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PARTICIPATORY BUDGETING – A  
NEIGHBOURHOOD MANAGER’S  
PERSPECTIVE

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## ABSTRACT

This study reports the impact of the requirement to consult with citizens on budgeting decisions through Participatory Budgeting. The Duty to Involve agenda was imposed as a legal duty in April 2009 on all local authorities set out by the Labour administration. A number of key strategies support the Duty to Involve agenda in which Participatory Budgeting was one with the aim to increase engagement with citizens in decision making. The Participatory Budgeting national strategy was launched in 2008 with its key objective to ensure all authorities utilise its use by 2012. The increase in engagement initiatives over the past 10 years has increased the level of direct democracy to which Local Government managers have to comply and as a consequence has an impact on their role.

Empirically the specific research question identifies the impact of the requirement to involve citizens in budgetary decisions by local government Neighbourhood Managers. Theories in relation to citizen engagement and participation in democracy and specifically in the UK are described and elaborated. The research considers the successes of the Participatory Budgeting originally practised in Brazil, its use to date in the UK and the pilots carried out in the Neighbourhood Management Areas in Liverpool City Council. The paper also considers the budgeting process in Local Government to assess the impact on budgets, if any.

The main contribution of the study is the finding that the use of Participatory Budgeting has had a minimal impact on a manager's role. Research identified that the PB pilot in Liverpool delivered a more transparent process to deciding how to spend an allocated pot of money but participation was area dependent and some bias was evident in the process by localities. The impact on budgets was not seen as a concern due to limited amount of funding available for participation however the application of Participatory Budgeting to larger budgets and service areas would require dedicated administrative support and education in communities to ensure decisions take account of all contingent factors about where funding should be prioritised.

## DECLARATION

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## TABLE OF CONTENTS

	<u>Page</u>
<b>Contents</b>	<b>5</b>
<b>List of Abbreviations</b>	<b>7</b>
<b>List of figures</b>	<b>8</b>
<b>List of tables</b>	<b>8</b>
<b>List of appendices</b>	<b>9</b>
<b>Chapter 1</b>	
<b>1.0</b>	<b>Introduction to chapter 1</b>
<b>1.1</b>	<b>The Research Issue</b>
<b>1.2</b>	<b>Background to the research</b>
<b>1.3</b>	<b>The aim of the research</b>
<b>1.4</b>	<b>Research methodology</b>
<b>1.5</b>	<b>Outline of the dissertation structure</b>
<b>1.6</b>	<b>Summary of chapter 1</b>
<b>Chapter 2</b>	
<b>2.0</b>	<b>Introduction to chapter 2</b>
<b>2.1</b>	<b>Citizen engagement and participation in decision making</b>
	<b>16</b>
<b>2.2</b>	<b>Participatory Budgeting</b>
<b>2.3</b>	<b>Budgeting in a public sector context</b>
<b>2.4</b>	<b>The future of Participatory Budgeting</b>
<b>2.5</b>	<b>Conceptual framework</b>
<b>2.6</b>	<b>Summary of chapter 2</b>
<b>Chapter 3</b>	
<b>3.0</b>	<b>Introduction to chapter 3</b>
<b>3.1</b>	<b>Research Philosophy</b>
<b>3.2</b>	<b>Research Strategy</b>
<b>3.2.1</b>	<b>Justification for the selected paradigm and methodology</b>
<b>3.2.2</b>	<b>Rejected research methods</b>
<b>3.3</b>	<b>Research Design</b>
<b>3.3.1</b>	<b>Design of research instruments</b>
<b>3.4</b>	<b>Research procedure</b>
<b>3.5</b>	<b>Ethical Considerations</b>
<b>3.6</b>	<b>Limitations to the research</b>
<b>3.7</b>	<b>Summary of chapter 3</b>
<b>Chapter 4</b>	
<b>4.0</b>	<b>Introduction to chapter 4</b>
<b>4.1</b>	<b>Application of research methodology</b>
<b>4.2</b>	<b>Analysis of findings by theme</b>
<b>4.2.1</b>	<b>Community engagement and participation in decision making</b>
	<b>50</b>
<b>4.2.2</b>	<b>Participatory Budgeting</b>
<b>4.2.3</b>	<b>Impact of Participatory Budgeting on the Budgeting Process</b>
	<b>58</b>
<b>4.2.4</b>	<b>The future of PB: The key issues and challenges</b>
	<b>59</b>
<b>4.3</b>	<b>Triangulation with other Local Authorities</b>
	<b>60</b>
<b>4.4</b>	<b>Summary of chapter 4</b>
	<b>62</b>

<b>Chapter 5</b>	<b>5.0</b>	<b>Introduction the chapter 5</b>	<b>63</b>
	<b>5.1</b>	<b>Conclusions about research findings</b>	<b>63</b>
	<b>5.2</b>	<b>Conclusions about the research objective</b>	<b>70</b>
	<b>5.3</b>	<b>Critical evaluation o adopted methodology</b>	<b>71</b>
	<b>5.4</b>	<b>Limitations of the study</b>	<b>72</b>
	<b>5.5</b>	<b>Opportunities for further research</b>	<b>73</b>
<b>Chapter 6</b>	<b>6.0</b>	<b>Recommendations</b>	<b>74</b>
<b>Bibliography</b>			<b>75</b>
<b>Appendices</b>			<b>84</b>

## **List of Abbreviations**

CLG	Communities and Local Government
LCC	Liverpool City Council
NMA's	Neighbourhood Management Areas
PB	Participatory Budgeting
PBU	Participatory Budgeting Unit



## **List of Figures**

<b>Figure 1: Arstein's Ladder of Participation</b>	<b>17</b>
<b>Figure 2: Wilcox's Ladder of Participation</b>	<b>19</b>
<b>Figure 3: The Porte Alegre Participatory Budgeting process</b>	<b>26</b>
<b>Figure 4: The Participatory Budgeting budgeting process</b>	<b>28</b>
<b>Figure 5: Budgeting in the management cycle</b>	<b>32</b>
<b>Figure 6: A conceptual framework for participatory budgeting from a managers perspective</b>	<b>38</b>
<b>Figure 7: Analysis of methods of engagement used in neighbourhood management in Liverpool</b>	<b>52</b>
<b>Figure 8: Numbers of those who participate identified by Neighbourhood Management Area and split between male and female</b>	<b>54</b>
<b>Figure 9: Numbers of attendees at PB events by Neighbourhood Management Area</b>	<b>56</b>

## **List of Tables**

<b>Table 1: LCC Budget Breakdown for 2009/10</b>	<b>12</b>
<b>Table 2: CIPFA Principles for Participatory Budgeting</b>	<b>29</b>
<b>Table 3: Summary of comparison of key issues with other local authorities</b>	<b>61</b>

## **List of Appendices**

<b>Appendix 1 – Overview of Neighbourhood Management Areas in Liverpool</b>	<b>84</b>
<b>Appendix 2- Management Structure of LCC</b>	<b>85</b>
<b>Appendix 3 – Qualitative Research Strategies</b>	<b>86</b>
<b>Appendix 4 - Semi Structured Interviews themes and questions</b>	<b>88</b>
<b>Appendix 5 - Semi-structured interview questions and full responses</b>	<b>90</b>

## **Chapter 1 The Research Issue**

### **1.0 Introduction to chapter 1**

This chapter introduces the research issue and a background to the organisation in which the research issue is explored. The aims of the research are identified and the structure of the paper is presented.

### **1.1 The Research Issue**

Participatory Budgeting (PB) is seen by the UK Government as a key part of the Community in control: real power, real people strategy<sup>1</sup>, in giving people a real say in decisions that affect their local area (Maer, 2008). Originally formulated in Porte Alegre, Brazil, PB was seen as a key mechanism to ensure accountability and transparency in the spending of public resources. Shah (2007) identifies that PB represents a direct democracy approach to budgeting. The area of public finances and more specifically the way in which an authority manages its finances has been subject to much scrutiny by the public over recent years. In response to the need to increase transparency and accountability the Labour government released its national strategy 'Participatory Budgeting: A draft National Strategy Giving more people a say in local spending'<sup>2</sup>. The summary of responses<sup>3</sup> identified the barriers to implementing Participatory Budgeting including the costs of implementation, the demands on budgets and consultation fatigue.

In a recent national evaluation<sup>4</sup> of the application of PB it was found PB was being applied in various forms across the UK. The evaluation identified that although PB was

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<sup>1</sup> The Community in control: real power, real people strategy 2008 set out the Labour government's proposals to enhance the rights of citizens and to make institutions more accountable. The white paper aimed to enhance the power of communities by helping people set their own priorities, strengthening local democracy by increasing participation.

<sup>2</sup> Participatory Budgeting: A draft National Strategy: Giving more people a say in local spending was released in 2008 which set out the Labour governments ambition to have Participatory Budgeting in every Local Authority by 2012.

<sup>3</sup> Participatory Budgeting: a draft national strategy: Consultation - Summary of responses was released in late 2008. The responses identified issues raised by consultees and the government's response on how they would deal with the issues raised.

<sup>4</sup> The National Evaluation of Participatory Budgeting in England, Interim Evaluation was released in March 2010. Carried out by SQW consultancy on behalf of the Department for Communities and Local Government (CLG).

still in its infancy in many areas its use has already demonstrated that there has been an increase in participation levels through its usage.

Citizen participation in decision making is not a new idea. In 1861 Mill, argued that local democracy was an instrument for social inclusion. Citizen engagement in democracy has been brought to the forefront in recent years. It is argued that public participation in decision making legitimises the bureaucratic process and improves policymaking (Waugh,2002; McAvoy 1999). Certainly in the UK there has been an increase in participation initiatives since the Labour government came to power in 1999, recognising its commitment to promote community empowerment. Such initiatives include the Agenda 21 regeneration programme and now PB.

Budgeting is defined as “budgeting is a process of measuring and converting plans for the use of real (i.e. physical) resources into financial values” Henley et al (1992). Traditionally in local government, budgeting has been the exclusive preserve of policymakers, treated as purely technical, a matter for expert consideration (Robinson, 2006). In most local authorities the budget is prepared based upon resources available allied to previous years spending and then approved by Council for the future years. In most large local authorities budgets are decentralised, with the accountability of a budget devolved to managers. This is the case at Liverpool City Council (LCC).

This research therefore assesses the impact of Participatory Budgeting on Neighbourhood Managers in LCC.

## **1.2 Background to the Research – Liverpool City Council & Management responsibilities**

LCC is a metropolitan authority situated on the estuary of the river Mersey. Liverpool has a population of 434,900<sup>5</sup> making it the eighth largest city in the United Kingdom. Liverpool is the most deprived area in England<sup>6</sup> and faces many challenges to improve employment, health and the living environment. LCC has an approved net Revenue Budget for 2009/10 of £598.6 million<sup>7</sup> shown in Table 1 below:

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<sup>5</sup> National office of statistics 2009.

<sup>6</sup> Indices of Multiple Deprivation 2008

<sup>7</sup> Liverpool City Council Medium Term Financial Plan 2010/11 – 2013/2014 approved by the LCC Executive Board on 13<sup>th</sup> March 2010.

**Table 1: LCC Budget Breakdown for 2009/10**

	£ '000
Total Net Expenditure	598,662
Funded By:	
Formula Grant	318,286
Area Based Grant	109,709
Council Tax Income	167,267
Other collection fund items	3,400

LCC is made up of 30 individual wards which fit into five Neighbourhood Management Areas (NMA's). Appendix 1 details the demographic structure of the wards in each of the management areas. Each ward is represented by three elected members. Overall there are 90 elected members. Each NMA is represented by partner agencies, elected members and community representatives.

In terms of the overall management structure of LCC the authority is administered through 78 business units structured under three corporate strategic aims. Appendix 2 details the management structure of LCC. Procedures, rules and regulations govern work activities. Delegation of responsibilities is made to managers with support from corporate functions such as finance, human resources and marketing.

Following the publication of the White Paper 'Communities in Control: real people, real power' in July 2008 Communities and Local Government (CLG) announced an ambition for all Local Authorities to be involved in a form of PB by 2012. PB supports the Duty to Involve that local authorities are bound to as part of the Local Government and Public Involvement in Health Act 2007, enacted on 1 April 2009. PB assists Councils in complying with the provisions of the Act by providing a further opportunity for citizen engagement and empowerment.

Certainly in the Conservative/Liberal Democratic coalition administration which came into administration in May 2010 identified the need for passing more accountability to a local level and the concept of 'Big Society'<sup>8</sup> was launched. The 'Big Society'

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<sup>8</sup> Conservative Manifesto 2010 Change Society Build The Big Society – April 2010. The aim is "to create a climate that empowers local people and communities, building a big society that will 'take power away from politicians and give it to people' – Number10.gov.uk

initiative set out how volunteers and communities can support and deliver front line services at the heart of communities.

Locally budget consultation in LCC has been through the Executive Council and the publication of accounts. LCC attempted to increase the level of traditional consultation method and initiated the 'The Budget Game' in December 2008. The online tool allowed the public to see how various decisions affected the overall budget profile including the impact of spending decisions on council tax levels. Although the response rate was low it was an attempt to generate interest in spending decisions.

Recognising the importance of PB nationally the Executive council made the decision to pilot PB in one of LCCs NMA's, South Central in 2008. The Council allocated a small pot of mainstream revenue funding and a set amount of discretionary grant funding to meet its Health and Well Being priorities with the requirement that the community decide on how these funds should be spent. The pilot adhered to the principles of PB and as such investment was made in purchasing electronic voting equipment to facilitate the PB process for an eventual City wide roll out. The success of the South Central pilot was recognised by the Executive council and it was agreed to roll out PB to all NMA's in 2009.

Each NMA has clear responsibility for developing and delivering the local neighbourhood regeneration agenda as set out in the Liverpool Neighbourhood Renewal Strategy<sup>9</sup>. NMAs are made up of a number of wards each with its own diverse demographics. The Neighbourhood Manager has the responsibility for ensuring the local neighbourhood renewal strategy is achieved. Although the Neighbourhood Manager does not have specific responsibility for any specific service they have to ensure local service delivery meets the targets set out in the local neighbourhood agreement. They are however responsible for managing the staff and staffing budgets in their NMA and also specific projects funded through the Working Neighbourhood Fund

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<sup>9</sup> The Local Neighbourhood Renewal Strategy (LNRS covers 88 Local Authority areas considered to be in greatest need). These were chosen because of their poor employment levels; education; health; crime and environmental conditions. Each one of these areas has its own LNRS which sets out a vision, strategic framework and action plan specific to the area. The main aim is to change or "bend" mainstream public services to make them better and improve opportunities and the quality of life for people living in the area.

(WNF)<sup>10</sup>. The level of budgets managed by the Neighbourhood Managers varies between £0.500m to £0.800m.

The Neighbourhood Manager also has a specific role to engage residents in the production of the Neighbourhood Agreement through consultation and partnership working including implementing and facilitating PB in their area.

### **1.3 The Aims and objectives of the Research**

The aim of this research is to identify the impact of Participatory Budgeting on Neighbourhood Managers within LCC.

The objectives of the research are:

1. To explore contemporary thinking on participatory budgeting and local government financial management
2. To evaluate the impact of participatory budgeting on LCC Neighbourhood Managers
3. To develop recommendations to apply participatory budgeting to other areas of LCC

### **1.4 Research Methodology**

A qualitative research approach will be applied. Qualitative research allows for in depth exploration of the research topic and the testing of existing theoretical frameworks. To understand the impact of the introduction of PB it is important to understand from those who have been responsible for implementing PB. The main body of the research will interview the five neighbourhood area managers representing all the five NMA's within Liverpool who have been responsible for facilitating PB.

Interviews will be structured around the four key themes of the research:

1. community engagement and participation;

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<sup>10</sup> The Working Neighbourhood Fund replaced the Governments Communities and Local Government Neighbourhood Renewal Fund to improve worklessness in deprived areas.

2. knowledge and experiences of implementing participatory budgeting including the difficulties and outcomes;
3. the impact of PB on the budgeting process;
4. the future use and direction of PB

As identified by Burke Johnson, (1997), 'it is important to think about the issue of validity in qualitative research and to examine some strategies that have been developed to maximise validity'. It is recognised that the validity of the research approach applied to this dissertation is limited due to resource constraints, particularly researcher time available. It is accepted that validity and richness of the research would be improved with the use of extended fieldwork, triangulation, investigator triangulation, researcher as detective, participant feedback and peer review.

Generalisation of the findings of this research to other organisations will be limited. Stake, (1990), applies the term 'naturalistic generalisation' to generalising based on similarity. Researchers should generalise to other organisations, people, settings, and times based on the degree that they are similar to the organisation, people, settings and times in the original study. To achieve this generalisation two neighbouring authorities will be contacted to test the research findings.

## **1.5 Outline of the Dissertation Structure**

The dissertation has the following structure:

Chapter 2 – Literature review

Chapter 3 – Research methodology.

Chapter 4 – Research findings

Chapter 5 - Conclusions

Chapter 6 - Recommendations

## **1.6 Summary of Chapter 1**

This chapter introduces the research issue and research question. The research is justified, the methodology is briefly outlined, the research limitations are given and the dissertation structure is outlined.



## **Chapter 2 Literature Review**

### **2.0 Introduction to chapter 2**

The previous section provides the research issue and aim of this paper. Chapter two is sectioned around the themes of the research. The first section of the review looks at citizen participation in decision making and more specifically public participation in the UK. The second section of the review will analyse the development of Participatory Budgeting founded from the Porte Alegre experience in Brazil. The third section looks at participation in the budgeting process from an accountancy literature perspective and identifies the budgeting process in a local government context. The fourth section reviews the future use of PB. Finally, the conceptual model for the research is presented.

### **2.1 Citizen Engagement and Participation in decision making**

Mill (1861) argued that local democracy not only provided greater opportunities for political participation but also that it was an instrument of social inclusion. Certainly since the early 1950's citizen participation has been a source of debate with various programmes identifying the need for inclusion of citizens in decision making (Day 1997). Citizen engagement in governance has been brought to the forefront of policy in recent years. Declining public participation in democracy and the lack of public trust in the political system has created a catalyst of policies aimed to bring decision making closer to the people. Furthermore, it has been argued that public participation in agency decision making legitimizes the bureaucratic decision process and improves policymaking (Langton 1978; Lovan, Murray, and Shaffer 2004; McAvoy 1999; Rosenbaum 1976; Waugh 2002).

There are many definitions of participation in a public or community context. For the purpose of this review the definition used is taken from a research paper by CAG consultants (2009), Participation: A theoretical context. They built upon Stokers (1997) definition for political participation and Parry et al, (1992),

**“members of the public ‘taking part in any of the processes of formulation, passage and implementation of public policies”.**

This definition encapsulates not only participation in policy making but also makes a clear reference to members of the public.

There are a number of prominent theories that have been put forward as a means to understanding and appraising participation structures and practices. Arnstein (1969) is one of the earlier writers in respect of public participation. In the article “A Ladder of Participation”, Arnstein identified the lack of public participation in policymaking. Arnstein (1969) proposed the ladder of participation (see figure 1) outlining a process to enhance citizen inclusion in decision making identifying the term citizen control as a ultimate definition of citizen participation. Arnstein’s ladder (1969) has been used a practical tool to engage citizens in policy making not only in planning (where the ladder originated) but also within the UK within the area of regeneration.

**Figure 1: A ladder of participation (Arnstein, 1969)**

Source: A Ladder of Citizen Participation, Arnstein 1969

The ladder offers a simplistic process and identifies three distinct areas and depicts the various graduations of participation (Arnstein 1969). At the lower end of the ladder in the non participation category participation is for educating, at the tokenism stage citizens views are heard but they lack the power to ensure their views are heeded. At the top of the ladder, citizens obtain 'citizen power' taking up the majority of decision making seats.

There are limitations to the application of Arnstein's (1969) framework. The model assumes experiences will be the same in each of its applications. Also the use of a ladder makes the assumption that more control by citizens is always better than less control (CAG, 2009). Subsequently some communities may not wish for increased control as they do not have the time or expertise to be involved in public sector decision making.

Martin and Boaz (2000) developed an alternative spectrum, based on Arnstein's classification. They diverge from Arnstein in designating some forms of participation as superior to others, focusing instead on the most appropriate mechanisms: "...we have chosen to 'lie the ladder down' because, in our view, all three forms of participation, and the various graduations between, are vital components of a strategy that seeks to produce more 'citizen-centred' government,". This is important as Martin and Boaz (2000) argue that even with a relatively low level of participation democracy can be classed as inclusive.

Extensions of Arnstein's ladder (1969) have been adopted to include empowerment of individuals and communities. Burns et al (1994) modified Arnstein's ladder to propose a ladder of citizen empowerment. The ladder of empowerment also categorises three main categories of citizens but also includes additional levels of participation within each category which are a more qualitative. The advantage being that it allows facilitators of community participation to justify at which stage of the ladder participation is occurring.

Furthermore, Wilcox (1999) proposes five levels of participation. Wilcox's ladder, figure 2, stems from research in the UK from regeneration and allows for different levels of participation are acceptable in differing contexts (CAG Consultants 2009).

## **Figure 2: A ladder of participation (Wilcox, 1999)**

Source: A to Z of Participation, Wilcox 1999

Wilcox (1999) shows the stance that an organisation might take in promoting participation with information exchange being the simplest level of participation at the bottom of the ladder. From the research undertaken when preparing the guide, Wilcox (1999) goes on to state “information-giving and consultation are often wrongly presented as participation and that this can lead to disillusionment among community interests or pressure for more involvement with potential for conflict and delay”.

It is widely argued that increased citizen participation in public decision making produces many benefits. Supporters for citizen participation in democracy conclude participation makes for better citizens and better democracy (Avritzer 2002, King, Feltey and Susel 1998; Arnstein 1969). Certainly success stories in participatory planning in Kerala, India, and participatory budgeting in Brazil have identified the advantages of participation (Heller 2001; Fung and Wright 2003).

The advantages of participation have been the subject of wide empirical research. Day (1997) identifies the underlying assumption of citizen participation “if citizens become more actively involved as participants in their democracy, the governance that emerges will be more democratic and effective”. One of the main advantages of participation is the interaction with citizens lending legitimacy to decisions therefore reducing public distrust (Beierle 1999; Thomas 1995). Waugh (2002) also suggests that public participation may lend legitimacy to the decision making process at a time when faith in the institutions of governance is on diminishing. Waugh (2002) notes that participation

may lead to substantive outcomes if the participation supports the development of social interaction in the community to address current and future problems.

In their study of participation in the US, Verba *et al.* (1995) found higher levels of political participation at a local level. Within the UK it has been identified that participation initiatives fill the gaps between elections (Prior, Stewart, et al. 1995) and strengthen legitimacy, responsiveness and representativeness (Pratchett 1999a). Empirical evidence, therefore, strongly supports the assertion that the local community has the capacity to facilitate and encourage political participation beyond simply that of participation in elections (Verba et al, 1995).

Those who oppose the involvement of the people in participation in decision making generally do so because they argue that the people do not have the skills or knowledge to govern successfully and bad decisions will result from the people's participation (Russell 1945, cf Plato). Others support a minimal involvement of the people in collective decision-making so that the people can be protected from the state (Parry, 1972)

In a piece of research completed by Howarth and Morrison et al (2003) for "Governance works" commissioned by the Co-Operatives UK part of a three year pilot to enhance community participation, the barriers to participation are identified. They identify the negative impacts of participation, bringing additional pressures including:

- Increased workload for staff and boards.
- Increase in the time it can take for decision making and planning.
- Additional financial and other resource requirements necessary to achieve participation targets.
- Greater demands on users/consumers.

Certainly, the cost of participation is a huge barrier often omitted from discussion on the value of participation. Lawrence and Deagan (2001) identify the heavy time commitments in participation not only for the administrators but also the participants. It could be argued that the decision of a manager of a service would have come to the same decision as the participatory group without having taken the time to consult. Local government managers have a rounded view of the business they operate in and

the external factors affecting their decisions, therefore the requirement to consult is not cost effective. Weeks (2000) affirms this view, and argues that only in some instances participation is cost effective. Such an instance would be when a political arena is volatile and top down decision making would be unpopular (Irvin and Stansbury 2004)

Empirical research suggests that representation and commitment are also barriers to participation. Williams et al (2001) through their study on participation identified that even if there is interest at the start of a process actually only 1% of people actually participates. Members of the public could argue that they pay their taxes to allow administrators to make decisions. Lawrence and Deagan (2001) substantiate this view in cases where the public accept decision no participation is necessary.

Literature is rich in research that participation is unequal across different sections of society (Taylor, 2003; Gaventa, 2004; Smith, 2005; Rai, 2008). The typical participants in local decisions vary according to activity, but generally are more likely to be white, older, better educated, richer, middle-class males (Brodie et al, 2009). Specifically in the UK it is recognised by the Communities and Local Government (CLG), 2009 and Skidmore et al (2006) Black Minority Ethnic (BME) groups are under- represented and the typical participant is white, older more affluent male. Certainly for those who do participate, we cannot ignore the view of sceptics who would argue those who participate only do so for self gain. Irvin and Stansbury (2004) identify that it would be “short-sighted” to ignore the facet of persistent self interest for some involved in participatory decision making.

Often referred to as actors, citizens can be classified in to the level that they participate (Brodie et al, 2009). Authors such as Verbie et al (1995) and Pattie et al (1994) have used the categorisation of actors to identify their level of participation. The Henley Centre Study (2007) classifies five key groups of actors into a term of ‘engagement segmentation’ (Harrison and Singer, 2007). The five categories of participation are summarised below:

- Community bystanders
- Passive Participants
- Community conscious
- Politically engaged
- Active protestors

Brodie et al (2009) suggest that new systems of participation often reflect existing wider systems of power and control of resources. Some authors have identified a solution to the representation problem via the citizen jury model; an alternative model of participation, where citizens are randomly selected (Kathleen and Martin 1991). Supporters of the model, (Crosby 1995, Deinel 1996 and Smith and Wales 2000) present arguments to support the implementation of the model. However, Petts (2001) identifies that although citizen juries would be more representative they do not necessarily produce informed decisions.

Policy makers in the UK have been strong advocates for deepening democracy since the late 1960's. Certainly Lowndes, Pratchet et al. (2001a) identify that "British local government is littered with public participation and consultation". They identified through their study of local authorities that "all modes of participation are on the increase" (Lowndes, Pratchet et al 2001a). Also clear from their studies was that traditional forms of participation were being reacquainted and new more innovative forms of participation have increased since early 2000.

More recently interest in local government has focused on its capacity to facilitate and enhance participatory democracy. This focus on participatory democracy argues that local government is closer to citizens and deals more directly with the issues that impinge on them (Stoker 2004). Consequently, local government is more accessible and its institutions are easier to engage with (Pratchett, 2000; Stoker, 2004). New Labour, before the 1997 election and throughout the Government's terms of office, has stressed the importance of developing local leadership through a number of strategies such as regeneration initiatives overseen by local partnerships.

The 1998 local government White Paper, *Modern Local Government: In touch with the people*, was explicit in defining a new role for local government as a 'community leader' (DETR, 1998b; p6) with a duty to promote the well-being of their community: councils "...are uniquely placed to provide vision and leadership to their local communities... People need councils which serve them well. Councils need to listen to, lead and build up their local communities," Building on the 1998 white paper the 2006 local government White Paper, *Strong and Prosperous Communities* (CLG, 2006), built upon an agenda which had been gathering momentum, rhetorically but also in practice.

Critics of constitutional reforms to citizen engagement claim they are limited and do not meet the deep rooted problems (Beetham et al, 2002). Bromley, Curtis and Seyd (2001) argue that Britain faces a deeper crisis that cannot be addressed through constitutional reforms. The CLG 2008 White Paper, *Communities in Control*, was an attempt to increase transparency and accountability in public decision making to address the critics views. Problems still exist despite the greater emphasis of the Duty to Involve agenda. Certainly the critics of the Big Society replicate those concerns of the Beetham et al. Coote (2010) and Eaton (2010) amongst a few, refer to the failings of Marxist beliefs on social idealism to replace the state in favour of social power. Coote's (2010) goes onto state the Big Society will alienate those who have little time to participate and there are no principles for equal opportunity.

Lowndes et al (2001a), in their survey of local authorities, identified five categories of forms of participation. They found that there was a strong tendency for consumerist methods to dominate but that deliberative innovations were also fairly widely used. The five categories are listed below:

- Consumerist methods – customer-oriented, about service delivery.
- Traditional methods – public meetings, public representations at council meetings, surveys.
- Forums – bringing together users of particular services or those with a shared background or interest.
- Consultative innovations – new methods for consulting on particular issues.
- Deliberative innovations – new methods encouraging citizens to reflect on issues through deliberative processes.

An example of a participation initiative in decision making in the UK is the “Agenda 21” programme a sustainable development programme signed up to by all countries in United Nations to strengthen sustainability in localities. The Agenda 21 programme was explicit in its requirement participation in decision making was a key facet



(Tuxworth 1996). In the UK this commenced the creation of NMA's with representatives from all stakeholders of the community. These structures are still firmly in place and used as a vehicle to strengthen community participation.

To summarise there are a number of arguments for and against participation in decision making. However it is clear that participation in decision making has gathered momentum in previous years with various models to engage the public in decision making being developed. This section also reviewed the increase in democratic democracy in the UK and the recent government agendas to increase citizen participation in decision making.

The next section will review the use of Participatory Budgeting as an extension to recent participation initiatives.

## **2.2 Participatory Budgeting**

The first section of the literature review the advantages and barriers to participation in democracy and the growth of deepening democracy to the UK were identified. PB is a vehicle to gain greater public participation in spending decisions. Shah (2007) defines participatory as "a direct democracy approach to budgeting". The Participatory Budgeting Unit (PBU 2009) builds upon Shah's definition to read "Participatory Budgeting directly involves local people in making decisions on the spending and priorities for a defined public budget". Clear in all definitions is the inclusion of citizens in decision making specifically for budgeting.

In the 'Communities in control: real power real people' (CLG 2008) strategy PB was one of its objectives to enhance citizen participation. It was here that the government stated that PB will be a tool to be used by all local authorities by 2012. Maer (2008) defined PB as follows:

*"Participatory budgeting directly involves local people in making decisions on the spending priorities for a defined public budget. This means engaging residents and community groups representative of all parts of the community to discuss spending priorities, making spending proposals and vote on them, as well as giving local people a role in the scrutiny and monitoring of the process."*

Internationally, it is recognised that the Brazilian city of Porto Alegre saw the first major use of PB. Participatory Budgeting was a public policy in an attempt to avert from high levels of inflation, corruption and poverty (CFE 2009). Research on PB in the context on inclusion of citizens in decision making over the past 15 years has been single case analysis (Wampler 2002). Research has focused on the findings from the Porte Alegre experience and outcomes of its application around the world. There are only a handful of empirical papers on PB. The majority of researches are based on anecdotal evidence based on one or few more case studies.

Wampler, (2002) identifies PB as a decision- making process through which citizens deliberate and negotiate over the distribution of public resources. The application of PB in Brazil is widely documented. Abers (2000) and Baiocchi (2005) both note that participatory was able to bring previously unrepresented citizens such as the poor and uneducated into decision making process. Dutra (2002), the mayor of Port Alegre who introduced PB describes the process as revolutionary and links to socialism. Abers (2003) notes that a great deal of active support is required on the part of the state to implement PB.

In its review of PB in Porte Alegre by Harvard University (2004) the process of PB applied in Porte Alegre was identified, shown in figure 3.

### **Figure 3: The Porte Alegre Participatory Budgeting Process**

Source: Harvard University Assessment of Participatory Budgeting in Brazil for the Inter American Development Bank (2004)

The PB process begins in March of each year. By the end of the year, projects and priorities are passed on to the Municipal Council of the Budget, made up of representatives from each district, who then reconcile demands with available resources and propose and approve a municipal budget in conjunction with members of the administration. The municipal legislature then votes on the budget, which is usually approved without modification.

Citizen participation in budget decisions has historically been through the work of the elected member (Wildavsky, 1984). Abers (2000) notes that a good participatory policy does not necessarily diminish the involvement of government decision making. Prior to the creation of the neighbourhood councils, citizen participation in budget processes was generally limited to public attendance at City Council hearings. As Wildavsky (1984) would predict, departmental requests to amend the budget year on year typically involved incremental changes to prior service levels – incremental budgeting.

Wampler (2002) identifies the conditions conducive to implement Participatory Budgeting:

- Strong mayoral support
- A civil society willing to contribute to ongoing debates
- A support over political environment
- Financial resources to fund the projects

Wampler (2002) notes that without the financial support participatory budgeting cannot be implemented effectively. The availability of discretionary funding is essential as it increases the likelihood citizens can make genuine decision on policy outcomes.

Wampler (2002) goes on to identify if a financially strapped authority attempts to implement participatory budgeting the focus has to shift from making decision on projects to the selection of public works and efficient use of limited resources. This however requires considerable time and effort on the part of the authority to explaining the financial position of the authority.

In 2008 the UK government released the ‘Participatory Budgeting: A Draft National Strategy - Giving more people a say in local spending’ (CLG 2008) as a response to the 2008 Communities in Control paper. The draft strategy sets out how the government expects local authorities to apply PB albeit not prescriptive. The strategy also acknowledges that in the UK, PB is still a relatively new initiative being piloted in many authorities across the UK. Pearce and Ellwood (2000) do offer some insight into this area, but their UK study notes that it may be misleading to assume that the local authorities acting as vehicles for community participation apply consistently PB across the UK.

The PB process is succinctly summarised in the CFE (2009) briefing, “Participatory Budgeting from Brazil to Britain: What can you learn for your local authority?” Figure 4 shows a simple model of the process.

**Figure 4: The Participatory Budgeting process**

Source: CFE 2009, Participatory Budgeting: From Brazil to Britain

Although the above model is not as extensive as that from Porte Alegre it shows the high level processes required to implement PB and how this fits into the local authority budgeting cycle. The model however does not note the detailed administrative reforms required earlier identified by Wampler (2002) to implement PB.

Within the UK, CIPFA, The Chartered Institute of Public Finance and Accountancy, the body that governs public finance outlines the following principles for Participatory Budgeting shown in Table 2 below:

**Table 2: CIPFA principles for Participatory Budgeting**

<b>Principles for Participatory Budgeting</b>
<ul style="list-style-type: none"><li>• Citizens' groups have as much power as possible in the decision-making process.</li><li>• representation must be fair and equitable.</li><li>• appropriate training is given to participatory groups. This may require a dedicated council team.</li><li>• there is some commonality/theme in the type of budget/grant being allocated e.g.<ul style="list-style-type: none"><li>• regeneration;</li><li>• neighbourhood development;</li><li>• project based;</li></ul></li></ul> <p>so that decision making can be made by reference to some benchmark or standard.</p> <ul style="list-style-type: none"><li>• the process is linked directly to the council's budget-making process.</li><li>• it is generally targeted at 'hard to reach' groups not otherwise involved in decision-making processes – thus making the biggest gains</li></ul>

Source: CIPFA, TISONline February 2009

The above principles are also advocated by the governments Participatory Budgeting Unit (PBU) is a vehicle for promoting and developing participatory budgeting in the UK. Following the initial PB pilot in Salford, the Participatory Budgeting Unit (a project of Church Action on Poverty) was set up in 2006 to promote PB around the UK. They clearly set out the benefits of PB to the main stakeholders; the authority itself, to citizens, to the community and voluntary sector and private sector. Local Authorities are identified as the greatest beneficiaries identifying legitimacy, transparency and better use of resources through the PB process.

Examples of PB application across the UK are widely cited in local authorities. The PBU unit showcase a number of case studies where PB has been applied. The majority

of case studies are small one off grant allocations to community groups or allocated to Local Strategic Partnerships (LSP's)<sup>11</sup>. It could therefore be argued that the PB process has been more related to grant funding, rather than mainstream budgeting.

Locally within the LCC, an attempt to increase participation in spending decisions has been implemented albeit not in the classic Porte Alegre model. In 2007 the authority carried out consultation on broader council priorities and utilised an online tool named the "budget game". The online tool allowed people to see the impact on services if certain budgets were frozen, cut or increased.

The authority subsequently went on pilot elements of the 'classic model' from Porte Alegre of PB through in one of its NMA's, South Central. The pilot earmarked a pot of discretionary funding made available to South Central to achieve the identified priority for that ward. The outcome of the pilot was an increase in community engagement resulting in the decision to make more community police available and additional lighting within the neighbourhood. Subsequently in 2009 each ward was allocated £10,000 per NMA for the community to decide on funding of projects put forward by local community and voluntary groups.

Shah (2007) identifies the critics to PB. From a conservative viewpoint deepening democracy in particular PB is antidemocratic and unstable. Shah notes the critics perspective that PB undermines the legitimacy of legislation and leads to poor service provision. Rhodes (2000) argues that participation undermines representative government. A crucial complaint of critics is that national issues such as debt repayments are not discussed within the PB process (Shah 2007). Critics of the Porto Alegre participatory budget complain that the process focuses too much on the immediate and the local community (Abers 1996). Additionally PB doesn't seem to have any effect on the revenues contradicting some of the theoretical and anecdotal evidence proposed by many researchers (Rhodes 2000, Shah & Wagle 2003)

In summary PB is seen as a tool to increase transparency and legitimacy in the budgeting process. The successes of the Porte Alegre experience has generated interest in many countries around the world and has subsequently been recognised as a tool to

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<sup>11</sup> A local strategic partnership (LSP) is a single body that brings together as a local community different parts of the public sector as well as local businesses, community and voluntary sectors to work together. It is a non statutory partnership responsible for developing the community strategies.

enhance engagement in local government budgeting processes. However there are supporters and opposers to the process which have made it's level of application vary across different democracies.

The next section will review how the budgeting process works in a Local Authority.

### **2.3 Budgeting in a public sector context**

Budgeting literature suggests that budgets form an important basis for financial control (Coombs and Jenkins, 1991; Premchand, 1983). In the public sector budgeting is generally seen as a method of limiting expenditure and ensuring compliance (Blore et al 2004). With a simplistic perspective in a public sector context, total annual expenditure should not exceed the budget. To achieve organization-wide control, the same requirement can be applied to expenditure on and within services, and to discrete expenditure items (Coombs and Jenkins, 1991). More generally, budgeting serves many purposes that are important to public sector management. It is a tool for planning, coordinating, organizing and controlling activities (Henley et al., 1992), it can enhance communication in organizations (Coombs and Jenkins, 1991), and it may also serve as a political tool (Wildavsky, 1986).

The budgeting process within the public sector is time consuming and has considerable influence on political decisions and aspirations (Coombs and Jenkins, 1991). The Chartered Institute of Public Finance (CIPFA) is the professional body that regulates public sector finances. CIPFA strongly recommend that budgeting and budgetary control should be set in the context of a continuous management cycle as illustrated in Figure 5:



## Figure 5: Budgeting in the Management Cycle

Source: Budget Setting, CIPFA Financial Training for Managers, 2004

Within the public sector incremental budgeting is the most widely used budgeting technique. Ever since it was proposed by Wildavsky (1984) in the 1960's, 'incrementalism' has proven to be an extremely influential theory within the field of public budgeting.<sup>12</sup> Incrementalism is defined as "a process in which budgetary bases (i.e. previous expenditures) are accepted . . . [and] budgeting is a stable process . . ." (Gist, 1982, p. 859). Typically the budgeting process commences six months before the next financial year with most local authorities using an incremental approach to budget setting. The benefits of incremental budgeting are well summarised by Schultze, (1968):

*'because our ability to foresee the full social consequence of any programme change is so limited, movement towards objectives should proceed by small steps. Radical actions take us beyond the realm of reasonable foresight. We make progress by sequential steps, correcting and adjusting for unforeseen circumstances as we go'*

Within large organisations decentralisation of budgets is seen as a control mechanism. Decentralised budgeting is thought to reduce variations between budgeted and actual expenditure (i.e. increase budget accuracy), by placing responsibility for budgeting in

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<sup>12</sup> According to Berry (1990, p. 167): "There has been no single concept which has been more central to the study of public budgeting over the last three decades."

the hands of those who are best able to forecast expenditure. (Awoi, G, & Northcott, D. 2001). Awoi and Northcott (2001) identify that decentralisation is generally perceived as conducive to enhancing managers' experiences of, and commitment to, the budgeting process. As a result, decentralisation might be expected to enhance the efficiency and effectiveness of public sector management. Devolving budgetary responsibility to front line managers was seen by the Government as the way to make budgets more effective instruments in financial control and accountability. (Llewellyn, 1998).

Literature is rich in research around budget participation. Historically published research has been within accountancy literature identifying the effects of participation on employees within organisation. With this in mind there is a need to bring in this literature to establish the theories behind participation and its possible link to the rhetoric of participatory budgeting.

In the budgetary context, Caplan (1971) defined participation as allowing subordinates who fulfil budget outcomes to participate in budgetary goal setting. Brownell (1982a) defines participation as “An organizational process whereby individuals are involved in, and have influence on, decisions that have direct effects on those individuals”. With participation defined, Brownell (1982a) defines participative budgeting as “A process in which individuals, whose performance will be evaluated, and possibly rewarded, on the basis of their achievement of budgeted targets, are involved in, and have influence on, the setting of these targets”.

According to Drury (2002), acceptance of a budget would be enhanced if individuals participate in setting the budget. Budget participation plays an important role in the motivation of management to implement their organisation's objectives within financial constraints. Participation in budget setting enables those in charge of budget units to provide input about estimates of recurrent expenditures and new initiatives for the forthcoming year.

Managerial functions, with reference to budgetary control systems and their related procedures, involve a number of psychological and behavioural implications for the managers themselves in the planning, execution and control of budgets. Empirical literature has provided extensive evidence as to how these behavioural factors influence the actual performance of managers in their workplace. Some studies have found a

positive relationship between budgetary participation and job performance. Other studies have suggested that there is a weak positive relationship (Milani, 1975), or even a negative relationship (Kenis, 1979), between the two factors.

Brownell and McInnes (1986) did find that managers need to be motivated to perform better in budgetary activities, and that managers who have a greater need for achievement and certainty are self-motivated to participate more actively than those who have less need for achievement. Different researchers have found different relationships between budget participation and motivation, but the dominating view is that the relationship is positive.

Coombs and Jenkins (1991) recognise that the links between budgeting and motivation are complex. Although it is suggested that participation in the budgeting process can be motivational for managers (Shields and Shields, 1998; Nouri and Parker, 1998; Coombs and Jenkins, 1991). Some researchers have not found a positive relationship between budget participation and motivation (Brownell & McInnes 1986 and Mia 1989). Stedry (1960) even observed a negative relationship. Hofstede (1967) learned that personality, length of employment, age and cultural differences are important factors when deciding how the individual will react to increased budget levels. Certainly linking this to research conducted by Brodie et al (2009), those who traditionally participate are white, educated and over a certain age recognising that different groups of society will deal with participation differently.

Inclusion in the budget setting process is found to be a positive incentive to perform under the allocated budget. For example, Chenhall and Brownell (1988) conclude that through budget participation, subordinates gain information that helps clarify their organisational roles, including their duties, responsibilities and expected performance. Hence, employees who are actively involved in the budgeting process are likely to perform better. Alternatively, low levels of budgetary participation can result in a lack of acceptance of the budget and dysfunctional management behaviour (Lukka, 1988).

Although behavioural attributes of budgeting are often considered in the context of organizational employees, the public sector presents the community as an additional stakeholder group that has attracted less attention from researchers. Over recent years the public sector has faced many challenges in the way services are delivered, and in

organisational structures and relationships due to the rapid pace of change. These changes have meant that the finance and budgetary function has had to adapt itself to accommodate radically different ways of working and delivering services, and to play a key role in development and maintaining effectiveness. As new policy developments are introduced, the need for effective governance and budgetary control arrangements to ensure probity and sound financial management remain undiminished.

In summary the above section has reviewed earlier research in budget participation albeit relating to the inclusion of managers within the decision making process. The inclusion of managers in budgeting has a number of impacts on a manager's performance and motivation. The impact of devolving budgetary decisions to citizens through PB will be examined in view of the literature to be tested through the conceptual model set out in the final section of this chapter.

## **2.4 The future of Participatory Budgeting**

There is scepticism about the use of PB in the UK. Jones (2009) identifies a number of risks to using PB. These are:

**Cost** – the cost of PB is too expensive. The PBU also identify that the set up cost are expensive but benefits will be derived later down the line.

**Lack of citizens financial knowledge.** PB is the misunderstanding to the budget process by citizens. Budgeting is complex and requires all factors to be taken in account rather than the localised issue.

**Participatory Budgeting is unrepresentative.** Jones identifies the “usual suspects” who have their own agenda a view also identified by the critics to participatory democracy earlier identified by Irvin and Stansbury (2004).

**Is difficult to apply to mainstream funding.** PB applied to discretionary funding but with current financial climate discretionary funding will be more limited. Often a decision requires a host of information to make an informed decision requiring knowledge and experience from various practitioners. Allowing citizens to make those decisions require extensional time and resources to educate.

The National Evaluation of Participatory Budgeting report in England, March 2010<sup>13</sup> evaluated a number of PB case studies. The work was structured around an evaluation model that looked at context, objectives, inputs, processes, and results in terms of (outputs, outcomes and impact). In its findings the report identified from the case studies evaluated that an officers role had changed in relation to respective pilots but there was not a wider change in role (p.120 National evaluation of participatory budgeting in England). The evaluation identified that PB was often developed to complement existing community engagement/empowerment initiatives, and for the most part that PB was viewed as only one of a number of community empowerment tools that could help an area to make progress against National Indicator 4<sup>14</sup> and the 'Duty to Involve'.

More recently the change in central government administration from a Labour to a Conservative- Liberal democrat coalition in May 2010, has seen the focus of their manifestos to utilise society to stimulate social action to deliver public services through directing funding to groups who strengthen communities in deprived areas. The 'Big Society'<sup>15</sup> aims to redistribute power away from the state to society. The public service reform programme aims to distribute power to charities, social enterprises and voluntary groups to play a leading role in delivering public services. The concept of the Big Society shifts the power of decision making to community organisations. The key requirement in the Big Society is for every adult to be involved in a neighbourhood group.

The Conservative/Liberal Democrat coalition government is far more sceptical about using its duties to the public, and has shifted the previous administrations aims to develop a society where citizens deliver services as part of the Big Society as opposed to what governments need to do to listen to citizens. This represents a significant shift in direct democracy and will require councils to interact with communities and citizens in

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<sup>13</sup> The CLG commissioned SQW Consulting to undertake phase 1 of national evaluation. It sought to answer why does Participatory Budgeting? What does Participatory Budgeting involve? How much will Participatory Budgeting cost? What will we get for our money?

<sup>14</sup> National Indicator 4 - *% of people who feel they can influence decisions*, is one of a set of national indicators used by authorities to demonstrate how the authority is meeting its requirements around the 'duty to involve'.

<sup>15</sup> Conservative Manifesto 2010 Change Society Build The Big Society – April 2010. The aim is "to create a climate that empowers local people and communities, building a big society that will 'take power away from politicians and give it to people' – Number10.gov.uk

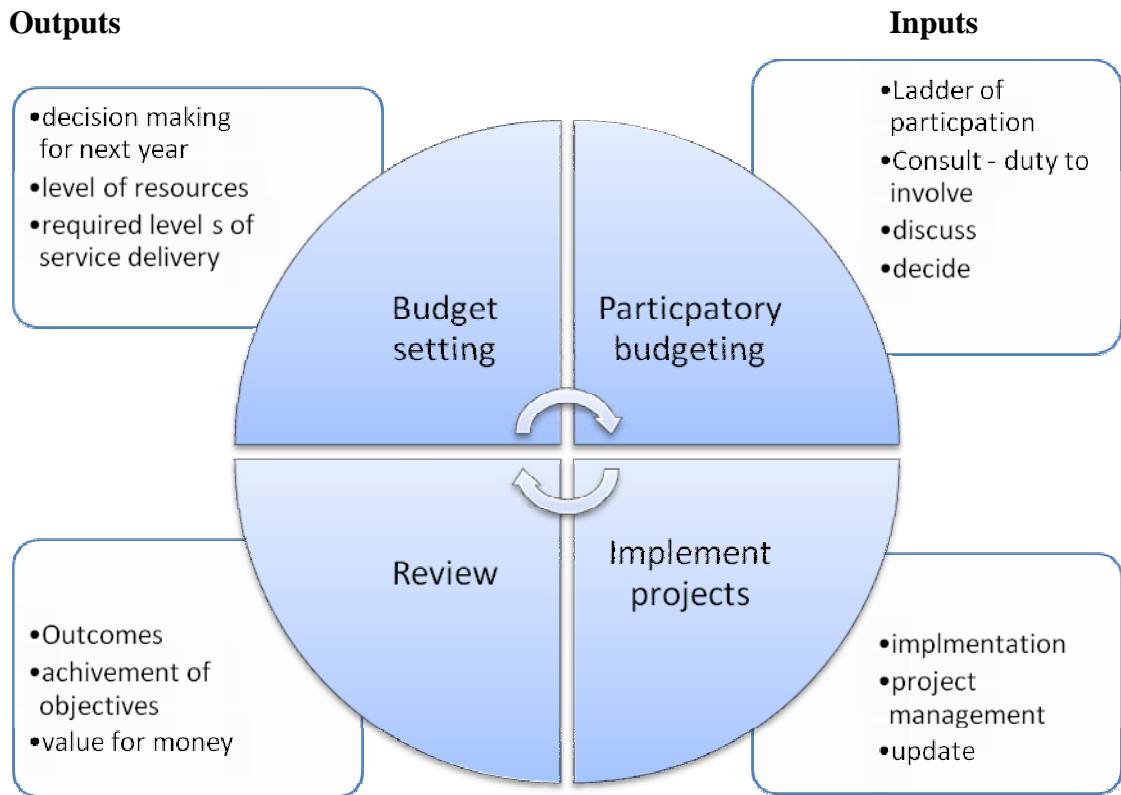
a very different way. Currently the impact of the Big Society will not be known until the concept is further developed and embedded into working practice.

In addition to the Big Society, the coalition have placed a duty of public bodies to make available for public viewing all items of expenditure over £500. These developments give public bodies an opportunity to involve citizens in financial matters. The Coalition Government believe there are opportunities for finance professionals to liaise with the wider community to increase accountability and public participation. This development known as 'armchair auditing' will remain to be proven as a tool to improve communication locally. The future of PB therefore will be set to increase under coalition government.

## **2.5 Conceptual Model**

The conceptual model is a requirement of empirical research. The conceptual model for this piece of research will test the implication of imposing PB on managers at LCC. A conceptual model for this study, containing reviewed literature is presented in figure six. Figure 6 depicts the process of participatory budgeting to achieve a desired outcome.

**Figure 6: A Conceptual Framework for Participatory Budgeting from a Neighbourhood Managers perspective**



The conceptual model has been developed using key elements of the participatory budgeting model from the CFE budgeting model (figure 4). Consideration will be given to Arstein’s ladder of participation to identify at what level participation is achieved in the participation event. The model attempts to show the inputs required to achieve the desired outcomes of citizen engagement. In addition, the conceptual model will allow the development of the interview questions by linking each question back to the model with consideration given to triangulation of the data collected to answer the research question and to aid in the review of the case study.

## 2.6 Summary of chapter 2

In summary a number of empirical studies have been conducted in the area related to participation in democracy in general and in the UK and budgets and budget participation. Whilst PB is being more widely used within local authorities, there are a

number of criticisms related to the application of PB directly linked to those cited in it's opponents views to deepening democracy, including the proposition that it is time consuming, the measurement of outcomes is yet unfounded and the approach relies on administrators to implement.

In the next chapter, the author is going to present the research methodology that has been used to assemble the vital data for the topic at hand.



## **Chapter 3 Research Methodology**

### **3.0 Introduction to chapter 3**

This chapter outlines and justifies the methodology used by the researcher to test the theoretical model of Participatory Budgeting reviewed in the previous chapter.

The chapter then analyses the research philosophy and strategy adopted and the qualitative research methods employed. It details the case study approach and how subsequent semi-structured interview questions are derived. The chapter will also identify the ethical considerations made through the research process and rejected research methods.

### **3.1 Research Philosophy**

The application of a particular research philosophy depends on the way the researcher thinks about the development of knowledge (Saunders et al, 2009). The researcher has adopted an interpretist philosophy for this piece of research. Applying this philosophy to the research allows for the researcher to consider and understand the topic Saunders et al (2007). Interpretism advocates the researcher's role as a social actor. For this research philosophy the researcher has to take an empathetic stance to the study. The application of a single research method, interviews will allow the researcher take the role of an actor with an empathetic viewpoint.

Saunders (2009) identifies that the interpretist approach is highly appropriate for business research as these types of studies are not only complex but unique. Denzin and Lincoln (2000) identify the interpretive research method attempts to explore and describe human activities rather than explain and derive universal laws. The use of small interview samples within this study lends itself to the interpretist approach. Researchers who adopt an interpretist philosophy have to take an empathetic approach and enter the world in which their subjects operate.

Saunders et al (2009) state it is important for researchers to be aware of the value judgements made when drawing conclusions from data and the creditability of those conclusions. The author's own values and experience were taken into consideration in respect of the subjectivity of the study. Consideration was given to the reliability of the

research findings and the understanding of both the individuals and circumstances at the time of the research. Due to embryonic nature of the subject matter the interpretist approach enabled the researcher to gather data and relate this to the current environment the individuals operate in.

### 3.2 Research Strategy

There are two main research approaches:

**Deductive approach** - research approach involving the testing of a theoretical proposition by the employment of a research strategy specifically designed for the purpose of its testing (Saunders et al, 2009).

**Inductive approach** - research approach involving the development of a theory as a result of the observation and empirical data (Saunders et al, 2009).

For this piece of research the inductive approach has been adopted. The exploratory research applies an inductive approach, developing the theory identified from the literature review which impedes the duty of local governments to involve citizens in budget decisions. According to Yin, (2004), 'qualitative methods assist researchers who desire to understand complex social phenomena'.

Wolcott, (1992), proposes there are three types of data gathering techniques employed in qualitative studies: 'experiencing, enquiring and examining'. Wolcott, (1992), argues that these three techniques are used in qualitative approaches such as 'case studies, non-participant observed studies, interviews, participant observation, phenomenology, ethnomethodology, enography and ethnology'. Wolcott, (1992), identifies that most qualitative research is based on a case study that uses one or several of these qualitative techniques.

It is therefore considered that a qualitative methodology was the most appropriate for the topic of this thesis as it allows more open and detailed data collection. It was assumed that this methodology would best capture the larger picture of the interactions and understandings of the managers within the process. Qualitative methodology allowed for more detailed input from the Neighbourhood Managers and the freedom to

explore issues that the researcher was not aware of in the conception of the research. Patton (1991) argues the qualitative research approach allows a researcher to test existing theoretical frameworks and undertake an in depth study of the topic in question. Appendix 2 outlines the research strategies adopted.

### **3.2.1 Justification for the selected paradigm and methodology**

The case study methodology has been chosen for this study due to the exploratory nature of the research. Bamford and Forrester, (2003), identify that case studies provide an in-depth, relatively unstructured, approach to develop frameworks. In this case the author has been employed by the organisation for several years in both finance and in a service delivery role and therefore has access to a range of managers involved in the pilot and roll out of participatory budgeting.

Walcott, (1992), notes, 'most qualitative research is based on a case study that uses one or several qualitative techniques, enabling researchers to immerse themselves within a culture or a context, producing questions to pursue for further research and understanding of a phenomenon'. The case study methodology adopts an inductive approach, as put forward by Saunders et al, (2009), to this part of the research in that it:

- Emphasises gaining an understanding of the meanings that managers attach to their behaviour.
- It provides a close understanding of the research context.
- It involves the collection of qualitative data.
- It provides a flexible structure to permit changes of research emphasis if required.
- The researcher becomes part of the research process.

### **3.2.2 Rejected research methods**

The deductive or quantitative approach was discarded due to the small sample size of the study topics and data collection methods.

Questionnaires and surveys were rejected as a data collection methods. Firstly the questionnaire was considered but discarded due to the time restraints on the project.

Another factor inhibiting of the questionnaire research method was that the topic of Participatory Budgeting is still a relatively new area and the research required in depth questioning with the possibility of probing which is not available through questionnaires. In the survey approach it requires the researcher to develop questions general enough to be minimally appropriate for all respondents, possibly missing what is most appropriate to many respondents. Surveys are also inflexible in that they require the initial study design (the tool and administration of the tool) to remain unchanged throughout the data collection.

Focus groups may have provided additional insights if it were possible to get the group of interviewees together to exchange views and perceptions however as it is a new area of implementation the validity would not merit the time required to facilitate the focus group. Any future study in this area should consider the possibility of developing a focus group to support the roll out of PB within Liverpool.

### **3.3 Research Design**

The research was conducted through a case study analysis and in semi structured interviews. The nature of this piece of research means that responses to particular questions can lead the interviewer off to another, perhaps unplanned area, which casts additional light on the subject area. Where the research is based on understanding people's perceptions and their experiences over a number of years and within a series of different contexts, the ability to develop points and enter a dialogue in the form of a semi structured interview allows more primary data to be gathered and analysed. The use of the literature is also important to complement the results of an exploratory study (Strauss and Corbin 1998).

#### **3.3.1 Design of research instruments**

A single method research approach has been taken to the collection of qualitative research.

## **Interviews**

The semi structured interview is a qualitative research technique that is useful for exploratory purposes (Churchill 1999). It is a suitable research technique for a relatively unexplored subject (Eisenhart, 1989). Jacob (1988) identifies the interviewer is an integral part of the investigation. The semi structured interviews will consist of a list of themes and questions that have emerged from the literature review and case study analysis. The category of semi-structured interview has been chosen because it gives scope to omit some questions if not considered relevant in relation to the research topic. The format also allows for unexpected outcomes and for the researcher to respond to opportunities and emerging themes.

The interview was constructed around four themes. A series of questions around the themes identified in the literature review allowed the researcher to probe different aspects of the interviewee's experiences and perspectives. By selecting the five Neighbourhood Managers with varied backgrounds and experience it is reasonable to expect that some managers will have more experience and opinion on some aspects of the research while not having the correspondence experience in other aspects of the research e.g. a manager who had worked at Liverpool over a period of 10 years in the area they currently manage would have more experience and knowledge of the effects of engagement in certain wards within Liverpool. The same questions were asked of all interviewees.

Testing of the interview questions was undertaken prior to utilising the questions in each of the themes. The testing was undertaken on a previous neighbourhood manager who still worked for the authority but was not part of this research. This enabled the researcher to re-phase questions and take others out where they were repetitive or did not add value.

Each of the four interview themes are identified below:

The first theme of questions relates to participation and community engagement and how the duty to involve impedes on managers duties. Introductory questions around the Managers experiences of working in neighbourhood management and how long they have worked in the management area was important to analyse the impact of using

consultation to aid decision making. The intention of this section is to identify how consultation has impeded on a local government managers duties and roles over time.

The second theme of the questions relates to the application of Participatory Budgeting and the successful outcomes from the pilots. The ultimate aim to identify at what level the manager understands participatory budgeting, what change in practice this will impose on the organisation and how the change can be implemented. Data of the decision making process before and after using participatory budgeting was sought.

The third theme was around the budgeting process in LCC and if the PB events had an impact on the current financial management process. The aim of this area of questioning was to identify the impact of the budget setting process, if any, and if the use of PB would require additional financial support from central finance.

Finally in third theme of questions the aim is to investigate the future of Participatory Budgeting and it uses to other areas of service delivery.

### **3.4 Research procedure**

Data collection and analysis occurred in three stages:

#### **Stage One: Description of the Phenomenon of Interest by the Researchers**

This involved exploration of the literature to examine previous research on budget participation and participatory budgeting and to define and describe this phenomenon in the light of that literature. There is a significant body of text in relation to democracy and behavioural accounting literature. There is less published literature on participatory budgeting in the sense of it's application in the UK and how the outcomes of using participatory budgeting. As with all phenomenological inquiries, the investigation focused on the lived experience of the participants.

#### **Stage Two: Data Collection**

All the five neighbourhood managers were interviewed to illuminate in greater depth the concept of PB to provide a body of anecdotal evidence. All interviews were voluntary

and confidential. The interviews lasted for an average 50 minutes. Interviews were recorded onto digital media and analysed by the researcher. Interviewees were asked to read the record taken and make any amendments that were not accurate or fully reflected their answers. Follow up questions were asked by telephone and/or e-mail when clarification was necessary. This approach is reflective of the aims of the phenomenological method, to understand deeply, perceptions of experience (Becker, 1998).

The interviewer frequently asked cross-referencing questions. This was done for two reasons: to ensure that the interviewer's understanding of what was said was the intended meaning; and to check that aspects of the story were clear. This research dealt with subjective experience and perception, and it was not intended to catch a participant in an untruth or exaggeration. Instead, cross-checking was employed to ensure rigor in interviewing and for clarification of the experiences recounted.

### **Stage Three: Data Analysis**

A full analysis of the responses was completed which compares the different responses to each particular question. A major element of the research explores areas where individuals experience or perception differs slightly from the existing consensus. This gives further insight into the particular topic and allows the dominant view of the subject to be challenged and critiqued. All the responses were structured around four themes and questions in the themes were collated and analysed onto an excel spreadsheet.

Finally as a requirement of qualitative research, the researcher is expected to critically self-reflect the validity of his/her research results. *Reliability* is used to evaluate the (Miles and Huberman, 1994). The researcher was aware of the importance of evaluation of data and whether the researcher would have made the similar observations and interpretations if they had been observed in different time or in a different place. To ensure reliability of the research finding, two neighbouring were contacted through short telephone interviews. The researcher conducted short telephone interviews with two other local authorities identified in the national evaluation to test the issues raised. The purpose of this corroboration was not to confirm whether people's perceptions were accurate, but rather to ensure that the research findings accurately reflect people's

perceptions. Stainback & Stainback (1988), identify the purpose of corroboration is to help researchers increase their understanding of the probability that their findings will be seen as credible or worthy of consideration by others.

### **3.5 Ethical considerations**

Ethical consideration were considered through the research process. Some of the key ethical considerations to a research project according to Saunders et al (2009) are:

- Confidentiality is maintained of participants
- Objectivity is maintained from the researcher
- The rights of participants in terms of being able to withdraw and remain anonymous.

Following Saunders et al (2009) ethical considerations, the research was undertaken in an ethical manner. This provided confidence to participants in the research that their views would remain anonymous. Participants were advised that they were able to withdraw at any time. Pseudonyms were used in reporting research to protect the anonymity of the participants. Saunders et al (2009) identify participant's rights to include:

- Not to be subject to stressful or awkward questions
- To expect anonymity and confidentiality of information gained
- Not to be pressurised into giving information.

Fisher (2009a) states that it is important that any information collected and used is not harmful to those participants. Participants were firstly informed of the purpose of the research prior to agreeing to be a participant. The participants consent model as applied set out in Saunders et al (2009) adopting the informed consent where consent is given freely and based on full information of their rights and use of the data.

The researcher's role was clearly explained. The research was not linked to the researcher's current LCC job role and the findings from the study would be presented to LCC's senior neighbourhood management team. It is important to stress this point



because of the professional ties between the researcher and the sample. Working within an environment many engender feelings of obligation or gratitude (Ritchie & Lewis, 2003). At the end of each interview the participants were reminded of the confidentiality agreement and offered the opportunity to return to any of the items discussed.

### **3.6 Limitations to the research**

There have been limitations to the research conducted. In terms of validity, the researcher has attempted to validate the reliability the findings through triangulation with managers in other local authorities. Due to the infancy of the PB and further national evaluations of its use yet to be complete, the ability to triangulate local issues against greater national data has not been possible. In addition the future direction of central government was an inhibiting factor due to the timing of the general election.

### **3.7 Summary of chapter 3**

In this chapter the researcher has outlined the research philosophy, strategy and methods used to complete the research. The research methodology has been detailed and justified to be applied to this research. The rejected research methods are also identified. The use of semi structured interviews was used as the collection tool. Interviews were conducted with the five Neighbourhood Managers and an analysis of the data was undertaken. The chapter also outlined the ethical considerations taken into account throughout the research and the limitations to the study. The next chapter will present the findings of the data collected.

## **Chapter 4 Research Findings**

### **4.0 Introduction**

This chapter sets out the results of the data collection. The results have been arranged around the key themes of the research set out in chapter 2 to feature the salient points obtained from the data collected by the author. The findings of the research are associated with the analysis of each of the five Neighbourhood Managers, reviewed by way of a case study, who have facilitated and implemented PB to discover their views and suggestions for a roll out of PB to other areas of LCC. Any issues identified through the research are highlighted. Finally, the culmination of this chapter features the summary of analysis and findings.

### **4.1 Application of research methodology**

#### **4.1.1. Case Study analysis**

The researcher reviewed each of the five NMA's in terms of demographics and population to gain an overview of the genetics of each management area. No theoretical framework has been applied due to the inductive nature of this study, all questions were based on the literature review and the structure of the interviews were arranged around four key themes set out in chapter 1, section 1.4. The themes and questions are identified in appendix 4 and were used to guide the specific areas the researcher wished to prompt and was not an exhaustive list.

### **4.2 Analysis of findings by theme**

Detailed notes of each of the meetings were prepared during immediately after each interview. For ease of analysis, key points were captured and entered onto an excel spreadsheet shown as Appendix 5. This allowed data to be reviewed by individual respondents or across themes. Five staff overall were interviewed in detail, giving a mix of managers and length of service. The following is a summary of key issues raised. Initial commentary on the findings is included in this chapter but further analysis

linking the findings to the literature review and conclusions are contained within in chapter 5.

#### **4.2.1 Community Participation and Engagement in Decision Making**

The researcher attempted to identify the current level of community working and participation in decision making. The aim of this area of questioning was to identify the Neighbourhood Managers experience of working with the community and the current levels of community engagement and methods employed.

##### **4.2.1.1 Managers experience and perspectives on the neighbourhood management role**

100% of the managers stated they had all worked in neighbourhood management for at least the past five years of their employment. 40% of the managers had worked in a similar role in other local authorities previously, the other 60% had all worked in NMAs within Liverpool. There was broad agreement that each NMA had wards which were more difficult to manage than others due to the diverse demographics within them. All managers stated that their experience of community working was essential to understand how communities work and which engagement techniques work best.

There was agreement that the role of neighbourhood management is important to both community inclusion and targeting local issues. The role of the neighbourhood manager as a social actor emerges very strongly from all neighbourhood managers as a key factor in the experience of managing the changing needs of communities.

From all respondents there was recognition that their roles were aided by structures put in place in the early 1990's, that gave recognition of the need for better management of services at a local level. The measures introduced by the Duty to Involve agenda (2007) gave the strategic direction to achieve this. Two managers referred to the future economic climate and how their roles impacted on the need to deliver services at a time of reducing public funds. These two managers identified the role of PB in the future as an enabling factor to identify where there are inefficiencies in local spending.

#### **4.2.1.2 Working with the community**

All managers stated a major element of their role was to work with the community either directly or indirectly. 60 % of managers stated they worked between 10 -20% of their time directly with the community. Only one manager stated they worked around 10% directly but noted that 90% was also indirectly with their officers working directly with the community over 60% of the time. All managers stated their main role was to ensure delivery of the Neighbourhood Management Agreement with responsibility for working closely with local councillors and to manage projects within the area funded through the Working Neighbourhood Fund.

Each of the respondents described their relationship with the community as good, constructive and supportive. Most of the responses tend to agree with that their relationships with the community were sometimes strained dependent on the issues to be consulted on. There was a clear understanding of how relationships needed to be formed and the benefits that strong relationships can deliver. All managers stated previous experience on working in neighbourhood management was essential to understanding local community issues.

One manager describes community engagement as:

“It is as good as you make it, there is no point just making tokenism engagement with the community they will see right through it. They are aware of the needs of their areas they are the eyes and ears of the community”

Managers were also asked at what level of they thought their community engagement was at on the Arsitien's ladder, 1969 (figure 1, page17). All managers stated they were between the informing and consultation stages of the ladder within the tokenism category. All managers were sceptical about the community ever having full citizen power. One manager quoted:

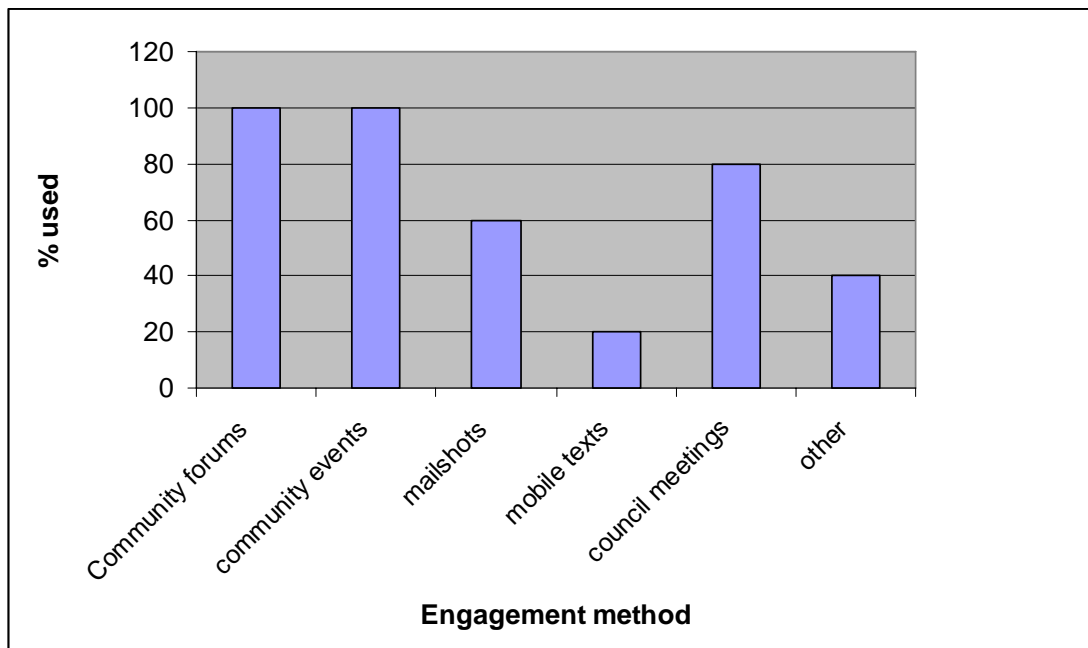
“People want to be consulted with but do not want to take control. People have busy lives and that is what they pay their taxes for – local government to run services”

#### 4.2.1.3 Community Engagement Methods

All managers identified the ‘community matters’ events held every quarter were the key forums for community engagement. LCC organise a series of community matters events where local residents can attend to discuss local issues. The community matters forums are established forums with each meeting lasting for around 2-3 hours with representation from community activists and local ward councillors. Meetings are themed to discuss emerging issues within the community and new strategic priorities.

Traditional methods of community engagement such as leaflets, forums, council meetings, and mail shots were still widely used as a form of engagement. Figure 7 below identifies the types of community engagement currently used in each of the NMA’s.

**Figure 7: Analysis of current methods of engagement used in Neighbourhood Management Areas in Liverpool**



60% of managers identified the need for more innovative models of engagement. Two managers identified the need to get back to basics and get out talking to the community

through door to door sampling. Although this is noted as time consuming it is believed this would identify the reasons why people do not participate and to identify which techniques are the most successful. One manager stated:

“You will get the answers you need if you ask people directly. People do not want to fill out surveys and questionnaires as this places the responsibility on them to return the items. People will respond if you go to them”

One manager did state the use of more innovative techniques such as social networking sites and mobile texting would reach people in the community who may not have the time to participate in organised events.

100% of managers stated that the use of incentives to increase engagement were successful. Rewards such as vouchers or prizes encourage participation. All managers stated that the use of prizes or gifts in their area increased participation levels.

100% of managers stated that participation from individuals increased when there was an community or social issue to be addressed that directly affected their environment or themselves and family. Therefore consultation on issues such as street lighting and anti social behaviour increased participation levels. All managers identified that if an issue is close to a residents heart then people will participate. This is when traditional engagement methods such as leaflets and meetings are found to be the most successful. One manager stated:

“if there is an issue close to someone’s heart then the community will turn out and participation levels increase”.

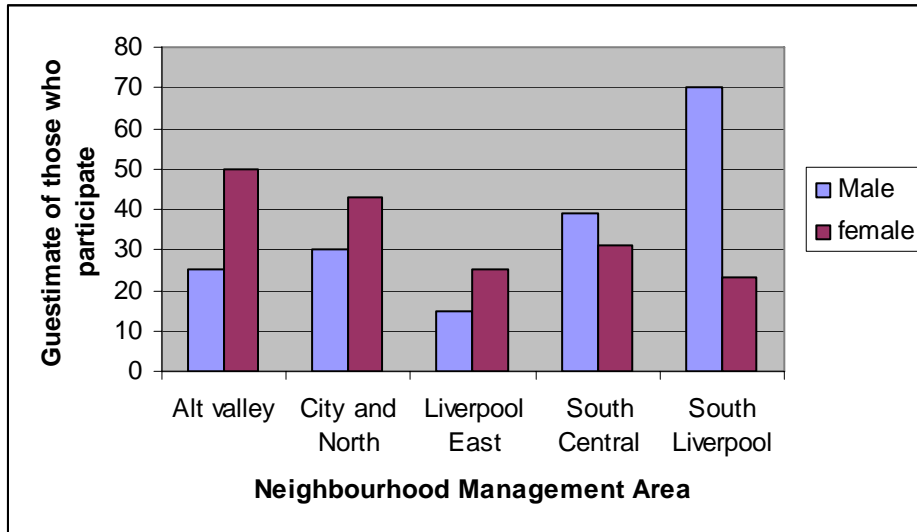
The example quoted was anti social behaviour in the street or road where a resident lived.

#### **4.2.1.4 Community representation**

Managers were asked to identify what groups in the community currently participates and if the demographics and numbers of participants had increased over the previous years.

Figure 8 below identifies the guesstimate of the %'s of those who currently engage in community forums split between each neighbourhood management area and by gender.

**Figure 8: Numbers of those who participate identified by management area and split between male and female**



Source: Neighbourhood manager's guesstimates

In the majority of NMAs it was identified there were more female than male who participate. Respondents stated this was a shift in gender participation over the years where traditionally it was male residents who participated. One manager gave a possible reason for this being the decline of industrial trade unions in Liverpool which were in the main dominated by males in both leadership and membership. 40% of managers had seen an increase in female participation. It was suggested by one manager this may be due to the fact of emerging issues which directly affected their families and the females wanted to challenge current problems to create safer communities for their current and future generations.

It was identified that the majority of participants who currently engage in community decision making are those who have been involved in decision making structures for long periods of time. 60% of managers stated there were only around 20% of new faces to forums over the past 5 years. The same 60% of respondents when asked did acknowledge that some of the community who participate may at times be in it for their own self good and the specific area they lived. Where there were issues affecting parts of the neighbourhood that were not represented it required more effort to evidence the

need for intervention in an area. 100% of managers identified those who currently participate can be classed as community conscious actors in forums with a higher proportion of what was classed as ‘community bystanders’ by Harrison and Singer (2007) identified in chapter 2.

#### **4.2.2 Participatory Budgeting**

The aim of this area of questioning was to identify if participatory budgeting is a distinct process of participatory democratic governance in the budgeting process or another tool for community engagement. This section identifies if participatory budgeting increased levels of community involvement and if the process legitimised budget decision for a set amount of funding for 2009-10. This section also identifies the managers views about the PB method used in the LCC pilots.

##### **4.2.2.1 Knowledge of Participatory Budgeting**

All respondents were aware of participatory budgeting through their own research and 40% of managers had already used participatory budgeting in previous roles outside of Liverpool. The other 60% of managers stated that the principles of PB were similar to that of other historic discretionary funding initiatives such as the Community Chest where community representatives review and approve applications as members of a panel chaired by a local authority representative. All managers stated they received a short briefing on the reasons for undertaking the pilot was given and the timescales for implementation.

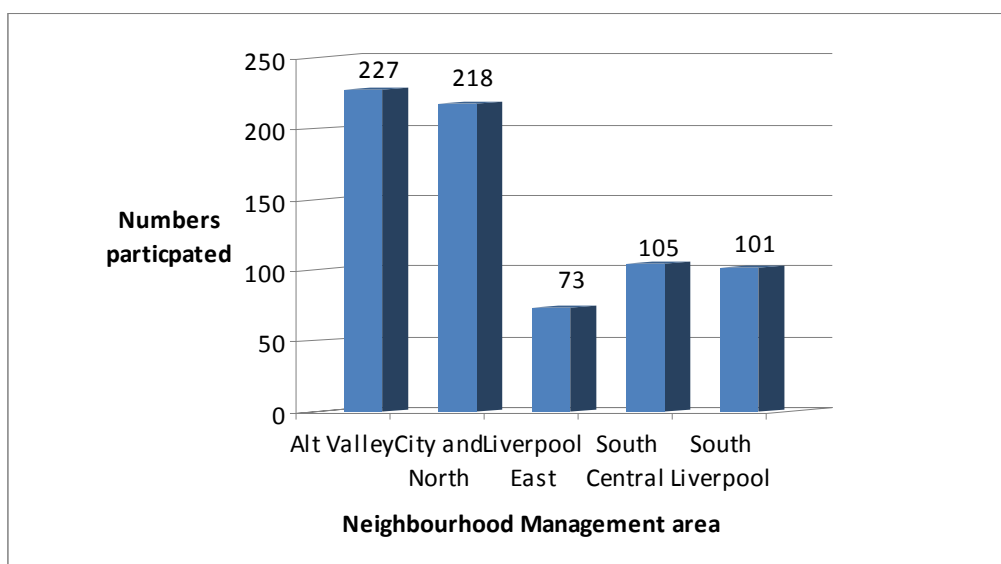
##### **4.2.2.2 Participation in Participatory Budgeting pilot**

The PB events were held in local amenities held in the evening to allow accessibility to the events. Each event was facilitated by the Neighbourhood Manager with support from neighbourhood officers. Community groups had to put forward applicants for projects which they were seeking funding for up to a maximum of £10,000. The groups had to then present their case to an audience who voted through the electronic voting system. The project which received the most votes was awarded the funding.



Figure 9 shows the level of participation in each NMA for the PB events.

**Figure 9: Numbers of attendees at PB events by NMA**



Source: LCC Participatory Budgeting evaluation 2010<sup>16</sup>

A total of 724 people participated in the events. The operational cost per voting head amounted to £112 (LCVS PB pilot evaluation). Alt Valley and City and North management areas show higher levels of engagement than other areas. Interestingly these are both the most deprived areas in Liverpool. However in terms of current levels of engagement levels it was felt that levels had increased from the events. All managers identified the turn out at the PB events as a success in terms of attracting new community groups in community engagement irrespective of the relatively low number of people who attended in comparison to the total population in that ward. It was acknowledged by all managers that those who did participate in voting were known to the project bidders either as family or friends.

All managers stated that representatives from the projects bidders which were successful through the voting process were motivated from the PB process. However some of those projects put forward by community groups which failed the voting

<sup>16</sup> The Participatory Budgeting evaluation was carried out by Liverpool Community Voluntary Services which was presented to the authority in June 2010

process were dissatisfied with the level of bias. 80% of managers stated the process could have been more robust to alleviate these issues. One manager commented:

“Considerations of projects were on the main made from pulling at heart strings and not a full consideration of the added value of that project”

Concerns were raised as to the robustness of the process used in the pilot to allocate funding on a project basis specifically in respect of, the ability of community groups in encouraging family and friends to participate and distort voting allocations. One manager stated within the pilot there were some good projects put forward however biased emerged. One example is where a project which would have contributed to the wider social good within a ward delivering a range of anti social behaviour interventions. However the vote was swayed by supporters of a community group whose project was to fund a young person’s dance group which only benefited 25 young people in the area.

80% of managers identified flaws in the voting process specifically with the voting system used and the cost of purchasing the voting system was not proportionate to the outcome. 80% of managers stated the set up costs (£25,000) outweighed the actual social benefit in terms of increased democracy derived from the events.

All managers stated the use of discretionary funding made it easier to apply the process however all managers stated that the set allocation of £10,000 per ward and not having the flexibility to vire unused funds between wards limited the ability to fully utilise the full allocation by management area.

#### **4.2.2.3 Managers views of participatory budgeting**

All respondents stated the events brought more community groups to the forefront than those who usually participate which they believed raised the profile of the neighbourhood management work. 60% of managers stated the process new and interesting. All managers identified that PB was another community engagement process. One manager identified that the application of PB in the sense of the Porte

Alegre experience was not required in the UK as there was already a firm democratic process in existence and the level of corruption compared to Porte Alegre was minimal.

40% of respondents viewed the PB pilot as a tokenism event to increase the authority's requirement to increase community engagement a key indicator within the Local Area Agreement (LAA)<sup>17</sup>. These respondents stated this was not true PB in the sense of the theory although some elements were evident in the pilot.

60% of managers stated they would not have allocated the funds to the successful projects and therefore the PB event was worthwhile on the basis of new community groups being supported which had previously not been known to them. One manager did however state they would have allocated the funds to more worthwhile projects and another stated that the outcome would have been the same either way, with or without the community event as the successful project was put forward on behalf of a community group already known to them.

Interestingly 40% of managers did state some of the successful projects in their opinion only contributed to one of the strategic objective and these projects would not have been successful if it were at the discretion of that manager. The reasons given for this were that the managers were able to use their knowledge of the area and changing need of the community to direct funding to the priority areas.

### **4.2.3 Impact of Participatory Budgeting on the Budgeting process**

The aim of this section was to identify the impact of PB on the current budgeting processes in LCC. The current budget process was discussed and the way in which the funding allocated to the PB pilots was allocated. The management of the allocated funding was also considered.

All neighbourhood managers were able to describe the budgeting process in LCC and acknowledged the central support from LCC Financial Management and the budget was a central part to the planning process. Respondents were aware of their financial

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<sup>17</sup> The Local Area Agreement sets out the key measures, with targets, for improving a local area. The LAA is a three year agreement developed by Local Strategic Partnerships and involves devolving greater decision-making and flexibility to the local level so that action can be taken on the local priorities and problem areas that will deliver real improvement in the quality of life.

responsibility however all stated that the support from central finance was crucial to enable them to manage the budget. One respondent identified that staffing and other budgets did not always reflect the actual position of the service and was a simply updated from the previous year.

All respondents stated the allocation of a specific central finance resource aided their responsibility to facilitate PB events and process. Respondents however, were not clear how the PB pilot would affect the future budget allocations but consensus was that if PB were applied to statutory funding then the PB events would need to take place at least six months prior to the year of spend. All respondents acknowledged this would require additional input into the monitoring process and reporting regimes to the community of how the allocations of spend were managed requiring additional time and resource.

#### **4.2.4 The future of PB: The key issues and challenges**

This area of questioning aimed to identify if there were any changes required if the PB pilot were to be rolled out in the same way in other business unit within LCC and if PB could be applied to other services across the authority. The following issues were identified to the future of implementation of participatory budgeting:

##### **Method used for PB pilots**

The electronic voting system used in the PB pilots was interesting and gave some originality into decision making which could be applied to other decision making requirements not just PB. Examples suggested included decision making not only on budgetary decisions but on democratic decisions rather than the traditional data collection method of questionnaires. All respondents stated the process needed to be more robust next time round and projects will have to meet set guidelines to meet the social benefits for the whole community not just a small proportion to reduce the level of bias. This is a fault of the PB process used in LCC.

Respondents identified there needs to be capacity building with the community before PB events in the future. Respondents stated the pilot was rushed and not enough implementation time was given to structure and test the possible voting outcomes. One manager commented:

“Effort needs to be proportionate to outcome – a lot of capacity building use existing structures”

### **Cost Benefit**

All respondents identified the cost and time resource involved in events outweighed the benefits in term of value for money. All respondents stated they needed to engage with a higher level of participants to ensure money was transparently decided upon and the cost per vote was not economical at the time of current impending cuts to public expenditure both nationally and locally.

### **Future use of PB**

All respondents were sceptical of the future of PB and could not see it being used in all council services. Areas such as children’s services where sensitivity and confidentiality is required was identified as not being able to utilise the PB process used in the pilot. All respondents stated PB could be applied to budgetary decisions in other council services such as environmental services, which deliver public goods such as street lighting would benefit from decisions required over a set amount of mainstream funding. In the case of street lighting a PB event could be used to identify a number of options within a set amount of funding. This could be a simple of having two options, replacing or adding more street lighting columns.

The Big Society initiative was also identified and a mechanism for the use of PB in the future. The possible transfer of services to local community led organisations presents a greater possibility of the shift of budget decisions to these organisations and not with local government managers.

### **4.3 Triangulation with other Local Authorities**

As part of the research methodology the researcher sought to validate the research conducted within LCC with two other neighbouring local authorities who had implemented PB. Representatives from two other Merseyside authorities who the

researcher had access to through previous work experience were approached. Both these representatives worked in the area of neighbourhood management within a finance role. Table 3 below provides a summation of the findings.

**Table 3: Summary of comparison of key issues with other local authorities.**

<b>Issues identified in LCC research</b>	<b>Authority A – St Helens MBC</b>	<b>Authority B – Knowsley MBC</b>
PB method	Existing ward structures and voting	Existing ward structure
Time and resource	£500,000 across all wards - specific environmental issues that PB was time and resource intensive	£100,000 two wards – specific young person project. Time intensive
Level of participation	Small increase. New community groups	Same community attended – small amount of new faces
Allocation of funds method	Manual Voting – some bias from inviting family and friends to events	Analysis of project bids collectively voted on at area ward meeting
Responsibility to implement	Environmental services and finance staff	Regeneration staff
Cost benefit	Increased levels of communication and engagement with Councillors	No cost benefit could have been allocated through existing local intelligence

Source: Representatives from other local authorities

Only one authority found an increase in participation levels and stated they would be using PB again with a larger allocation of funds. Both authorities stated the current economic climate and the uncertainty of future funding was a key decision on the future use of PB in deciding on the spend of larger budgets. Both authorities could not see the

use of PB across all authority services which was consistent with the findings from the LCC research.

#### **4.4 Summary of chapter 4**

Chapter 4 has presented the findings from the research method semi structured interviews. The chapter has presented the research findings around the four key themes of the research, participation and community engagement, participatory budgeting, budgeting and finally the future use of PB. Appendix 5 details the findings from each of the five interviews undertaken. The triangulation with other local authorities was presented. The next chapter will conclude the research linking the research findings to the literature review presented in chapter 2.

## **Chapter 5 Conclusions and Implications**

### **5.0 Introduction to chapter 5**

This chapter draws together all the findings from the literature review, chosen methodology, and results of the research. This chapter presents:

- conclusions from the findings, linking the results of empirical research back to the literature review.
- the findings against the research aim and research objectives.
- a critical evaluation of the chosen research methodology identifying strengths and weaknesses.
- the suggestion for additional research section also briefly details the main points that are deemed more important future research note highlighted of this study.
- the limitations of the study and opportunities for further research.

### **5.1 Conclusions about research findings**

#### **5.1.1 Theme 1 - Community Participation and Engagement in Decision Making**

There is a clear consensus across a broad section of academic literature which demonstrates the advantages of community engagement in decision making (Langton 1978, Waugh 2002, Day 1997). Certainly the respondents in this study identified the successes of community engagement in decision making and the advantages it brings. Such advantages stated included the meaningful information gained, the change in community respect, empowerment of residents after projects completed and transparency in decision making. This reflects empirical studies from Verbra et al. (1995), Prior, Stewart et al., (1995) and Pratchett (1999a), who identified participation initiatives strengthen legitimacy, responsiveness and the community have the capacity to facilitate political participation. 60% of the respondents who have worked at the authority for over 10 years stated that legitimacy was the main benefit of community



engagement much needed from when political distrust with the local government administration was at its peak in Liverpool through the late 1980's.

The impact of community engagement on administrators has been seen as unnecessary and costly in terms of time and resource (Lawrence and Deegan, 2001, Howarth and Morrison et al 2003, Weeks 2000). Respondents from the research acknowledged this was the case however that is what the role required. Respondents did however agree with Lawrence and Deegan's (2001) view that participation also places heavy time commitments on participants. The time in arranging events, generating papers and attending meeting was 20% - 30% of their role and at least 80% of their staffs' time.

The research found that current participation in forums and community events were generally the same participants. The findings of the research also identified that in some areas participants were often involved in community issues for their own self worth which is substantiated by the view of Irvin and Stansbury (2004). Research identified the level of participants is low however acknowledged that it varied between wards in their area. All respondents acknowledged that although in terms of levels of actual engagement in relation to the total population of a ward community representation was at the best levels they have seen for a long time. Respondents answers concurred with the view of Williams et al (2001) that at the start of engagement processes participation is high but dwindles after time.

A number of commenter's, (Taylor, 2003, Gaventa, 2004, Smith, 2005) suggest there is under representation from certain categories of the demography such as BME groups. Interestingly from the research females were found to be the higher percentage of those who participate in Liverpool in the majority of wards. There is a clear distinction between the main body of research and findings from the research. The empirical research of Skidmore et al, 2006, suggests the majority of participants are male, white and over 50. This research however suggests a paradigm shift in those who participate in Liverpool from the literature. In addition, participation was increased through the PB pilot in the most deprived areas of Liverpool which alludes to a correlation between deprivation and participation. Again this diverts from research that it is predominately, older, better educated, richer, middle-class males who participate (Brodie et al, 2009).

There were common themes within the literature and the response from managers which highlight the need to address the requirement to ensure consultation was representative of the whole community. 40% of managers identified there was a need to get back to basics and undertake door to door consultation. The same 40% also identified that people will participate if you go to them directly. Empirical research has identified that the use of traditional methods of engagement was still widely used. Pratchet et al (2001a) survey of local authorities identified the consumerist methods of community engagement including council meeting and newsletters were still common tools. Respondents did feel there was scope to implement more innovative engagement techniques such as mobile texting and the use of social networking sites.

The concept of the 'Big Society' announced by the new coalition government in May 2010 was also acknowledged by 40% of the managers as a good idea but they had concerns on the practicalities of passporting authority responsibilities for services to community and third sector organisations. This was coupled with the fact that there are only the limited few community activists who actually have the time and desire to run local services. This view is pertinent to the views of Bromley, Curtis and Seyd (2001) and Cootes (2010) that social problems in Britain society cannot be addressed by constitutional reforms such as the Big Society. 40% of managers thought the concept of the Big Society and the time commitments required to participate in neighbourhood services was impractical and out of touch.

### **5.1.2 Theme 2- Participatory Budgeting**

The literature review identified that PB is a direct democracy approach to budget decisions (Shah 2007, PBU 2009, CLG, 2008). Research acknowledged the successes of Brazil however 60% of respondents stated that the need for such level of budgetary decision making involving the community was not required in the UK due to the current level of democracy and low level of corruption. All respondents stated that to implement the level of PB as seen in Port Alegre would require extensive capacity building of nominated residents requiring them to understand local authority income, expenditure and budgets and might involve budget literacy programmes to provide people with the necessary background knowledge. This would generate groups of "professional actors which could do more harm than good to already volatile

communities”<sup>18</sup>. This response is consistent with critics of PB such as Jones (2009) and Rhodes (2000).

Participatory budgeting was acknowledged as a tool by its supporters such as Abers (2000), Shah (2007) and the PBU (2009) to legitimise budget decisions. However in respect of the PB pilot in Liverpool all respondents identified it as another community engagement tool. Abers (2000) and Baiocchi (2005) argue that PB engages traditionally hard-to-reach communities through accessible meetings focused on people’s basic needs and experience. This view was substantiated from respondents who stated that they engaged with new community groups not previously identified and the pilot events did increase the numbers attending other community events such as the community forum.

In terms of transparency all managers stated that expectations of PB were high in the national strategy. This is consistent with the critics, Jones (2009) and Rhodes (2000) of PB who identify PB, is an attempt to increase legitimacy in budget decision in addition to the statutory process of reporting public finances within a local authority.

The key problem identified with PB both in the academic literature Shah, 2007 and Rhodes, (2000) and by the respondents in the research was the tendency for the community to dictate areas of concern which affected them directly which was not representative of the views of the wider community. There is clear evidence of self interest in some areas and neighbourhood managers would like to see a wider community voice. The academic consensus is that community consultation is fundamental to democracy to which the respondents all agreed.

The participants in the research agreed with the Jones (2009) on the disadvantages of PB to a certain degree by acknowledging that there were shortcomings in the current process and that there was some bias produced through the way PB had been implemented in Liverpool. The respondents in the research agreed with the supporters of PB (Abers, 2000) that to make PB successful there required to more supportive networks from the authority and councillors. With this level of PB activity in Liverpool, although residents may only have direct say over a small proportion (for example 0.5 - 1%) of discretionary budgets, they would need to be aware of what the rest of the budget is spent on in order to make informed decisions. The interviewees’

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<sup>18</sup> Respondent from research.

own experience was on the whole positive and recognised the benefits of involving the community in budget decision making.

Respondents identified the local PB events create new spaces for social interaction and expand the means of communication between community members. The PB events provided a new forum for people to learn about, discuss, articulate, and act on their shared interests. By funding spending projects in people's neighbourhoods, participatory budgeting provides people with direct rewards for participation. It was acknowledged that PB does not intend or need to involve all residents. Respondents recognised that involving everyone in all public decisions is impractical and will never be achieved. Participatory budgeting literature (Abers 2000, Wampler, 2002) states PB seeks to deepen representative democracy while improving opportunities for direct democratic participation. The research identified that the pilot was successful in achieving this aim.

All respondents acknowledged PB does not necessarily engage all people equally, but it does facilitate more representative and diverse participation than other public engagement processes. Respondents acknowledged that participation sometimes becomes less diverse at higher levels of the decision-making ladder, such as citywide budget meetings and this level of decision making of the total budget was best left to those elected members responsible for the finance committee within the local authority. Respondents stated the only way to increase under-representation can be partly addressed by providing child care, reimbursing transportation costs, scheduling meetings at different times, and developing more culturally sensitive meeting dynamics and facilitation. This would suggest strong links to behavioural accounting literature from findings of Brownell and McInnes (1986) where they identified managers need to be motivated to perform well in budget activities. Likewise the community need to be motivated to attend community events.

Jones (2009) identified that staff will resist PB as it will increase their workload, require new skills, or shift decision making power to residents. Staff may not have the time, resources, interest, or skills to take on new responsibilities required to implement participatory budgeting. This was acknowledged through the research but as there were additional resources given to the respondents from central finance support the process was manageable. 80% of respondents stated their workload and that of their staff did

increase requiring staff to attend evening meetings and working weekends to produce literature for the events. Respondents identified that their role was all about community engagement and the pilot of PB was another engagement tool and therefore did not widen their role in terms of job description. However if PB was rolled out to all budget decisions on discretionary funding in the NMA in addition to those projects managed by the neighbourhood manager, this would place a job in itself and an additional staff resource would be required to lead on events.

Respondents did state that although PB pilots shifted the power of deciding on which projects to fund to residents, it also gave staff new importance as facilitators, organizers, and educators. It was acknowledged this was already a major part of their current role.

### **5.1.3 Theme 3 - Impact on Budgeting processes**

Generally the participants felt that the PB pilot did not affect the LCC budgeting cycle. All managers stated that the pilot was conducted with a small amount of funding allocated at the start of the financial year which was outside the budget cycle. If funds were allocated in line with the budget cycle they would have been identified at the latest in January for the next financial year. It was acknowledged however by the respondents that the funding allocation should have been designated before the start of the new financial year to give them more time to prepare the consultation events and to allow more engagement with the community prior to the PB events. The process of PB in Brazil and the model applied to the UK was not followed in the sense of the cyclical process (Harvard University, 2004 and CFE 2009). This was a key criticism and if the good practice processes had been followed the events would have been more meaningful.

All respondents identified that budget decisions often require confidentiality because they involve delicate negotiations and compromises and as such the application of PB to all business units is not practicable. This mirrors concerns of Jones (2009) who identifies council budgets take account of more than one factor and are usually constrained by confidentiality requirements limit public discussion and therefore its future is limited. The fear of PB it has been identified that as it becomes more popular, it may become dominated by more educated, higher income, more professional participants replicates the view of critics about direct democracy in general.

All respondents identified the need for local decisions require people's on-the-ground knowledge and the need to better utilize local expertise. The Your Community Matters forums enable people to voice their opinions and get involved in community events. All respondents indicated these events motivate communities and share the view of accounting theorists, Chenhall and Brownell (1988), Shields and Shields (1998), Mia (1989) that participation in not only budgeting but in any decision making stimulates community interest and is a positive incentive to continue participating. Respondents acknowledged those projects successful in attaining funding were more appreciative of the events. However for those groups who were unsuccessful there was lack of acceptance of some of the successful projects. This was a key criticism of 80% of respondents.

#### **5.1.4 Theme 4 - Future of Participatory Budgeting**

There was a strong case among the respondents in the research that the foundations upon which participatory budgeting is built were fundamentally for those democracies where there was a need for more transparency and where democratic structures were not already in place or were corrupt. Within the UK all respondents acknowledged that we already have an open democracy. However, with the recent Members of Parliament (MP's) expenses scandal in the UK, the use of public money was increasingly subject to more public scrutiny. With increasing budget pressures and revenue-raising constraints, many authorities have little discretionary funding available. Even when faced with budget pressures, respondents identified there are still budget decisions to make – the issue is who makes those decisions. It can be seen that PB works with the existing discretionary funds and generally starts small and there is no minimum funding level required. This has been applied and tested in the NMA's in Liverpool.

To replicate the success of PB to that of the Porte Alegre experience would require wide changes the decision making responsibilities of the budget process and substantial changes to existing legislation. All respondents stated this was not feasible due to time and resources and in the current economic climate PB was not essential. All respondents stated that official decision making power remains in the hands of councillors and finance professional in the authority. The PB process only provides them with additional recommendations for a small part of a discretionary budget. The

future use of PB is unknown as it may come down to an exercise on deciding on scarce resources where tough decisions will have to be made about whether a service continues or not. All respondents stated PB could not be used in this way.

## **5.2 Conclusion about research objectives**

The stated aim of this research project was:

***‘The Impact of Participatory Budgeting on Neighbourhood Managers at Liverpool City Council’***

Three objectives were identified, conclusions on each of these follows:

### **Objective 1 - To explore contemporary thinking on community engagement and participation in decision making**

During the literature review contemporary thinking on Participatory Budgeting was identified and strongly linked to the benefits of community knowledge in decision making. It was therefore necessary to review literature on democracy both historically and within the UK to ascertain the theories behind why community engagement is so prominent in democracy.

Democracy and participation theory identifies the benefits and disadvantages of community engagement and the use of community engagement has accelerated over the past decades as a way to make local decision making more transparent. PB is an extension of current community engagement methods such as ‘Your Community Matters’ events to increase transparency and accountability in the administration of public services. Some commentators suggested that the majority of participants engage for their own self interest and engagement was a timely and costly process which the outcomes are the same regardless of community consultation.

The literature review suggested that PB was a tool to enhance accountability and transparency in budgeting within local government. The literature identifies the success of PB from its origin in Port Alegre Brazil and the impact and benefits of community consultation on budget decisions. Some commenter’s had negative views of PB and its application to strategic budget decisions. Its opposer’s stated involving the community

on budget decision generally adds another layer of bureaucracy and the community may not have the expertise to assess all the factors required in assessing financial decision.

### **Objective 2 - To evaluate the impact of Participatory Budgeting on Neighbourhood Managers in LCC**

The research demonstrated that there were three main issues around the use of PB, these were:

- Time and resource requirements
- Levels of participation and representation of the wider community
- Value of PB; just another community engagement tool

The findings in chapter 4 and the review of literature on PB demonstrated that the use of PB in the UK was still in its infancy. Despite this the feedback from local authorities who have implemented PB, managers have found the application of PB has increased community engagement and overall was a positive experience albeit time and resource intensive.

### **Objective 3 - To develop recommendations to apply participatory budgeting to other service areas in LCC**

This chapter, and chapter 4, have demonstrated, with evidence, that PB could be applied to certain budgets where there were clear options available and to non statutory services however it would not be applicable across all service areas in the authority.

Neighbourhood Managers stated the application of PB would be of more benefit for residents to directly reveal their preferences for shared public goods, such as parks and streetlights. Neighbourhood Managers identified the introduction of the Big Society initiative may empower participants to focus on securing needed investment in their neighbourhoods, by running local services to meet local needs through ensuring that limited public resources are used as efficiently as possible and the use of PB could be more widely used in the future by local community groups.



### **5.3 Critical evaluation of adopted methodology**

The research methodology chosen in undertaking this study is still deemed to be the most effective. Within this paper an interpretivist approach to research was used as the research involved people and cultural aspects. A case study approach was chosen as the research method, and the researcher concludes, with hindsight, that this was the most appropriate option. The researcher considers that the required in depth understanding of the research topic has been fulfilled.

The use of semi-structured interviews proved successful in probing the research question in a way that did not prove too rigid and allowed flexibility. This method was considered more useful than, for example, focus groups, because confidentiality was ensured. However, sometimes the interviewee moved the discussion in a different direction, which gave more of an insight into the PB pilots, but required the researcher to bring the interview back on course.

Although the findings from the interview process are useful in exploring the factors identified from the literature, it is recognised that validity of the findings is somewhat limited to the Neighbourhood Management Service because only one inductive approach has been applied. Other strategies need to be employed and personnel from other portfolios / organisations interviewed to maximise validity, and subsequently enhance generalisation of the conclusions to other portfolios / organisations however due to time constraints this was not possible.

### **5.4 Limitations of the study**

There were several limitations of the study. The first concerns the use of PB in its pilot stage. PB was piloted using small amounts of grant funding and executed through a bidding system. Other Local Authorities have implemented PB using a discussion forum made up of elected representatives or were given the budget decision required and utilised a manual voting system to decide on one of three options. The findings could have been more substantive if the PB pilot in Liverpool had tested these different methods across the five NMAs.

The study was conducted on the use of PB to only a small allocation of grant funding to each of the wards in Liverpool. The pilot allowed local groups to put forward projects to be decided upon by the participants through a voting mechanism. Although this is classed as participatory budgeting, the application of PB to a mainstream budgeting decision has not been undertaken and therefore its recommendations may not be applicable to its use in deciding how to spend funding on public goods in the future.

Although being an employee of Liverpool City Council did bring advantages in being able to stress confidentiality, build a rapport with interviewees, researcher bias sometimes appeared when recording interviewee responses. This was however overcome by asking interviewees to review and amend interview records.

### **5.5 Opportunities for further research**

The findings within this research has provided many opportunities for subsequent research projects. Possible areas include:

- i) The research was conducted at a time when PB is still in its infancy. The suitability of PB to other business units of the authority will determine if PB can be applied to non grant funded budget decisions.
- ii) This research was undertaken during a period of significant change in government administration both nationally and locally and with significant impending cuts. This unknown element of the future of the service and the level of grants the future of PB was in question. It will be interesting to review the use of PB in two to three years time and to identify if it will still be a government priority.

## **Chapter 6 Recommendations**

### **6.0 Recommendations**

In consideration of the findings and analysis, the main recommendation which has been identified from the research is for PB to be piloted on a service other than the neighbourhood management service. All the Neighbourhood Managers stated the use of PB could be applied to other service areas of the authority albeit those where the community can make decisions about services delivered by ward area. The most common suggestion from Neighbourhood Managers was the application of PB to decide on spending on areas such as street lighting and refuse collection.

From the research the application of PB to another service area would require:

1. Train relevant managers on the voting system and the aim of PB
2. Commencement of the process at least six months prior to the budget decision being made
3. More timed capacity building with the community prior to the event
4. Greater promotion throughout the community to maximise turn out at events
5. A set of options to choose against rather than a bid for funding for projects
6. Ensure central administrative support is gained to facilitate the events

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## Appendix 1 – Overview of Neighbourhood Management Areas in Liverpool 2010

	Neighbourhood Management area									
	Alt Valley		City and North		Liverpool East		South Liverpool		South Central	
<b>Population*<sup>19</sup></b>	Male	45,071	Male	41,200	Male	42,796	Male	41,820	Male	40,810
	Female	45,996	Female	41,400	Female	46,304	Female	44,571	Female	41,987
<b>Wards</b>	<ul style="list-style-type: none"> <li>County,</li> <li>Warbreck</li> <li>Fazakerley</li> <li>Clubmoor</li> <li>Norris Green</li> <li>Croxteth</li> </ul>		<ul style="list-style-type: none"> <li>Kirkdale</li> <li>Central</li> <li>Riverside</li> <li>Everton</li> <li>Kensington and Fairfield</li> <li>Picton</li> </ul>		<ul style="list-style-type: none"> <li>West Derby</li> <li>Yew Tree</li> <li>Knotty Ash</li> <li>Anfield</li> <li>Tuebrook and Stoneycroft</li> <li>Old Swan</li> </ul>		<ul style="list-style-type: none"> <li>Mossley Hill</li> <li>Cressington</li> <li>Speke-Garston</li> <li>Allerton and Hunts Cross</li> <li>Woolton</li> <li>Belle Vale</li> </ul>		<ul style="list-style-type: none"> <li>Princes Park</li> <li>Greenbank</li> <li>St. Michael's</li> <li>Wavertree</li> <li>Childwall</li> <li>Church</li> </ul>	
<b>Demographics</b>	Average income for ward £ 28,192.84		Average income for ward £ 26,409.60		Average income for ward £ 30,128.19		Average income for ward £33,761.37		Average income for ward £33,826.50	
	Population by age group		Population by age group		Population by age group		Population by age group		Population by age group	
	0-15	17,765	0-15	13,025	0-15	16,870	0-15	15,046	0-15	12,512
	16 to 29	20,638	16 to 29	28,727	16 to 29	18,998	16 to 29	16,839	16 to 29	24,752
	30 to 44	18,690	30 to 44	16,133	30 to 44	17,106	30 to 44	15,514	30 to 44	15,910
	45 to 64	20,119	45 to 64	15,674	45 to 64	19,000	45 to 64	19,862	45 to 64	16,932
	65 plus	15,269	65 plus	11,989	65 plus	15,802	65 plus	18,045	65 plus	13,453
<b>Number of super output wards*<sup>20</sup></b>	4		18		2		2		3	

<sup>19</sup> 2008 population ward estimates

<sup>20</sup> IMD – Indices of Multiple deprivation. Super output areas are clusters of streets within wards which are severely deprived.

**Appendix 2: Liverpool City Council Business Unit Structure**

## Appendix 3 Research Strategy

### Appendix 3: Research Strategy

Theme	Research Questions	Methods/Tools	Issues
Background to Participatory Budgeting in LCC	<p><u>Pre Neighbourhood Management PB pilots</u></p> <p>Previous methods of participatory budgeting if any: -</p> <ul style="list-style-type: none"> <li>• Budgeting participation before the application of the governments participatory budgeting</li> <li>• ‘The Budget Game’</li> <li>• The budget process</li> </ul> <p><u>Strategic drivers</u></p> <ul style="list-style-type: none"> <li>• Why choose to implement PB in neighbourhood management areas?</li> <li>• Has the authority committed strategically and financially?</li> <li>• What briefing sessions have been undertaken to promote PB?</li> </ul>	<p>Budgeting process since 2005</p> <p>Case study reviews:</p> <ul style="list-style-type: none"> <li>• Finance manager</li> <li>• Head of corporate finance</li> </ul> <p>Pre research case study interview</p> <ul style="list-style-type: none"> <li>• Head of Neighbourhood Management</li> </ul>	<p>Availability of information from central finance</p> <p>Availability of staff for questioning</p>

<p>PB pilots in LCC</p>	<p><u>Neighbourhood management pilots</u>  Executive Board reports for approval of PB pilot outlining process to be used in Liverpool</p> <p>Understanding of current local area characteristics of neighbourhood management areas and engagement levels and methods  What was successes of pilot?  What were issues from the pilots?  Managers views of engagement</p>	<p>Statistical data  Indices of Multiple deprivation  Local data</p>	<p>Data collection from internal sources and national statistics</p> <p>Managers may not wish for views to be published</p>
<p>PB in LCC</p>	<p><u>Future of PB</u></p> <p>Impact on managers?  Impact on resources?  How can it be applied to other areas?  What is required to apply to other areas?  New government administration</p>	<p>National Evaluation of PB</p> <p>Local evaluation of PB pilots 2009-10</p> <p>National strategy 2009</p> <p>Coalition manifestos</p>	<p>Findings inconsistent with theory and evaluations</p>



## **Appendix 4 Participatory Budgeting: Neighbourhood Manager Interview questions**

### **Theme 1 – Community Engagement**

#### **Manager background**

How long have you been manager in partnerships?

What proportion of work is required to work directly with community?

Are you responsible for a budget? Yes/No?

#### **Current Participation in management area**

Do the Community Engage well?

Do you feel the Community is well represented with this management area?

Who in the main are the citizens who participate?

What participation methods do you use? Non participation, tokenism, citizen power 1 – 8 - 1= manipulation 8 = citizen power

What methods do you use involve citizens?

### **Theme 2 - Participatory budgeting**

#### **Background to PB**

Did you understand what PB is about?

What were your views on PB initially?

Is PB similar to other community engagement requirements of the role?

Were there additional representatives other than those who usually participate?

#### **Administration of participatory budgeting**

What were the operational issues in implementing PB?

What additional work has been required to implement PB?

Do you feel participatory budgeting has added a layer of bureaucracy?

Have you had to request additional to support the use of PB?

Have you had to put in additional hours to ensure it is a success/

Have you had to work more with the community?

#### **Impact of Participatory budgeting**

Was the outcome of PB the same as what would have been decided without the input of community?

Do you feel citizens understand the budgeting process in local government better now? More transparent, more accountable, better decisions

### **Theme 3 - Budgeting**

#### **Current budgeting processes in LCC**

Do you participate in budget setting?

Are you able to describe the budget setting process?

Do you feel supported in the budgeting setting process?

Would you have made the same budget decision without the consultation from the PB event?

Is the allocation of funds through PB give rise to greater level of budget monitoring?

### **Theme 4 - Future of participatory budgeting**

Can PB be applied to all areas?

What is required if PB is to be implemented to all business units?

Do you feel PB was successful?

## Appendix 5 – Manager Interviews results

<b>1. General</b>	<b>Respondent A</b>	<b>Respondent B</b>	<b>Respondent C</b>
What experience of working with community prior to this role	Significant past ten years working in partnerships all involving community	Significant	significant past years experience in community nifty working
What changes have been in role over the past few years	change from frontline service delivery to managing neighbourhood service agreements	More integration with councillors, more emphasis on hard to reach	Use of larger consultation with community
Are you responsible for any budget?	yes - grant funding and a % of mainstream	Budget, staff, Specific funding	no just staff and delivery of neighbourhood agreement
<b>2. Participation</b>			
What proportion of duties require to engage	About 30% direct engagement with community	About 20% direct community engagement	About 40% direct with community
Do community engage well in area	relatively well dependent on ward	Vary's between wards. In more deprived areas more involvement	Vary's between wards. Some wards harder to reach
What do you see as the advantages of community engagement	Local information, shows achieving duty to involve requirement,	Local information, people with inside knowledge, transparency, allows to see whole picture, knows what works and what doesn't work	Get to hear community voice, makes role easier, local information, gain understanding where go wrong
Who in the main participates?	same representatives local community group reps and older white female. Good representation from BME communities.	Female older 45+. Younger people in more affluent wards & middle class older male.	community groups who always had interest in the area, some new participants from previous events, a lot of people who dip in and out

What participation methods used to engage?	Traditional methods, use historic forums already set up,	information giving, your community matters events, regeneration structures	Traditional forums and leaflets, meetings.
Why in the main do people participate?	For good of community, some for own self interest on certain occasions	To benefit community, to raise issues when they feel there is nothing being done, community activists due to anti social behaviour	For good of community. Some dip in and out when issues affects them.
Have participation methods changed over last few years?	Yes had to target those non engagers thought identifying community groups and marketing the neighbourhood area. People only aware when issue affects them.	Yes more innovative in term of voting systems, visiting schools, but time intensive	Not really although try to use text messaging.
<b>3. Participatory budgeting</b>			
Where you aware of PB before the pilot	Yes aware of porte alegre although not all facets of the full PB.	Knew little about PB from own research	Knew little only from briefings
What information did you receive before PB pilot	A short informal briefing	A short discussion on process	Brief on principles seemed the same as previous community chest decisions not much different.
Effectiveness of PB	Another engagement tool	Another engagement tool to allocate funding	Another engagement tool
Did the event increase level of participation	In terms of new faces yes and there were new community groups.	Yes because money was on offer.	Yes due to family and friends being involved
Who were new community	Community groups and close relatives friends associated with group	smaller groups, dance groups but in main same groups. Some events only small numbers turned up.	Same groups had one or two additional not engaged with before
Did your role change as a result of PB	Yes in that learning the use of technology, explaining what PB is and administration increased. Had support of PB officer therefore took a lot of the administration work off my role	Not in terms of engagement but arranging being at events and learning how to use technology yes. Had support of PB officer therefore	No part of role anyway therefore no additional work

		marketing of event had support	
Did officers role change?	Not in terms of having to engage but yes in terms of engagement strategy	Yes in terms of working different hours to attend events and arranging events.	No it's their job anyway
Do you feel the PB pilot was a success	Yes in terms of achieving aim but no in terms of gaining more interest but still early days.	It was a big bang and choices were made based on voting. Voting was quick with limited debate for other representatives. In terms of allocating gall funds yes overall no	Yes in terms of allocating funding
Would you have decided to spend the funds on the same items agreed through PB?	No	No	Yes
Do you feel PB added another layer of bureaucracy?	Yes in terms of reporting and outcomes. Additional work with councillors.	No part of what we do anyway. Process overall bureaucratic a lot more cudos that matched the actual outcome	No council bureaucratic but had support of PB officers supporting the pilot.
<b>4. Budgeting</b>			
Are you involved in budget setting	Limited. Support from central finance	For grant returns budget setting in the main undertaken by central finance	Yes for grant setting and aware of allocations
Did the allocation of PB fit in with budget cycle?	No rushed and allocation part way through year	No it was rushed and if given out before start of year more marketing	No was allocated part year. Allocation rushed and not sufficient time to review impact
Did you feel more pressure in the responsibility for delivering PB	Yes increase of pressure to ensure PB events a success	No , external organisation responsible for ensuring full spend of allocation	No part of role and was only small pots of funding

<b>5. Future of PB</b>			
Do you think PB can be rolled out to other areas	Have to use another mechanism, only to set pots of funding not for decision on essential services	Not on same mechanisms only for small pots of funding where large decisions not required. To non statutory decisions	Yes can be rolled out to include funding decisions on community initiatives not for service led decisions
What factors may inhibit the future use of PB	Budget timescales	level of funding, timescales, capacity building	Level of funding, consultation, admin support
what can be done better	Get councillors more involved, use different method other than voting, get more marketing to raise awareness of events, questionnaires to homes	Give out money for area as whole instead of specific wards. Some wards not used. Make it clear in beginning to members	Get more people involved, make councillors more aware, offer more incentives to attend, do more events

## Appendix 5 Continued

Questions	Respondent D	Respondent E
<b>1. Managers Experience</b>		
What experience of working with community prior to this role	Significant past ten years	Significant
What changes have been in role over the past few years	different focus	Harder to engage with community, changing social issues
Are you responsible for any budget?	yes, staff management delivery of community matters	Yes, staff management
<b>2. Participation</b>		
What proportion of duties require to engage	10% directly 90% indirectly	20% directly, 80% indirectly
Do community engage well in area	yes regular community matters events	Yes if there is something on offer.
What do you see as the advantages of community engagement	Legitimacy	empowerment, ownership of decisions, respect of the wider community for new facilities, on the ground information

Who in the main currently participate	50+, female dominated, women community activist changed over years. Increase in mothers to get things better for children and families. More new community	Older generation, female.
What participation methods used to engage	leaflets, community matters forums, officers, presentations	Leaflets, community groups
Why in the main do people participate	When something close to their heart such as anti social behaviour environmental issues	A small % for self gain but overall as genuine to change area where they live
Have participation methods changed over last few years	getting better but could do a lot more ideas such as social networking, interacting,	Yes different styles but always those traditional methods are still the best – you need to go direct to the people
<b>3. Participatory budgeting</b>		
Where you aware of PB before the pilot	noted title and undertook own research	Yes a little
What information did you receive before PB pilot	briefing , clear explanation and process to be used.	Briefing
Effectiveness of PB	Not much different from other grant decisions such as community chest grant allocations	The community decided on the projects so yes effective



Did the event increase level of participation	Yes	Yes
Who were new community?	Friends and relatives New community groups	New community groups Friends and relatives
Did your role change as a result of PB	No but was an additional pressure. Another community engagement tool. Staff members role changed through additional tasks	No but had to prioritise workloads
Did officers role change?	Yes required to do more facilitating of events and evening meeting Learn to use voting system	My role didn't but staff role changed
Do you feel the PB pilot was a success	Yes in the sense of identifying new community but felt like a political exercise	Yes
Would you have decided to spend the funds on the same items agreed through PB?	No	No could have spent some of it better
Do you feel PB added another layer of bureaucracy?	Yes	Yes
<b>4. Budgeting</b>		
Are you involved in budget setting	Yes in that I meet finance officers usually after start of financial year. Incremental budget.	Yes meet with finance officers regularly
Did the allocation of PB fit in with budget cycle?	Could not tell. Allocation given and was managed by external voluntary agency.	The allocation was made from additional funds allocated. Wouldn't fit in with budget cycle as funding

		allocated in June.
Did you feel more pressure in the responsibility for delivering PB	Yes had to ensure process was correct and communication with councillors	Yes – as it was a pilot felt there was more pressure to ensure it met the desired outcomes
<b>5. Future of PB</b>		
Do you think PB can be rolled out to other areas	Yes only where there are decisions about the community such as street lighting, and anti social behaviour. Not to area of education to decide on which school to keep open.	Yes but only areas where there are decisions on items such as bin collections, street lighting
What factors may inhibit future use of PB?	Funding New administration Number of officers	New administration No officers around to implement with level of redundancies
what can be done to make the process better?	More promotion Capacity building Set procedure and policy	More capacity building Allocations made earlier Try a different method