed that transparency has a long history as a central principle for both public management and democratic accountability (Hood, 2007). In a study of NPM reforms in a number of European countries it was revealed that these reforms did not inhibit transparency (Opedal and Rommetvedt, 2010), which indicates a means by which results-oriented managerial

reforms may not undermine democratic accountability. The arch-proponents of NPM, New Zealand, placed transparency as a central feature of their reforms (Hood, 2001). Furthermore, a group of scholars advocate greater *participative* democracy rather than *representative* democracy (Young, 1997; Haikio, 2010). This view supports giving more power to local citizens. The adoption of PB can be seen as resonating with this approach.

## 2. *Governmentality*

In their discussion of governmentality, Miller and Rose (2008) distinguish between programmes of government and technologies of government. The programmes of government are the political rationalities of government actors. They are an assemblage of visions, designs and policy articulations for governments. The programmes are the means by which government bodies seek to shape and influence life. In our case, city directives on education, social care, housing, transport and infrastructure provide the elements of the city programme. The technologies of government are a disparate set of techniques, mechanisms and practices which are mobilised to deliver on government programmes. There are interactions between these two concepts (Miller, 2001). Indeed, it has been suggested that there is an essential reciprocity between the programmatic and technological aspects of government (Miller, 1990). The technologies are often called upon by policy makers and political leaders within political argument and debate to enable, deliver and realise abstract aims and goals (Miller, 1990).

Within the governmentality literature, prominence is given to accounting as a `technology` or calculative practice. As Miller (2001) expressed it:

“(accounting) is always linked to a particular strategic or programmatic ambition to increase efficiency, to promote economic growth, to encourage responsibility, to improve decision making, to enhance competitiveness”.

Indeed, accounting may serve as a mediating instrument between different worlds. Miller and O`Leary (2007) demonstrate the manner in which different spheres of life can be combined in a particular locale. This linkage may be achieved by a mediating instrument which functions in a fluid manner across diverse domains. This reveals a way in which accounting practices may be able to align the often different tensions inherent in the management and political leadership of cities.

This linkage may be confounded by the lack of appropriate, available tools to enhance democracy and social inclusion, which has been identified as a significant obstacle to more participative democratic institutions (Brugue and Gallego, 2003). Indeed, it has been argued that the complexity of designing participative approaches to local government management is far from easy (Edelenbos, 1999) and the shift from a centralist, policy content, top-down perspective to a more participatory approach and process orientation is challenging for all concerned. However, PB has the potential to become a mediating instrument between the interests of city management and democratically elected city politicians.

By focussing on a specific accounting practice (capital budgeting), Miller and O'Leary have shown how mediation can be detected. A study of PB could reveal similar results. However, given the experimental stage of UK PB practices, at best it is possible to **suggest** that PB has the potential to become a mediating instrument in the day to day activities of cities in which PB is undertaken routinely. Therefore, the aim of this study is to explore that potential, while recognising that the extent of current practice may not yield a precise answer.

### *3. Transparency*

NPM influences can be seen as an antecedent of the present almost universal preoccupation with transparency in public finances. Furthermore, the mechanism of PB strikes a chord with a fundamental principle of both democratic accountability and the new managerialism: **transparency**. Hood (2006) has described contemporary usage of transparency in government as being 'quasi-religious'. However, the universal adoption of transparency as a desirable attribute is not straightforward. Nevertheless, the complex nature of this expression should not obscure its contemporary prominence. Despite the primacy of the aim of transparency in affairs of the state, there is some uncertainty about its actual meaning. Transparency is used widely in public finance without clear meaning and it is hard to assess its impact (Pollitt and Bouckaert, 2000).

#### ***Framework for Analysis***

Given the centrality of transparency to both democracy and NPM, this offers a means of investigating the effectiveness of both in our study setting. A nuanced interpretation of transparency which captures its wider facets in management and democratic accountability is necessary to analyse its use and implications. To address

this focus on local government PB as a mediating instrument between the worlds of democratic accountability and city management, this paper draws on the discussions by Biondi and Lapsley (2014) and Lapsley and Rios (2015) which identified three levels of transparency:

1. at one level, *access* to information is seen as achieving the aim of transparency (Kondo, 2002);
2. a second level of transparency which is best achieved when there is a genuine level of *understanding* of the phenomenon disclosed (Winkler, 2000); and
3. a third level of transparency, which is achieved where a sophisticated level of understanding, which extends to *shared meanings*, is held by potentially interested parties in the phenomenon disclosed (Christensen, 2002).

The aim of this paper is to mobilise these three levels of budget transparency in the City of Edinburgh participative budgetary system to explore our research questions through the theoretical lens of managerialism v democratic accountability, mediating instruments and transparency. If all three levels of transparency are achieved, the concerns of advocates of greater participative democracy are being met (Young, 1997; Haikio, 2010). This finding also undermines the claim that NPM organisations, such as the City of Edinburgh (Lapsley et al., 2010) inevitably undermine democratic accountability (Box et al., 2001; Ribot et al., 2008). The finding of all three levels of transparency also offers the **potential** that PB may be a mediating instrument between city management and the world of democratic accountability (Miller 2001; Miller and O'Leary, 2007).

Therefore, the existence of a PB system which is transparent in its design, scope and practice may be regarded as providing a mediating instrument which enhances **both** city management and democratic accountability, and this is the key focus of this paper.

#### **4. RESEARCH DESIGN**

To investigate the adoption of PB in a landscape of financial austerity, we used a case study approach (Stake, 1995). In particular, this city is a *critical case* because of its structural deficit. This financial circumstance has parallels with the adoption of



innovations in public management which are associated with situations of financial distress (Hood, 1995). This financial situation should mean this city is a favourable setting for a budget innovation such as PB. This research focus recognizes the potential of cities as study settings for the exploration of social and economic phenomena using an accounting lens (Czarniawska, 2002; Lapsley et al., 2010). The research design of this paper is set out in three stages:

*(1) Study setting*

Edinburgh exemplifies the contemporary city, where there is a conflict between high performing aspects of its services and the need to reduce public spending. The issues of both delivering essential services and ensuring a balanced budget have been a primary concern for the managers and elected leaders of this city, with the advent of the global financial crisis which has been identified as results-focused NPM type setting (Lapsley et al., 2010). Within this setting, we question whether this city offers a receptive context for the adoption and implementation of PB.

*(2) Sources of data*

Data have been collected over the period June 2014 to January 2016, from a wide variety of sources in this investigation of the impact of financial austerity on this city. This has included three categories:

1. The first source of data is related to documentary evidence, collected
  - The annual reports and accounts of the city;
  - Scrutiny of interim financial reports for the city, audit reports on the city, official policy documents, minutes of council meetings and debates on policy options.
2. The second data source is represented by media commentaries. More specifically, they comprise:
  - Commentaries on city websites. This included formal statements on city policy by its elected leader, comments by other elected members of the city council and statements by other stakeholders
  - Media coverage of budgetary deliberations in the city. This perspective on both budgetary proposals and outcomes offers a more rounded perspective on the policies developed for the city.
3. The third source of data was key informants. Interviews lasted approximately 45 minutes. These were open ended interviews to explore views on PB.

This included:

- Partnership development officers of NP
- Policy and Public Affairs Co-ordinator from the Edinburgh University Students' Association.

- Finance Manager of the City of Edinburgh Council.
- An informant from the PB partners organisation.
- COSLA (chief officer - communities)  
In addition, there was involvement in a budget meeting:
- Observation of discussions at a NP meeting on budget priorities.

### *(3) Analysis of data*

This adoption of multiple data sources allows triangulation (Eisenhardt, 1989), providing stronger substantiation of constructs. These multiple sources of information have been deployed to make sense of PB initiatives in Edinburgh. The role of documents as the gathering of ‘facts’, which shapes both policymaking and judgement, has wider influences (Jacobsson, 2016). It is recognized (Prior, 2003, p.21) that policy documents are not mere receptacles of information on the city, but important traces of policy debate and contest. The media can also be seen as framing, or attempting to frame, public perceptions on the merits of different policy options. This perspective – the media lens on city life – has been advocated as an illuminating way of visualizing the city (Czarniawska, 2002), as a means of getting behind factual accounts of city life (Lapsley et al., 2010) and as a key way of understanding democratic processes in cities (Lapsley and Giordano, 2010). Documentary and media analyses have been complemented with the perspectives of expert informants (Jones, 1996). This informed our view on how committed these key actors were to PB initiatives. We also undertook some observation of budgetary discussions in pilot projects, such as the one in the area of Leith in May 2014, which enhanced our understanding of participant attitudes to these initiatives.

In the discussion of theory, we observed that Biondi and Lapsley (2014) identified three levels of transparency:

1. *access* to information is seen as achieving the aim of transparency
2. a genuine level of *understanding* of the phenomenon disclosed , and
3. where a sophisticated level of understanding, which extends to *shared meanings*, is held by potentially interested parties in the phenomenon disclosed

The aim of this paper is to mobilise these three levels of budget transparency in the City of Edinburgh participative budgetary system to explore our research questions through the theoretical lens of managerialism v democratic accountability, mediating

instruments and transparency. If all three levels of transparency are achieved, the concerns of advocates of greater participative democracy are being met and this finding also offers the potential that PB is a mediating instrument between city management and the world of democratic accountability (Miller 2001; Miller and O`Leary, 2007).

In their 2014 paper Biondi and Lapsley (op. cit.) only tested for level 1 transparency – access to information. However, a subsequent study (Lapsley and Rios, 2015) tested for all three levels of transparency. This last approach is adopted in this paper.

## **5. RESULTS (1) PARTICIPATIVE BUDGETING PILOTS**

There are two strands to the city pilot initiatives on PB. The first was a pilot study for the care of the elderly. This first pilot study had considerable success. This pilot revealed significant participation and high levels of transparency at all 3 levels of the Biondi and Lapsley (2014) model, as used by Lapsley and Rios (2015). This pilot reveals democratic accountability as elderly citizens exercised choice. This pilot shows how PB may be used as a mediating instrument between particular groups of citizens and the city management (Miller and O`Leary, 2010). The targeted group had access to relevant financial information (level 1), the elderly people understood the options before them and had facilitators to elaborate upon different alternatives (level 2), and the targeted group of elderly citizens exhibited shared meanings in articulating spending proposals (level 3). However, while the nature of this pilot is positive, it only lasted for one year and was not repeated. The outcome for participative democracy of the kind sought by Young (1997) and Haikio (2010) was therefore ephemeral.

The second pilot initiative was targeted at local communities through neighbourhood partnerships. This setting raises a more significant possibility of the kind of participative democracy in which local people define problems and produce relevant and even creative solutions (Haikio, 2010). While the specific group of the elderly has more tightly focussed concerns, these neighbourhood partnerships have a wider range of activities to focus on. However, the results of this pilot initiative are mixed. There are 12 neighbourhood partnerships in this city. Only six of these had undertaken a participative budgeting exercise. Of the other six, four neighbourhood partnerships had done nothing and two were at a planning or developmental stage. Within the six

successful participative budgeting pilots in neighbourhood partnerships, there is also unevenness of outcome. There are two projects (Leith Decides and South Central) which have all the hallmarks of the Biondi and Lapsley (2014) levels of transparency. However, the other four are more muted.

The results of these initiatives are examined in the following sections: (1) Canny wi' Cash: A PB initiative for older people, (2) PB Initiatives in Neighbourhood Partnerships.

*(1) Canny wi' Cash: A PB initiative for older people*

The title of 'canny wi' cash' is Scots for careful with money, a circumstance which would be expected for many elderly people. Under the motto "Our voice is being heard at last", the Edinburgh Voluntary Organisations' Council (EVOC) ran the PB project *Canny wi' Cash*<sup>i</sup> as part of the ten year initiative of the Scottish Government "Reshaping Care for Older People Change Fund" - see Table 1.

The aim of the project was to give older people the power to decide and consequently, under a scheme of small grants to local groups, they could make decisions about which events, activities, and services they wanted to use, and how much money should be spent on them. Every group, which had to consist of people older than 65 years, could apply for up to £1,500. This grants programme was developed from January 2013 to January 2014 and perhaps the most innovative aspect of this project was the decision of the EVOC Project Team to go where older people were facilitating the vote process and giving the same opportunities to everyone. Therefore, a group of seven facilitators, selected for the project, visited places such as drop-in centres, lunch clubs and day centres where they could explain and describe the proposals on which they could vote.

One hundred and one proposals were submitted and finally £56,112 was allocated into 56 different projects for the elderly. However, only 312 people voted in the 37 different voting venues. Even so, Canny wi' Cash allowed older people in Edinburgh to feel included and according to the feedback obtained, they would like to participate again.

Table 1. *Canny wi' Cash* in figures

Projects	Submitted	101 <sup>a</sup>	£106,540.05
	Awarded	56	£56,112
People involved	Voters		312
	Steering Group		11
	Facilitators		7
Voting venues		37	
Budget allocation	Funding into selected proposals		£56,112
	Facilitators' costs		£815.5
	Co-ordination and management		£787.75
	Publicity and mailing		£300
	Materials		£450
	Final report (printing, copying, etc.)		£294.75
	TOTAL		£58,760

<sup>a</sup> One project was considered as unsuitable by the Steering Group and it was removed from the list

Source: compiled from *Canny wi' Cash* report by EVOG

When they were asked about the chance they had to decide what they wanted or needed as an alternative to the politicians' decisions, expressions such as "I was glad to have a chance to vote", "People should be asked more often to vote for things" or "It's democratic this way" arose. Additionally, the report of the project stated that one of the outcomes of the initiative was that these people have felt included in democracy and they understood the process and what was expected of them.

These findings are consistent with democratic participation and transparency in PB (Goldfrank, 2006) and exhibit high levels of transparency (Biondi and Lapsley, 2014) where we take the proxies of discussions over options and shared meanings over spending proposals (Lapsley and Rios, 2015) as proxies for level 2 and 3 transparency. It is important to note that this pilot was successfully managed by the city management working in partnership with a non profit organisation. The PB was an important focus as a mediating instrument between the interests of the citizens and the city. However, while this pilot is indicative of what can be achieved with PB, this result should be taken with some caution, because the pilot was only for one year and it has not been repeated

(2) *Participatory Budgeting Initiatives in the Neighbourhood Partnerships (NPs)*

Each NP is managed by a group of people including representatives from the local community, the police, health care, the voluntary sector, local organisations, and local councillors. The NP Local Community Plan reflects key priorities to tackle local issues. Every NP offers grants to the local community groups through the programme Community Grants Fund, provided by the Council. Local groups can apply for a small grant to invest in projects for the community and to contribute to the achievement of the local priorities.

These bodies offer a setting of citizen involvement where it might be expected that PB initiatives would thrive and prosper. However, this perspective is based on the presumption that citizens wish to be involved in their local communities, actively defining local needs and devising appropriate courses of action (Haikio, 2010). In our discussions with Partnership Development Officers, it became clear that citizen apathy was undermining the pilot initiative in four of these neighbourhood partnerships with two others striving to get the PB initiative started.

However, the remaining six Neighbourhood Partnerships had established PB pilots. These addressed mainly issues around involving youths in their local community. Four NPs have performed PB initiatives between 2013 and 2014 in which local young people have been encouraged to submit proposals developing projects which benefit and give opportunities to the local youth. In this way, local young people have had the chance to decide about the allocation of local funds. In the Liberton & Gilmerton NP the idea of a PB strategy arose after an event, *Youth Talk13*, at which a group of local young people showed their awareness of being more engaged in decision-making and being able to have a say in how local budgets are allocated (City of Edinburgh, 2014b). Our informant from the NP, the Partnership Development Officer, highlighted after the voting event in which local youth selected 7 out of 9 projects to be awarded, how well they assumed their responsibility in the process as well as how they valued the possibility to express their views. This initiative allocated £11,000; however, the other three projects of PB for young people in the rest of NPs distributed between £2,000 and £4,000.

These initiatives are consistent with the key dimensions of PB, both an insistence on *democratic participation* and the need for *transparency* in the process and outcome of participatory budgets (Goldfrank, 2006). The manner and process of conducting these

pilot studies are consistent with Biondi and Lapsley`s (2014) model of access, understanding and shared meanings. Perhaps most importantly engagement with the youth of these communities offers the potential of future development in PB initiatives.

The remaining active Neighbourhood Partnerships, South Central NP and Leith NP started PB projects in 2010. *Students in the Community*, an event hosted by the Edinburgh University Students` Association, has allocated £6,000 of the South Central community grants budget every year since 2010. Students and people from the local community have worked together to improve their local area and this fostered closeness between students and non-students. Every year applicants have presented their projects to improve their local community in an open forum where attendants, over 60 people each year, voted on their preferred ideas and the ones with the highest number of votes have been awarded. During this time, writing and art workshops, a film festival and cultural exchange activities have all been supported. The Partnership Development Officer affirmed that the provision of funding was attractive to student participants who understood the issues and worked together in developing proposals. These observations are consistent with the fundamental ideas of PB and are consistent with the Biondi and Lapsley (2014) model. However, this is a part of the city which has a large student population, which may skew the willingness and capacity of citizens to become involved in the PB pilot.

The most notable of the neighbourhood partnership projects is *Leith Decides* which has been undertaken in Leith NP since 2010. COSLA, the organisation with an overarching responsibility for local government in Scotland, provided a key informant who identified this pilot as an influential reference point for PB in the city. Indeed, in 2013, Leith NP received an award from COSLA for its work. This particular PB pilot resonates with Young`s (1997) ideas of the renewal of democracy and Box et al.`s (2001) ideas of substantive democracy. This initiative has achieved the engagement and involvement of the people who work, live or study in the area of Leith, by letting them discuss local funding decisions and making them feel included in the community. This immersion in democratic processes and involvement in spending proposals and formulation of policies are consistent with Biondi and Lapsley`s (2014) three levels of transparency. Exceptionally, this research team attended a 2015 meeting of the neighbourhood partnership in which it proposed its spending plans.

This confirmed the levels of engagement, of understanding and of commitment reported to us by the Leith Partnership Development Officer.

Table 3 reports the figures corresponding to each year of the *Leith Decides* PB, where it can be seen how the amounts of money and, especially, the people involved in the voting process increase over time. Furthermore, this includes people of all ages as well as from all of Leith (Leith NP Report, 2011, 2012; City of Edinburgh, 2013a, 2014c).

Table 3. Evolution in figures of *Leith Decides*

	Funds allocated	Projects		Voters		
		To be considered for funds	Awarded	Public event	By post and in local libraries	Total
2010	£16,602	25	20	320	-	320
2012	£17,666	33	22	724	-	724
2013	£22,092	38	22	590	309	899
2014	£22,885	42	26	402	663	1,065
2015	£22,092	37	25	318	1,307	1,625

Source: Compiled from Leith NP Report, 2011, 2012; City of Edinburgh, 2013a, 2014c; Leith NP website (<http://www.edinburghnp.org.uk/neighbourhood-partnerships/leith/about/%C2%A3eith-decides/>)

The reason for the success of this project might be due to the careful preparation and adaptation of PB to the participants' needs. When the pilot was presented for its approval in 2010 (Leith NP Report, 2010), the report emphasised the need to promote the initiative widely within the local community and give applications sufficient time to prepare bids. *Leith Decides* has been coordinated by a steering group of local volunteers, NP members and Council staff, which has been responsible for planning the whole process, organising the voting event, publicising the initiative, supporting applicant local groups and encouraging participation. Organisers have widely publicised the PB project through local press, community newsletters, distribution of flyers and posters around the area, advertisements in the local radio, websites, email networks, local libraries provided information too, and Facebook. In the 2010 and 2012 exercises, the only way to vote for the preferred projects was in a public event, while in 2013, 2014 and 2015 the chance to vote by post or in the local libraries was added to allowing those who could not attend the event to take part. The feedback



received by the organisation has always been positive and people are encouraged to carry on with PB in Leith. After the event in 2013, Councillor Blacklock, for the Leith Walk Ward declared:

“For the first time, I heard people in the community meetings speaking about the NP as a tool for engagement, having real democracy where people can decide on how money is spent” (City of Edinburgh, 2013a).

The PB in Leith is highly successful, complying with the fundamental ideas of PB. However, in any evaluation of the neighbourhood partnerships involvement in pilot PB exercises in Edinburgh we need to exercise caution and not overstate the case. In particular, in many NPs there are low rates of participation, both in terms of applications for projects and in terms of participants in the voting process. Additionally, the pot of money allocated, usually corresponding with a percentage of the budget of the Community Grants Fund, is generally low.

Therefore, there is evidence of PB as a mediating instrument between the everyday world of citizens and city management, specifically in Leith NP and South Central NP, but also in the youth initiatives. We conclude that the pilot PB initiatives in Edinburgh underline the potential for a more participative approach to budgeting, while recognising that this is not a straightforward policy option.

## **5. RESULTS (2) BUDGET CONSULTATION EXERCISE**

In addition to their initiatives with pilot studies of PB for the elderly and for neighbourhood partners, the city has undertaken an extensive budget consultation exercise. This consultation exercise commenced in 2013/4 and can be seen as part of a broad spectrum approach to enhancing democratic involvement in its financial affairs. This is consistent with Sintomer et al.'s (2008) classification of what may constitute PB. The Financial Manager at the City Council who was interviewed confirmed that the budgetary consultation exercise was regarded as an important part of its budget setting process.

This positioning by the city is consistent with the ideas of participative democracy (Young, 1997; Haikio, 2010). We have said that this city is a *critical case* because of its structural deficit. This financial situation of financial distress makes this city a favourable setting for a budget innovation such as PB (Hood, 1995). There is an issue over whether a budget consultation exercise can be regarded as PB. We have

mentioned above that there is not a blueprint for PB, there is diversity in PB initiatives, which are shaped by social, political and legal contexts. According to Sintomer et al. (2008), this consultative process fits the 'Consultation on public finances' model in their typology of PB procedures. Specifically, to merit the descriptor of PB, a budget consultation exercise would have to demonstrate that the views of citizens had altered the budget (Sintomer et al., 2008). Furthermore, the budget consultation exercise presents the possibility of the budget becoming a mediating mechanism between the citizens and city management where substantive exchanges occur. To achieve this, the budget consultation exercise has to exhibit both high levels of democratic engagement by, and with, citizens and high levels of transparency (Goldfrank, 2006)

The City Council has addressed the issue of *transparency* in its public finances in many ways. It has opened up its municipal accounts to citizens before its budget is approved. The city draft budget is also presented to residents. It has devised a number of engagement exercises to ensure citizens have access to, and understand, its financial situation and its budget proposals. The city approach has been broadly based in interactive media. These include surveys, websites and social media interaction. Online and paper surveys and phone interviews were undertaken. Interactive websites were placed at the disposal of citizens to make it easier to comment on the budget. People were also encouraged to post their comments and suggestions by using social networks such as Facebook and Twitter. The city also arranges public meetings at which local citizens have an opportunity to question elected representatives and city officials on budgetary issues. These points of contact were designed to be easily managed by ordinary citizens. In these various ways, city budget proposals and targeted savings were presented to citizens with the expectation that they would respond with comments, suggestions and recommendations on budget proposals.

These elaborate efforts by the city to make its financial situation transparent can be seen as meeting both level 1 (access) and level 2 (understanding) as proposed by Biondi and Lapsley (2014). The key issue of the level of engagement is crucial for achieving level 3 (shared meanings), (Biondi and Lapsley, 2014); categorisation as PB (Sintomer et al.); in forming a view on the budget as a mediating instrument (Miller and O'Leary, 2010) and in achieving effective participative democracy (Haiko, 2010).

The initial consultation exercises had limited success. In the 2013/2014 annual budget consultation, only 336 responses to the online survey were submitted (City of Edinburgh, 2013b). In the 2014/2015 budget consultation, communications and involvement activities reached over 68,000 people and even so, there were only 341 responses to the survey and more than 200 social media comments and 250 email contacts were received related with the budget (City of Edinburgh, 2014d).

However, the 2015/16 budget consultation was much more successful. This coincides with deepening financial difficulties for the city and supports the observations that financial distress can trigger substantive changes in public management (Hood, 1995). During the last consultation (2015/2016), the highest record of responses was achieved, specifically, 3,525 across the different formats (City of Edinburgh, 2015).

Most importantly, after every period of public consultation, citizens' feedback has been reflected in changes to the final budget. This outcome resonates with ideas of local democracy and engagement (Haikio, 2010). This is indicative that this democratic process may have had impact on both the budget process and the budget outcome.

The amendments made to the draft budget after the analysis of the main proposals received from citizens in the consultation exercise on the city budget and saving proposals are set out in city budget documents. With reference to the 2015/2016 annual budget, citizens' proposals led to reductions in the expected savings in £3,094,000. For instance, in the draft budget, the Council expected to save £130,000 by reducing the provision of festive lighting and trees but after gathering respondents' suggestions and comments, the saving was withdrawn from the 2015/2016 revenue budget. On the budget consultation, Finance Convener Councillor Alasdair Rankin (Rankin, 2015) said:

“I would like to thank the thousands of residents and businesses who took part in this open and democratic 11-week engagement and consultation process. A broad range of channels were used to ensure that everyone had their opportunity to have their say as an individual and/or as a group to influence how the council should invest and save money. We ensured it was promoted to all age groups and people from all walks of life to help us understand more fully where Edinburgh residents think council money should be invested and saved. The online planner has proven successful and will help us to make the right decisions for our residents now and in the future when setting our budget.”

Councillor Rankin has subsequently reiterated this stance on the importance of giving voice to citizens' views in setting the city budget (Rankin, 2016). These findings are indicative of a level of citizen engagement with city management which is congruent with the Biondi and Lapsley (2014) level 3 transparency as expressed by spending proposals (Lapsley and Rios, 2015). While this engagement exercise with citizens is publicly described as a consultation exercise, the substantive nature of the citizen engagement on budget proposals makes this exercise consistent with the Sintomer et al. (2008) categories of PB. The level of citizen engagement, particularly in the 2015/2016 budget consultation exercise, reveals key aspects of participative democracy (Haiko, 2010). This is suggestive of the budget as a mediating device between the democratic world of citizens and the managerial world of city officials (Miller and O'Leary, 2010).

## **6. CONCLUSION**

This research has addressed the important issue of budgetary reforms in cities by focusing on initiatives in participatory budgeting. The topic of participatory budgeting has its antecedents in South America as part of a political challenge to the establishment. This challenge to established practice, which had the intention of enhancing transparency and democratic accountability, is now spreading internationally, albeit with different interpretations and practices shaped by different institutional, social and political consequences. Given the flow of public management reforms from Anglo Saxon countries, the adoption of participatory budgeting represents a reverse diffusion process, which is significant in itself.

This study reaffirms the potential of the participatory budgeting approach in the UK. The findings in this paper suggest that this form of budgeting is not an NPM type management tool which undermines democratic accountability (Box et al., 2001). Instead, the idea of participatory budgeting enhances participative democracy (Young, 1997; Haikio, 2010). The particular attraction of participatory budgeting is the manner in which it may act as a mediating instrument (Miller and O'Leary, 2007) between the two worlds of city management and citizens.

The official position in the UK on participatory budgeting has been rather limited, being restricted to the recommendation of pilot studies. However, in this paper, the case study city reveals evidence of interesting developments with this innovative

budgeting. In the initiative on the care of the elderly, and in the Neighbourhood Partnerships, there was evidence of citizen engagement. There was also evidence of citizen apathy. But where citizens connected with the idea, these initiatives enhanced both democratic accountability and transparency in public finances. The expectation that citizens would act on the funds allocated to them was realized in certain of the above pilot studies. The other evidence in this study came from a budgetary consultation exercise by this city. This budgetary exercise is consistent with the Sintomer et al. (2008) classification of participatory budgeting. While the levels of citizen participation were somewhat limited initially, in the 2014/15 year, as the fiscal crisis became more acute in the city, there was a more significant citizen engagement with the budget setting process. The examples of actual proposals made by citizens and the response of the city to such proposals were substantive. The evidence of these participatory budgeting exercises indicates that they may lead to greater participation by citizens. There is evidence of citizens achieving high levels of transparency (Biondi and Lapsley, 2014; Lapsley and Rios, 2015) by not only gaining access to budgetary information but also understanding it, and experiencing shared meanings with other participants in this budgetary process. Given the unevenness of this evidence it is important to observe that this is a process, but, nevertheless, to recognize the potential of participatory budgeting. In particular, PB has the potential to become a mediating instrument between city management and the electorate and their representatives, forging a bridge across the worlds of management and democratic accountability.

These findings suggest policy makers should examine the case for a concerted action on participatory budgeting. There is also a research and a management agenda to address how the participatory budget processes may reach their potential. This study suggests more significant funding could be allocated to Neighbourhood Partnerships as the most likely means of achieving a more fundamental change in the case study city budgeting. Within these developments there is a case for action research with study settings to identify successful practices to share and transfer expertise across other cities and indeed the whole of local government.

The wider adoption of participatory budget offers a route to shifting from the traditional backward-looking silo approach to budgeting to a more participative approach which should achieve greater transparency and enhance democratic accountability, with the participatory budget becoming a mediating instrument

between the worlds of city management and democratic accountability. The findings in this paper, particularly in the budget consultation exercise reveal the potential for this deep connection to be made between citizens, elected politicians and city managers.

## REFERENCES

Aragonès, E. and Sánchez-Pagés, S. (2009). A theory of participatory democracy based on the real case of Porto Alegre. *European Economic Review*, 53(1), 56-72.

Biondi, L. and Lapsley I. (2014). Accounting, transparency and governance: the heritage assets problem. *Qualitative Research in Accounting & Management*, 11(2), 146-164.

Box, R., Marshall, G., Reed, B. and Reed, C. (2001). New Public Management and Substantive Democracy. *Public Administration Review*, 61 (5), 608-619.

Brugue, Q. and Gallego, R. (2003). A democratic public administration? *Public Management Review*, 5(3), 425-447.

Carmela, B., E. Guarini, I. Steccolini (2016) Italian Municipalities and the fiscal crisis: four strategies for muddling through, *Financial Accountability & Management*, Vol.32, No.3, August

Christensen, L. T. (2002). Corporate Communication:the Challenge of Transparency. *Corporate Communications: An International Journal*, 7(3), 162-168.

City of Edinburgh (2013a). Leith decides 2012-2013 report, Leith Neighbourhood Partnership, May.

City of Edinburgh (2013b). Feedback on the consultation on the Council's draft proposals budget for 2013/14, Finance and Budget Committee, 30 January.

City of Edinburgh (2014a). Forth Neighbourhood Partnership Business Meeting, 26 August.

City of Edinburgh (2014b). Liberton Gilmerton Neighbourhood Partnership Community Grants – Youth Participatory Budgeting Event, Liberton Gilmerton Neighbourhood Partnership, 1 October.

City of Edinburgh (2014c). Leith decides 2013-14: Evaluation, Leith Neighbourhood Partnership, 20 August.

City of Edinburgh (2014d). Budget Proposals 2014/15: Overview of Feedback and Engagement, Finance and Resource Committee, 16 January.

City of Edinburgh (2015). Budget Proposals: Overview of Feedback and Engagement, 3 February.

Czarniawska, B. (2002). *A Tale of Three Cities*. Oxford: Oxford University Press.

Edelenbos, J. (1999). Design and Management of Participatory Public Policy Making. *Public Management Review*, 1(4), 569-576.

Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *The Academy of Management Review*, 14(4), 532-550.

Goldfrank, B. (2006). Lessons from Latin American Experience in Participatory Budgeting. Latin American Studies Association Meeting, San Juan, Puerto Rico, March.

Gomez, P., Friedman, J. and Shapiro, I. (2004). Opening Budgets to Public Understanding and Debate. The International Budget Project, Washington, USA.

Häikiö, L. (2010). The Diversity of Citizenship and Democracy in Local Public Management Reform. *Public Management Review*, 12(3), 363-384.

Harkins, C. and Escobar, O. (2015). Participatory Budgeting in Scotland: An overview of strategic design choices and principles for effective delivery, Glasgow, GCPH, WWS, October.

Hollyer, J., B.P. Rosendorff, J.R. Vreeland (2011) Democracy and Transparency, *The Journal of Politics*, Vol.73 (4), 1191-1205

Hood, C. (1995). The New Public Management in the 1980s: Variations on a Theme. *Accounting, Organizations and Society*, 20(2/3), 93-109.

Hood, C. (2001). Transparency, in P.B. Clarke and J. Foweraker (Eds.), *Encyclopedia of Democratic Thought*. Routledge, pp. 700-704.

Hood, C. (2006). Transparency in Historical Perspective, in C. Hood and D. Heald (Eds.), *Transparency: The Key to Better Governance?* Oxford University Press.

Hood, C. (2007). What happens when transparency meets blame-avoidance? *Public Management Review*, 9(2), 191-210.

Jacobsson, K. (2016). Analyzing Documents Through Fieldwork, in D. Silverman (ed.) *Qualitative Research*, 4th Edition, Sage.

Jones, M. (1996) *Studying Organizational Symbolism*, Sage

Kondo, S. (2002). `Fostering Dialogue to Strengthen Good Governance`, in *Public Sector Transparency and Accountability: Making it Happen*, Organisation for Economic Cooperation and Development, OECD, Washington, pp. 7-12.

Lapsley, I. and Giordano, F. (2010) Congestion Charging: A Tale of Two Cities. *Accounting, Auditing and Accountability Journal*, 23(5), 671-698.

- Lapsley, I., Miller, P. and Panozzo, F. (2010) Accounting for the City. *Accounting, Auditing & Accountability Journal*, 23(3), 305-324.
- Lapsley I. and Rios, A. (2015). Making sense of government budgeting: an internal transparency perspective, *Qualitative Research in Accounting & Management*, 12(4), 377-394.
- Leith NP Report (2010). Using a Participatory Budgeting Approach to allocate the Community Grants Fund, Leith NP, 24 February.
- Leith NP Report (2011). Leith decides Participatory Budgeting Pilot Project: Evaluation, Leith Neighbourhood Partnership, 3 May.
- Leith NP Report (2012). Leith decides 2011/12, Leith Neighbourhood Partnership, 6 June.
- Miller, P.B. (1990). On the interrelations between accounting and the state, *Accounting, Organizations and Society*, 15(3), 15-38.
- Miller, P.B. (2001), Governing by numbers – why calculative practices matter, *Social Research*, 68(2), 379-396.
- Miller and O`Leary (2007). Mediating Instruments and Making Markets: Capital Budgeting, Science and the Economy, *Accounting, Organizations and Society*, 20(2/3), 219-237.
- Miller, P.B. and N. Rose (2008), *Governing the Present*, Polity Press
- New Zealand Treasury (1987). *Government Management*, Vol.1, Wellington, New Zealand Treasury.
- Opedal, S. and Rommetvedt, H. (2010). From Politics to Management – or More Politics? *Public Management Review*, 12(2), 191-212.
- Ospina, S., Grau, N. and Zaltsman, A. (2004). Performance evaluation, public management improvement and democratic accountability. *Public Management Review*, 6(2), 229-251.
- Pratt, A. (2005). The Wrong Kind of Transparency. *American Economic Review*, 95(3), 862-877.
- Prior, L. (2003). *Using Documents in Social Research*. London: Sage.
- Rankin, A. (2015). Have Your Say, *Edinburgh Evening News*, Wednesday, 28 January.
- Rankin, A. (2016). The Budget Challenge, *Edinburgh Evening News*, Friday, 15 January.



Ribot, J. C., Chhatre, A. and Lankina, T. (2008). Institutional Choice and Recognition in the Formation and Consolidation of Local Democracy. *Conservation and Society* 6(1), 1-11.

Sintomer, Y., Herzberg, C., and Röcke, A. (2008). Participatory budgeting in Europe: potentials and challenges. *International Journal of Urban and Regional Research*, 32(1), 164-178.

Stake, R. E. (1995). *The Art of Case Study Research*. Thousand Oaks, CA: Sage.

Stirling, A. (2008). “Opening Up” and “Closing Down”: Power, Participation and Pluralism in the Social Appraisal of Technology. *Science Technology & Human Values*, 33(2), 262-294.

Winkler, B. (2000). Which Kind of Transparency? On the Need for Clarity in Monetary Policy-making, European Central Bank Working Paper Series, Working Paper No. 26, ECB.

Young, S. C. (1997). Local Agenda 21: The Renewal of Local Democracy? *Political Quarterly*, 68, 138-147.

---

<sup>1</sup>Full report available at

[http://www.evoc.org.uk/wordpress/wpcontent/media/2013/07/Jan21014\\_Canny\\_Wi\\_Cash\\_Report.pdf](http://www.evoc.org.uk/wordpress/wpcontent/media/2013/07/Jan21014_Canny_Wi_Cash_Report.pdf)