

# FURTHERING CITIZEN ENGAGEMENT IN LOCAL AUTHORITY BUDGETARY PROCESSES THROUGH PARTICIPATORY BUDGETING IN IRELAND – Feasibility Study

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# CONTENTS

1	INTRODUCTION	2
2	CITIZEN ENGAGEMENT	4
	2.1 Citizen engagement at the local level in Ireland	4
	2.2 Citizen engagement frameworks	6
3	THE LOCAL AUTHORITY BUDGET PROCESS	10
	3.1 Opportunities for further engagement with the budget process	12
4	PARTICIPATORY BUDGETING – MODELS & BEST PRACTICE	14
	4.1 Models of PB	15
	4.1.1 Budget surveys	15
	4.1.2 Small grant-making model	17
	4.1.3 Mainstream models	19
	4.1.4 Deliberative PB processes	20
5	PARTICIPATORY BUDGETING – STRENGTHS AND LIMITATIONS	21
	5.1 Strengths of PB	21
	5.2 Limitations of PB	22
6	RECOMMENDATIONS	24
7	CONCLUSION	26
	References	27
	Appendix 1 – Terms of Reference	31

# 1

## INTRODUCTION

Enhancing engagement with citizens is at the forefront of our public services at both local and national level. Local authorities are no strangers to citizen engagement, but there is always scope to explore new ways of working and ways to enhance existing processes in order to provide the best possible outcomes for citizens. At the national level, Ireland's Open Government Partnership (OGP) National Action Plan 2016-2018 commits to increased citizen engagement to improve policies and service delivery.<sup>1</sup> One commitment under this plan is to undertake a feasibility study on possible means of enabling further citizen engagement in local authority budgetary processes. This report was commissioned by the Department of Housing, Planning and Local Government, the lead implementing organisation for the commitment, with the support of the County and City Management Association (CCMA) and the Association of Irish Local Government (AILG). The terms of reference for the study are appended.

One method of increasing citizen engagement with the budget process, called participatory budgeting (PB) has become increasingly popular worldwide over the past decades. PB is a fiscal decision-making mechanism which involves citizens in the discussion of municipal budgets and/or the allocation of municipal funding. Different models of PB are possible, ranging from budget surveys to deliberation of entire budgets (see chapter four).

PB can result in a direct, stronger, participative relationship between citizens and local authorities, better public spending decisions, enhanced transparency and accountability, and a greater understanding among citizens of the financial circumstances within which local authorities must operate (Department of the Environment, Community and Local Government, 2012). But it can also present challenges for local authorities and is not the only means of improving citizen engagement.

The research for this study consisted of a review of literature and international experience to establish models of PB, best practice examples and benefits and weaknesses in terms of citizen engagement. In addition, the IPA research team was also involved in an evaluation of South Dublin County Council's pilot participatory budgeting exercise (Shannon and Boyle, 2017). Consultation was also undertaken with key sector stakeholders. A number of interviews were conducted with chief executives and directors of service of local authorities. A small focus group was also held with representatives from the Association of Irish Local Government (AILG). Due to the diverse nature of local government, effort was made to ensure a mix of urban/rural and large/small local authorities were included in our research. It must be noted however that, while extremely beneficial, our consultation was limited in its reach and further exploration of the views of stakeholders may be useful going forward.

<sup>1</sup> The OGP is an international initiative that aims to secure commitments from governments to promote transparency, accountability and responsiveness to citizens.

The first two sections of the report provide some context in relation to citizen engagement both in Ireland and more generally, and in relation to the budget process and financing of local authorities. Chapter four provides an insight to PB worldwide, drawing on national and international practice. The strengths and limitations of PB in the Irish context are then outlined in chapter five. The recommendations for enhancing citizen engagement with the budget process follow in chapter six.

# 2

## CITIZEN ENGAGEMENT

### 2.1 CITIZEN ENGAGEMENT AT THE LOCAL LEVEL IN IRELAND

Local authorities in Ireland are extensively engaged with their local communities via a wide range of statutory and non-statutory consultation procedures. As noted by the CCMA in their submission to the Working Group on Citizen Engagement with Local Government:

Increased participation by communities in local decision-making is a pre-requisite for improving local democracy. However, it would be important to note that the focus of local government is and always has been on the citizen. Local authorities have a long and proud history of involvement in community engagement initiatives at local level. This role has been growing since the 1980s, with a focus on local development initiatives to create employment, and local co-ordination of services. (CCMA, 2013 pp. 3-4)

The need to encourage greater ownership of, and participation in, local decision-making has been reflected in numerous documents and local government reform plans over the years. Enhancing local democracy was one of four core principles of the 1996 reform programme Better Local Government – A Programme for Change (Department of the Environment, 1996). The programme aimed to enhance local democracy by ensuring that

- Local communities and their representatives have a real say in the delivery of the full range of public services locally.
- New forms of participation by local communities in the decision-making processes of local councils are facilitated.
- The role of councillors in running local councils is strengthened; and
- Demarcations between town and county authorities are broken down. (ibid, p. 9).

To this effect, a range of new structures were introduced including Strategic Policy Committees (SPCs) and City and County Development Boards (CDBs). Despite these efforts, in 2007 the *Taskforce on Active Citizenship* raised concerns about the perceived disconnect between citizens and local government. In 2008 a green paper on local government, *Stronger Local Democracy* (Department of the Environment, Heritage and Local Government, 2008) suggested new avenues of participation which would complement the progress made at the local level up to that time. *Stronger Local Democracy* suggested some novel forms of engagement such as participatory budgeting, petitions, plebiscites and town/area meetings and suggested that the opportunity should be taken to pilot or experiment with these kinds of initiatives. In 2012, the white paper *Putting People First: Action Programme for Effective Local Government* (Department of the Environment, Community and Local Government, 2012) again suggested piloting the above mentioned initiatives.

The definition of PB presented in *Stronger Local Democracy* and later in *Putting People First* is as follows:

Participatory budgeting is a fiscal decision-making mechanism which involves citizens in the discussion of municipal budgets and/or the allocation of municipal funding. Residents may identify spending priorities, elect delegates to represent different communities on local authority budgeting committees, and initiate local community projects. Participatory budgeting could result in a direct, stronger, participative relationship between citizens and local authorities, better public spending decisions, enhanced transparency and accountability, and a greater understanding among citizens of the financial circumstances within which local authorities must operate (Department of the Environment, Community and Local Government, 2012, pp. 160-161).

The Working Group on Citizen Engagement with Local Government was established in 2013, following the publication of *Putting People First* to make recommendations that provide for:

- More extensive and diverse input by citizens into the decision-making process at local government level.
- Facilitation of input by citizens into decision-making at local government level.

Also mentioned in the terms of reference was to consider further the application and implementation of options in *Putting People First* which includes PB. The Report of the Working Group was published in early 2014 in order for recommendations to be implemented before the 2014 local elections. A new framework for public engagement and participation, the Public Participation Network (PPN), was proposed and established in 2014 in each local authority area. PPNs aim to be the main link through which the local authority connects with the community, voluntary and environmental sectors without prejudice to other consultation processes. Local community development committees (LCDCs) and strategic policy committees (SPCs) must source and elect their community representatives through the PPN.

Aside from specific initiatives regarding citizen engagement, the reforms introduced since 2014 have significantly altered the landscape of local government and impacted on the role of local elected members. The number of local authorities was reduced from 114 to 31, and the number of elected members reduced from 1,627 to 949. A review is currently being undertaken of the role and remuneration of local authority elected members. It is widely reported that the workload of individual councillors has increased as a result of the 2014 reforms. An interim report (Moorhead, 2018) noted that there are 'very divergent views' as to the role of local government in Irish society with some believing the role of councillors is a full-time position and should be remunerated as such. Others, however, advocate for the diversity of local government and the need for the role to be accessible to people from 'all walks of life'. The outcome of this review may have a significant impact on the role of elected members, and as a result their capacity to represent and engage with citizens.

### Principles of engagements

A document produced in 2015 by the CCMA, the Association of Irish Local Government (AILG) and assisted by the Institute of Public Administration (IPA), outlines a principles-based framework to help local authorities to adopt and implement good governance practices. One of six core principles outlined is that 'good governance means engaging openly and comprehensively with local people, citizens and other stakeholders to ensure robust public accountability'. In relation to stakeholder engagement, the document suggests that effective arrangements for public participation should include the following:

- The process should be user-friendly and perceived as fair, just and respectful.
- The avenues for public participation should be accessible to all.
- The public participation process should provide participants with the information they need to participate in a meaningful and accessible manner.
- The public's role in decision-making and the limits of their influence should be clear from the outset; and
- The public should have the opportunity to be involved in and/or monitor the implementation of the decision or outcomes (CCMA, AILG and IPA, 2015, p. 27).

## 2.2 CITIZEN ENGAGEMENT FRAMEWORKS

Governments around the world have faced increased demands from citizens regarding how public services are delivered. Citizen engagement is a means of involving citizens in decision-making regarding public policies and administration (Steiner & Kaiser, 2016). Some democratic theorists believe that as many people as possible should participate in governing, and this provides enhanced legitimacy for the political system. Ideally, citizen engagement requires government to share in agenda-setting and to ensure that policy proposals generated jointly will be taken into account in reaching a final decision. Citizen engagement is appropriate at all stages of the policy development process and is best seen as an iterative process, serving to infuse citizens' values and priorities throughout the policy cycle (Sheedy, 2008, p 4). The box below outlines what is considered as 'citizen engagement' and importantly, what isn't considered as true citizen engagement.

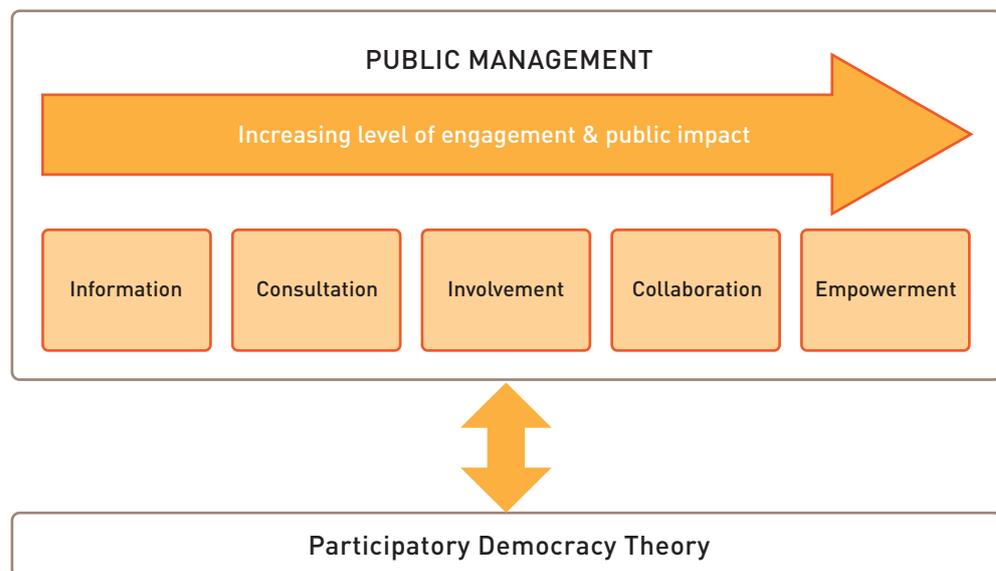
What constitutes citizen engagement:	Examples of what doesn't constitute citizen engagement:
<p>Citizens represent themselves directly as individuals – they are not representing (or being represented by) other groups.</p> <p>Two-way communication</p> <p>Aims to share decision-making power and responsibility for those decision.</p> <p>Includes forums and processes through which citizens come to an opinion which is informed and responsible.</p> <p>Generates innovative ideas and active participation.</p> <p>Contributes to collective problem solving and prioritisation.</p> <p>Requires that information and processes be transparent.</p> <p>Depends on mutual respect between all participants</p>	<p>Engaging only leaders of stakeholder groups of representatives.</p> <p>Participation does not influence decision-making.</p> <p>Participants only consulted at late stages of policy development (when decisions have effectively already been made).</p> <p>Seeking approval for pre-determined decision.</p> <p>Fulfilling statutory public consultation requirements without a genuine interest in the opinions of the public.</p>

Source: adapted from Sheedy, 2008.

One of the most cited models of citizen participation is Arnstein's ladder. This classical model presents an 8 step ladder representing the different levels of engagement with 'manipulation' being the bottom rung, moving up to 'consultation' as a degree of tokenism to 'delegated power' and 'citizen control' at the very top of the ladder (Arnstein, 1969). The purpose of the spectrum is to demonstrate the different levels of participation, from merely informing or consulting citizens to involving them in decision-making, collaborating with them and empowering them.

Steiner and Kaiser (2016) have developed an analytical framework of democracy and citizen engagement (see Figure 2.1), which serves as an alternative to Arnstein's model and draws on the IAP2 spectrum<sup>2</sup>. This framework takes into account how public managers can involve citizens along a wide spectrum, with varying levels of public impact. The framework also addresses the relationship between public management and democracy. Democratic theory implies that people are the basis of legitimate power, and that there should be a connection between administrators/public managers' activities and citizens' preferences.

<sup>2</sup> The International Association for Public Participation (IAP2) developed the IAP2 Public Participation Spectrum. [https://cdn.ymaws.com/www.iap2.org/resource/resmgr/pillars/Spectrum\\_8.5x11\\_Print.pdf](https://cdn.ymaws.com/www.iap2.org/resource/resmgr/pillars/Spectrum_8.5x11_Print.pdf)



**FIGURE 2.1 ANALYTICAL FRAMEWORK OF DEMOCRACY AND CITIZEN ENGAGEMENT (STEINER AND KAISER, 2016).**

The first stage, informing, can be argued not to qualify as engagement as there is only a one-way flow of information between government and its citizens. Consulting may impact policy-making (or it may not), however citizens are not directly influencing decision-making as it is up to the policy makers to decide how consultations feed into decisions and policy.

Involving citizens means working with the public throughout the process and thereby ensuring that their concerns are considered (Steiner and Kaiser, 2016). Feedback should also be provided to demonstrate how public input influenced decision making. Collaborating means involving citizens in every aspect of the decision-making process, including the development of alternatives and the identification of the preferred solution (Sheedy, 2008). Empowering places the final decision in hands of the public with the government and/or public administration committing to implementing what the public decides.

Citizen engagement has many potential benefits, but there are often questions or doubts as to whether it produces the desired outcomes or if it is always worth the effort. Sheedy (2008) outlines the following potential benefits of citizen engagement:

- Increase the legitimacy of public decisions.
- Better policy decisions that are reflective of the needs, values and preferences of citizens.
- Increase citizens' sense of responsibility and understanding for complex issues.
- Allows politicians to share ownership for a controversial public decision with citizens and may help to break gridlocks in the political process.
- Including minorities who may fail to be represented by traditional representative democracy.

In addition, citizen participation (and deliberative processes in particular) may help to break political gridlocks by helping politicians to compromise and find solutions (Irvin and Stansbury, 2004). On the other hand, involving citizens in the decision-making process is time consuming and costly, for both citizens and organisations. Furthermore, if decisions or recommendations arrived at by citizens are ignored, then citizen may perceive their participation to be pointless and this may led to further disenfranchisement of citizens.

A frequent concern in relation to citizen engagement is how to reach people beyond the 'usual suspects'. It is often the same people who are willing to participate, attend events, and make their voices heard. In addition, those who do engage generally have the capacity and resources to do so, raising questions of representativeness. Highly complex topics may lead to less participation by those less educated, which can also lead to legitimacy deficits (Steiner and Kaiser, 2016).

It must also be considered at what stage of the decision-making process should citizens be involved. Efforts to involved citizens often occur too late, or have little impact on decision-making and are therefore criticised for being symbolic or tokenistic. The boxed text below provides some insights as to what works when it comes to citizen engagement.

#### **Citizen engagement – What works?**

Drawing on five case studies of engagement initiatives, Ilott and Norris (2015) derive six early insights into some of the features of smarter engagement:

- 'Be transparent about the terms of engagement – citizens need to be clear what they can achieve through participation, otherwise they can feel alienated if outcomes do not meet their expectations.
- Demonstrate impact – citizens want to see that their involvement has been influential.
- Engage early – early engagement can produce higher-quality outcomes.
- Involve the right people – representativeness should not come at the expense of targeting specific groups.
- Use the right channels – engaging citizens means tailoring engagement to their needs and interests.
- Use tools for creating constructive conversations – there are a number of techniques that can overcome resistance and allow people to approach issues with an open mind' (pp. 2-3).

A recurrent theme noted across the five case studies is the willingness of citizens to think differently about some of the issues they are most passionate about, and get involved in finding solutions to the challenges of spending cuts, service reconfigurations and infrastructure change when given the opportunity to engage more deeply. They worked with decision-makers to agree less contentious solutions and even generated opportunities for service reform that could not have been anticipated without their input.

Source: Ilott and Norris, 2015.

# 3

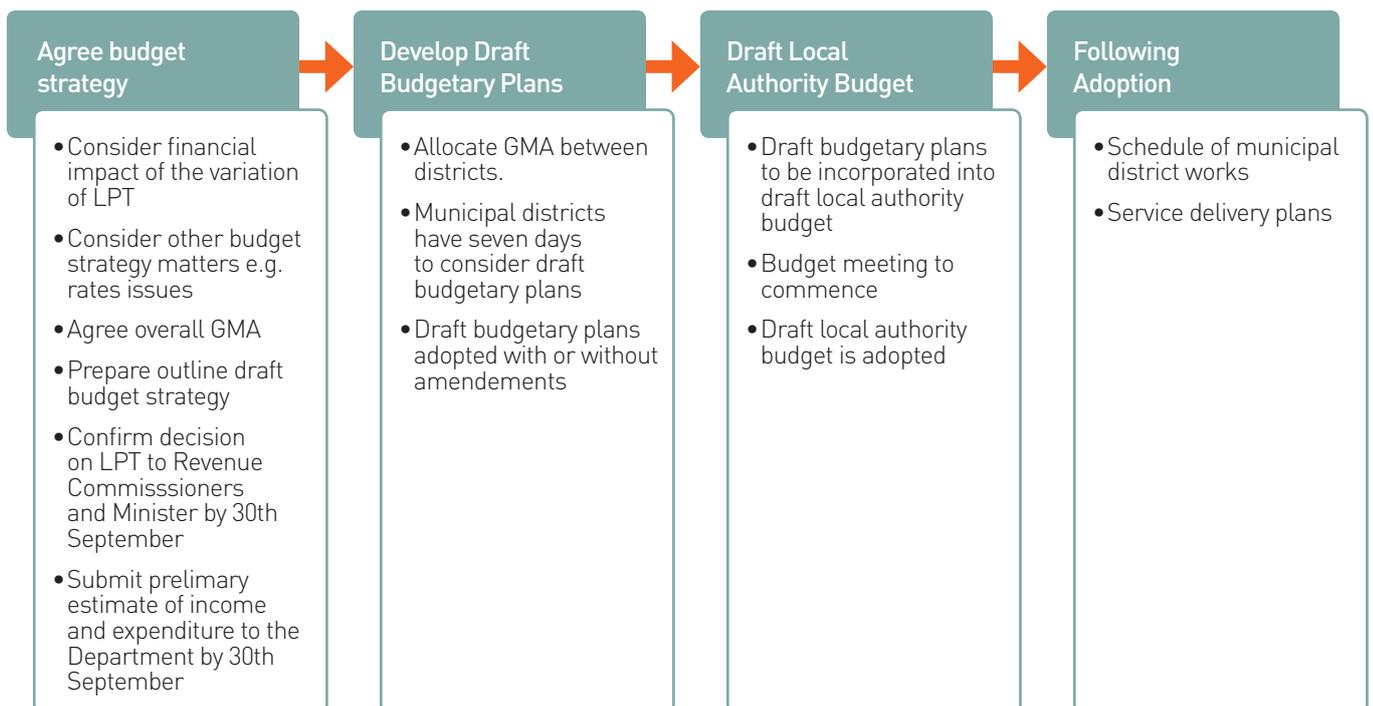
## THE LOCAL AUTHORITY BUDGET PROCESS

The focus of this study is to assess the feasibility of enabling further citizen engagement in the local authority budget process. Each local authority in Ireland must produce an annual budget, which is based on current expenditure. The adoption of the budget is a reserved function of the local council at plenary level.

Local authorities spend a large amount of money every year. In addition to revenue spending of almost €4.7 billion, capital spending was estimated at €2.7 billion for 2018. Capital income and expenditure is not included in the annual budget. Instead, the chief executive of each local authority is required to prepare a report indicating proposed capital projects for the forthcoming and following two years, based on available resources. This report must be submitted to the council annually with a progress report.

As part of a wider reform programme introduced under *Putting People First* in 2012, the local authority budget process was revised. New elements include the introduction of Local Property Tax (LPT) and the General Municipal Allocation (GMA). The new process, which came into effect in 2015, is outlined in Figure 3.1. The Local Government Act 2001 Section 102, as amended by the Local Government Reform Act 2014, provides the legislative basis for the current budget process. Consultation with the sector conducted for this study has indicated that the changes made were substantial and complex and are still 'bedding in'.

FIGURE 3.1 THE LOCAL AUTHORITY BUDGET PROCESS



Source: Department of the Environment, Community and Local Government (2014)

A number of 'new elements' to the budget process were highlighted during our consultation as particularly relevant in terms of citizen engagement; the introduction of a local property tax, and the discretionary funding provided at municipal district level, which are discussed below.

### Local Property Tax

A significant change to the funding model of local government was brought about with the introduction of LPT in 2013 as an annual tax on residential properties. Rates had previously been imposed on domestic properties, but these were abolished in 1978.

The LPT was announced in Budget 2012, to come into effect from 1 July 2013. It was set at a rate of 0.18 per cent up to a market value of €1 million and 0.25 per cent on the balance above that threshold. From 2015, local authorities have had the discretion to vary the rate by -15 per cent to +15 per cent each year, which is referred to as the 'local adjustment factor'. LPT is collected centrally by the Revenue Commissioners, and is subsequently transferred to the Local Government Fund. 80 per cent of the estimated LPT is retained locally, notwithstanding local variation decisions. The remaining 20 is used to help fund other local authorities that do not have a sufficient property tax base to meet their funding requirements. This equalisation measure ensures that every local authority receives a minimum amount of funding from the local retention of LPT, referred to as the baseline.

### LPT Public Consultation

A public consultation process must be undertaken prior to the variation of LPT, in line with statutory requirements. A report summarising the written submissions received from the public consultation is prepared under the direction of the chief executive, and should be considered by the council when deciding on the local variation.

The level of feedback from this consultation is reported as being quite low among local authorities. For example in Dublin City Council, there were a total number of 103 LPT survey responses in 2018. The number participating in the consultation has dramatically reduced from the first year that LPT was introduced; for the council's 2015 budget process a total of 899 people participated. The level of participation in 2018 represents just 0.02 per cent of the population of the local authority area and as noted by Dublin City Council Head of Finance 'with such low participation rates, it is difficult to argue that the survey is representative of our citizens and that it is possible for the survey to be influenced by groups with a specific interest.'<sup>3</sup>

### General Municipal Allocation

An overall figure is set aside for the GMA at the early stages of the budget process (see Figure 3.1). The GMA is the name given to the discretionary funding which is made available to municipal district members for allocation in the draft budgetary plan. The amount an authority can provide by way of a GMA is dependent on the total level of income available to it, and the non-discretionary costs that must be met as a first call on that income, including at municipal district level. In many local authorities, the GMA may be a relatively modest amount, given the significant non-discretionary costs that a local authority will have to meet.

<sup>3</sup> Report No. 239/2018, Report of the Head of Finance. Budget 2019 Public Consultation Process <https://www.dublincity.ie/councilmeetings/documents/s20246/239-2018%20LPT%20Public%20Consultation%20Process%20-%20Final.pdf>

For example, €1.203 million was set aside in Limerick City and County Council's 2019 budget, to be allocated across the three municipal districts and Limerick Metropolitan District. This represents just 0.17 per cent of the council's overall revenue budget for 2019.

### **Level of discretionary funding**

When researching and discussing citizen engagement with the budget process, it is no surprise that the financing and funding of local authorities services was a central theme. As mentioned previously, the introduction of local retention of LPT in 2015 replaced central government block funding of local authorities. Approximately one third of local authorities receive additional income from 2019 LPT compared to their baseline (minimum funding level). The Government decided that these local authorities would use this surplus funding in two ways, with a portion available for their own use and the remainder, if any, to fund some services in the housing and roads areas. This process is known as self-funding. 2019 LPT allocations amount to €503 million, of which €109 million is ring fenced to replace otherwise central Government funding of housing or roads services in 9 local authority areas.

Aside from central government funding and LPT, the primary revenue source for local authorities is commercial rates. In 2017, commercial rates accounted for 30 per cent of the total revenue income for local authorities (€1.4 billion). The majority of smaller local authorities or those with a weaker industrial or commercial sector will collect a much smaller percentage of their income from rates. In Leitrim County Council, for example, rates accounted for just 15 per cent of revenue in 2017. These local authorities are more dependent on government grants and subsidies to fund their day-to-day expenditure (Local Government Audit Service, 2018). The current reality for many local authorities is trying to balance the budget and ensure continuity of services. There is little discretionary funding available to elected members, and it can be expected that they want to control how this funding is allocated.

## **3.1 OPPORTUNITIES FOR FURTHER ENGAGEMENT WITH THE BUDGET PROCESS**

Elected members are central to the creation and adoption of the local authority budget. In line with the revised process, the corporate policy group<sup>4</sup> are involved from the preliminary stages of agreeing the budget strategy. The chief executive must also consult the municipal district members in the preparation of the draft budget, and allocation of the GMA. The municipal districts adopt the draft budgetary plan which is then taken into account by the chief executive in preparing the draft local authority budget. There is also a statutory requirement to give public notice that a draft budget has been prepared and can be inspected by the public. This must be done at least seven days before the local authority meets to consider the budget.

During the process elected members have the opportunity to identify priorities and raise concerns about issues arising in their local areas. At a focus group of elected members, it was noted that 'councillors are by nature embedded in their communities' and that

<sup>4</sup> The corporate policy group is a committee of the local council, with a specific mandate in relation to the preparation of the draft annual budget.

priorities and issues of concern to citizens are constantly being flagged to the elected members.

It was also noted by both elected members and staff of local authorities that the creation and adoption of the budget is a complex and technical process, and one which most citizens have no desire to be involved with. As outlined above, the level of citizen engagement with the LPT consultation is limited. There was also some criticism of the way in which the public are invited to give their views on the budget process, for example placing a formally worded advertisement in the paper. While statutory obligations need to be met, improvements could be made in how local authorities conduct and promote such consultations.

In a recent survey of residents in ten of the largest local authorities in Ireland, just 4 per cent of respondents indicated they 'know a great deal' about their council, the majority do not feel informed by their local council, and an average of 26 per cent agreed that they can influence decisions affecting their local authority area (National Oversight and Audit Commission, 2018). These survey results indicate that there is room for improvement in terms of how local authorities are communicating with citizens. Some initiatives have been undertaken by local authorities to increase transparency and awareness of how local authorities are funded and where that money is spent. It can be expected that if citizens have easy access to information, and are more aware of services in their local area and how they are funded, they may be more likely to engage with the budget process.

# 4

## PARTICIPATORY BUDGETING – MODELS & BEST PRACTICE

PB originated in Porto Alegre, Brazil in 1989 and has since spread worldwide (Sintomer et al., 2013). Simply put, PB is a process in which the public can participate directly in the allocation of local public finances. As PB has spread globally, it has been adapted by local governments to meet local circumstances and therefore has taken many different forms. It is estimated that there are more than 7,000 PB processes around the world (Dias and Júlio, 2018).

PB has been defined as a process which 'engages people in taking decisions on the spending priorities for a defined public budget in their local area. This means engaging residents and community groups to discuss spending priorities, make spending proposals, and vote on them, as well as giving local people a role in the scrutiny and monitoring of the process' (Department for Communities and Local Government (DCLG), 2008, p. 8)

Sintomer et al. (2008, 2013) provide a set of criteria which must be reached in order for a process to be considered as a participatory budget. These are:

1. The financial and/or budgetary dimension must be discussed.
2. The city level or a district with an elected body has to be involved (the neighbourhood level is not sufficient).
3. It has to be a repeated process.
4. It must include some forms of public deliberation within the framework of specific meetings and/or forums; and
5. Some accountability is required so that the output reflects the public will.

Bassoli (2011) adds a sixth criteria, to account for the fact that citizens should be involved directly in the PB process without the presence of an intermediary body.

The original form of PB in Porto Alegre had its roots in radical democracy and a strong emphasis on social justice. Wampler et al. (2018) note that this line of work is not as visible today as PB becomes less associated with the political left, and is now positioned as complementary to representative democracy, and not an alternative. Wampler and Hartz (2012) note some of the motivations for governments carrying out PB; some seek to spark better forms of deliberation, others to mobilise the population, and others to bring transparency and accountability to local governments. Kersting et al. argue that despite a broad variety in different countries, PB in Europe focuses more on 'public brainstorming and less on planning, conflict resolution, social capital and pro-poor welfare policies' (2016, p. 318). Also with regard to Europe, Sintomer et al. note that:

... PB is increasingly being seen as important for local participatory development. In Poland, for instance, legislation has been passed to promote the introduction of PB. And in many European countries local governments are involving their citizens in decision-making on local expenditure, not least due to the pressure they face as a result of scarce resources. (2013, p. 6).

PB has been particularly actively used in countries such as Spain, Italy, Germany and Poland. In the UK, local public officials began experimenting with PB around the mid-2000s (Blakey, 2011). Pilot projects generated interest from the then New Labour government, which led to the publication of a PB strategy in 2008 (DCLG, 2008). While PB seems is currently somewhat less prominent in England, at least at national level, it continues to thrive in Scotland (see section 4.1.3).

## 4.1 MODELS OF PB

A problem that arises in studying PB is the diffuse nature of how it has been implemented globally. Both top-down and bottom-up strategies have been developed worldwide depending on national, regional and local circumstances. Initiatives are generally tailored to tackle local situations and so this gives rise to many different iterations of PB. This section outlines some of the most prevalent models globally, which range from budget surveys to deliberation of entire budgets. Table 4.1 below presents an overview of these models, highlighting some strengths and limitations of each approach.

### 4.1.1 Budget surveys

This version of PB primarily uses digital platforms to allow residents to identify their priorities when it comes to local authority services. This approach was used by Louth County Council in 2015. They conducted a survey as a means for the public to comment on and contribute to the budgetary process for 2016. The survey consisted of eight questions and received a total of 349 responses (334 electronically and 15 paper responses). Respondents were asked to rank service areas according to the priority they think they should be given, to assess which areas should receive the highest level of funding and whether or not they would increase or decrease funding allocated to service areas. There were also questions in relation to LPT and open questions in relation to improving the budget process.

The chief executive of Louth County Council found the survey to be worthwhile. It broadly reflected the existing spending priorities of the council and fed into the council's budget discussions. She noted however that a huge effort is required to get a widespread level of engagement, and there is need to look beyond the traditional methods. For this survey, council staff visited shopping centres on two different days with iPads encouraging people to participate. It was also shared online, advertised in local newspapers, and paper copies made available at council offices and libraries.

Another example of the budget survey approach is involving citizens in making tough decisions about budget cuts and reductions. The boxed text below provides a case study of how this was done by a council in London. This example outlines the importance of defining the terms of engagement.

TABLE 4.1 OVERVIEW OF MODELS OF PB

Model	Description	Examples	Strengths	Limitations
Budget surveys	This model primarily uses digital platforms to allow residents to identify spending priorities.	<ul style="list-style-type: none"> <li>• 'Redbridge You Choose' (see Illott and Norris, 2015)</li> <li>• Louth County Council's 'Have Your Say Participatory Budgeting Survey'</li> </ul>	<ul style="list-style-type: none"> <li>• Can be less resource intensive than other models.</li> <li>• Accessible and less time consuming method for citizens to get involved.</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially limited direct influence on budget decisions and spending, which may result in the process being viewed as 'tokenistic'.</li> </ul>
Grant-making model	In the grant-making model, funding is allocated to an area, residents propose ideas and then vote on which of these ideas will be implemented.	<ul style="list-style-type: none"> <li>• Common in the UK, see for example <a href="https://pbscotland.scot/">https://pbscotland.scot/</a></li> <li>• South Dublin County Council, 300k Have Your Say <a href="https://haveyoursay.southdublin.ie/">https://haveyoursay.southdublin.ie/</a></li> </ul>	<ul style="list-style-type: none"> <li>• Allows residents to directly allocate public funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited impact on the mainstream budget.</li> <li>• Resource intensive process.</li> </ul>
Mainstream model	All citizens within an area can vote on how public money is allocated. This is sometimes based on a percentage of the overall budget (e.g. 1 per cent) or in some cases, an entire area of a budget (e.g. a capital works programme).	<ul style="list-style-type: none"> <li>• Paris, 5 per cent of the city's investment budget decided through PB (see <a href="https://budgetparticipatif.paris.fr/bp/">https://budgetparticipatif.paris.fr/bp/</a>)</li> <li>• Scotland, 1 per cent of all local authority spending to be decided through PB by the end of 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Allows residents to influence the mainstream budget.</li> </ul>	<ul style="list-style-type: none"> <li>• Elected members and the executive may be reluctant to hand over decision-making.</li> </ul>
Deliberative model	Focuses on face-to-face debate and deliberation of mainstream budgets, following which citizens put forward recommendations to local authorities.	<ul style="list-style-type: none"> <li>• Popular model in Australia (see Christensen and Grant, 2016).</li> <li>• Antwerp (see boxed text below)</li> </ul>	<ul style="list-style-type: none"> <li>• Deliberation can result in better-informed and more widely acceptable decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Time consuming (for both citizens and local authorities) and resource intensive process.</li> <li>• Participation is limited to a select number of people.</li> </ul>

**Redbridge YouChoose: A digital platform for involving citizens in budget trade-offs**

In 2008, Redbridge Council sought to engage the public in the trade-offs that it faced in its difficult budget deliberations. To do this, they developed the 'YouChoose' platform with YouGov and the Local Government Association, which allows participants to propose their own adjustments to the council budget. As spending is increased or reduced in a given area, participants are notified of the consequences for local services. It is a "forced choice" tool, requiring users to balance the budget before they can submit their proposal. The tool was expanded in 2010 when the council had to plan £25 million of savings. In total, they received more than 4,000 responses from local residents, 10 per cent of which came from harder-to-reach groups. The savings programme that was implemented largely reflected the decisions made by citizens, who opted to make larger cuts to environmental and housing spend while making smaller cuts to education and community safety.

In Redbridge, the terms of engagement were well defined; it was clear what was under discussion and what was not. There was no room to reject the requirement to make £25m savings; budget deliberations could only occur within that envelope. Research has shown that citizens are more likely to be engaged when the scope for their involvement is clearly defined, overcoming anxiety that an exercise will descend into diffuse 'idle talk'.

Source: Ilott and Norris, 2015 p. 8

**4.1.2 Small grant-making model**

This model has been the most prevalent in the UK. A version of the grant-making model was piloted in Ireland in 2017, and subsequently continued the following year. The boxed text below provides an overview of the process followed in South Dublin County Council.

Mainstream council budgets are not discussed under this model of PB. What makes it different to traditional grant-making, however, is that the citizens have direct control over how the money is allocated.

### **South Dublin PB process**

In February 2017, South Dublin County Council (SDCC) piloted a grant-making model of PB. The idea of introducing PB was first proposed in 2014 by an elected member of the council. SDCC allocated €300,000 to the PB process and selected one of 6 local electoral areas in South Dublin County by lot in which to pilot the project. Funding for PB is from the revenue budget and not the capital budget. This means funds have to be allocated within the budgetary cycle and cannot be spent on major capital projects such as new buildings.

The oversight of the process was the responsibility of a Steering Group which consisted of elected members, selected on a cross-party basis, and supported by SDCC staff (including the chief executive, and senior staff from relevant departments).

The process was carried out over 4 phases:

#### **Phase One – Planning, Communications and Launch**

Phase one involved the planning, design and launch of the SDCC PB initiative. SDCC staff members conducted background research on international experience with PB and produced a draft work programme.

A variety of communication methods were used to promote both the launch night and the consultation phase. This included emails to community groups, advertising in local newspapers and radio stations, leaflet drops, the use of social media and a dedicated section on the SDCC website.

#### **Phase Two – Consultation**

The primary method of consultation during this phase was workshops. Three workshop venues were selected to cover the entire electoral area and to encourage participation. The workshops were open to everyone and information regarding dates, venues and background information about the PB process was widely circulated prior to the workshops. Workshops were independently facilitated and group discussions were supported by SDCC staff members. Proposals could also be submitted online, via SDCC's consultation portal.

The online submissions portal was open for three weeks. Submissions were then assessed by SDCC staff and approved by the Steering Group. The final selected proposals were approved by the full Council before being re-presented on the website for the public to vote on.

#### **Phase Three – Share Proposals and Vote**

During this phase, the public voted for their priorities up to the value of €300,000. Following the closure of the voting period those proposals receiving the highest vote with a combined value of €300,000, were chosen to proceed to completion within the following 12-month period.

Voting took place both on and offline. No age limit was placed on voting, the aim being to encourage wider community engagement, including the young. SDCC staff prepared information on shortlisted projects and had a media campaign to publish choices and

details on the voting period and how to vote. The online voting was open for 5 days between the 22nd and 26th May. There was also paper voting stations in Adamstown, Lucan and Palmerstown. Voting in these locations took place on Thursday 25th May. The results of the vote were announced at a public event.

#### **Phase Four – Implementation and Review**

SDCC intend to deliver the winning projects within a 12-month period. The entire process is monitored and reviewed by the full Council.

Source: adapted from Shannon and Boyle, 2017.

### **4.1.3 Mainstream models**

There are many examples of PB initiatives that involve mainstream budgets, where all citizens within an area can vote or deliberate on how public money is allocated.

In 2017, the Scottish Government and COSLA (the Convention of Scottish Local Authorities) announced that at least 1 per cent of local government budgets would be decided through PB by the end of 2021. This has been termed 'second generation PB' or 'mainstreaming' and builds on the 'first generation' of PB in Scotland wherein the community grant-making model has been prevalent (Escobar et al, in Dias, 2018). This second generation of PB aims to embed participatory processes, rather than simply upscaling grant-making models. In doing this, it is hoped that service delivery models will be based on actual rather than perceived need, helping to ensure sustainability of service through effective and efficient use of funds (ibid).

Since 2014 the Scottish Government has invested over £4.7 million in a range of measures to support the introduction and development of PB in Scotland, known as the Community Choices programme. It is delivered in partnership with local authorities, communities and civil society organisations, and implemented across policy areas from policing to health and social care, transport and education.

The purpose of the national support programme is to develop infrastructure and skills across a range of partners to deliver PB successfully. This includes the evaluation programme as well as: support and advice for PB organisers; producing learning resources; establishing a PB Network; developing digital infrastructure for PB; and maintaining the PB Scotland website as a hub for sharing experiences and resources. It also includes capacity-building to develop a community of PB practitioners to share learning and develop good practice (ibid).

While Scotland are only embarking on their mainstreaming journey, there are many examples globally where large scale budgets are subject to PB processes. The 'original' model followed in Porto Alegre, for example, allowed for residents to participate throughout the budget process, from priority setting, through to idea generation and decision making. In New York, council members have dedicated millions of dollars of funding to be allocated through PB processes. The initiative began in 2011, when four local council

members pledged at least \$1.4million in discretionary capital funding to be put towards infrastructural projects. In the 2014/15 cycle, this had grown to 24 council members allowing more than \$30 million of city council funds to be decided through PB (Community Development Project, 2015).

#### 4.1.4 Deliberative PB processes

One of the criteria for PB suggested by Sintomer et al (2008) is that some form of deliberation must take place. Some PB processes are centred on a deliberative approach – convening citizens to discuss mainstream budgets and put forward recommendations. Deliberative processes allow citizens to understand information, test assumptions, questions sources and deliberate responses, resulting in well-considered recommendations rather than a public vote (Christensen and Grant, 2016). The boxed text below outlines a successful deliberative PB process in Antwerp.

In Ireland, deliberative processes have been used successfully at the national level in the process of constitutional review (Farrell et al, 2018). The Convention on the Constitution (2012-2014) and the Citizens' Assembly (2016-2018) provide good models which could be adapted to suit the local level.

##### **Antwerp – consensus-based decision-making**

Antwerp has developed a unique approach to participatory budgeting that gives citizens autonomy to spend public funds of €1.1m a year. By focusing on face-to-face debate, consensus decision-making and hard-to-reach residents, the city has been able to activate individuals and connect communities to help realise bright ideas for enhancing all aspects of city life.

The city decided to introduce a democratic process in which the 190,000 inhabitants of the central district of Antwerp would choose how 10% of the public budget is spent each year on roads, culture, sport and parks. Determined to make the process transparent and truly empowering, to overcome past problems, the participation team worked with the University of Antwerp and a panel of experts to research, test and refine a process based not on online votes but a series of live events.

Everyone in the district is invited to take part in these events, where people come together to talk, learn about each others' needs and unanimously agree how to spend the money. At the first event, participants sit together in small groups to agree the topics they think are most important from the city's selection of 93. These include themes like better cycling lanes, youth training, help for the elderly and art in the community. The 12 most popular are taken forward to the district forum where poker-style 'chips' are used by participants to apportion the €1.1m across the topics.

The central district of Antwerp sees participatory budgeting as an integral part of how it operates. It is aiming to increase the number of citizens involved each year. And it intends to use citizens' valuable advice about the city's needs to adapt its strategies and policies where needed.

Source: Eurocities, 2017

# 5

## PARTICIPATORY BUDGETING – STRENGTHS AND LIMITATIONS

As outlined in the earlier sections, PB is one method of engaging citizens with the budget process. This section considers the potential strengths of PB in terms of increasing citizen engagement and also the barriers that have been identified to implementing such an approach.

### 5.1 STRENGTHS OF PB

Case studies globally have indicated that PB participants ‘feel empowered, support democracy, view the government as more effective, and better understand budget and government processes after participating in PB’ (Wampler et al, 2018, p. 23). Given the apparent lack of citizen involvement with, and understanding of, the local authority budget process in Ireland, there is clear merit in greater citizen engagement, including through PB, in order to enhance citizen knowledge and participation.

At the individual level, it is hoped that PB will produce attitudinal and behavioural changes among all those participating (e.g. citizens, elected representatives, and civil and public servants). Advocates would also hope that PB will help build greater legitimacy for democracy. Wampler et al (2018) find that PB can contribute to broader change across a range of areas such as building a stronger civil society, improving transparency and accountability and improving social outcomes.

PB can improve the quality and level of information available to local authority officials, enabling them to meet local needs more effectively (DCLG, 2011). When the PB process includes deliberation or discussion of mainstream budgets, it may result in better allocation of resources. In some cases, generally unpopular decisions such as tax increases when recommended through PB can be more easily accepted by the public. In one process of PB in Australia, a deliberative panel of 32 citizens made over 80 specific recommendations across all service areas of the local council, including a recommendation for a rate rise, which was subsequently implemented by the council and deemed as ‘wise and reasonable’ by the wider community (Christensen and Grant, 2016). When PB provides an opportunity for citizens to meet and interact with local authority staff, this can increase confidence in local service providers (DCLG, 2011).

PB has been shown to increase trust in democratic processes. When residents feel they have a meaningful say in how services operate in their neighbourhood they are more willing to trust democratic processes, support elected members and get involved in local affairs (The Improvement Service, 2015). In a survey of local officials in Korea (where PB is mandatory among local government), most PB managers reported that implementing PB helped enhance citizens’ trust in local government (Kim et al., 2018).

PB has also been linked to increased voter turnout. In some studies, residents who participate in PB indicate that they would be more likely to participate in local election. In one local area in England (Manton) there was an increase in voter turnout to 51 per cent (from 22 per cent) in the ward in which a PB process had taken place (DCLG, 2011). The turnout for local elections in Ireland has experienced a downward trend. Over the period from 1967 to 1999 turnout fell from 67 per cent to 50 per cent. This increased in 2004 to 59 per cent, but dropped again at the last local elections in 2014 to just 51.7 per cent (Oireachtas Library and Research Service, 2016).

Alongside the wider benefits across the community and local area, PB can contribute to the work of elected members and strengthen their role. While elected members are intrinsically linked to the community they are elected to represent, PB processes can help to raise their profile and increase lines of communication, particularly with marginalised communities who may not engage in traditional processes. This can help to address the democratic deficit by engaging new people in deliberation and debate.

## 5.2 LIMITATIONS OF PB

There are of course limitations and challenges to implementing PB, as with any citizen engagement initiative. While there are advocates for PB across the local government system in Ireland, there are also many concerns about introducing PB and the impact on the role of elected members.

In Ireland, where the role and autonomy of local government is limited by international standards (see for example Ladner et al., 2016), any proposals that may impact on the role of elected members need to be carefully considered. Reluctance to implement new processes such as PB is not unique to Ireland. In Scotland, it has been noted that the initial, and understandable, reluctance to engage with PB dissipated once understanding of the process deepens (The Improvement Service, 2015).

Funding and resource constraints were at the forefront of our discussions with stakeholders. While South Dublin County Council have successfully implemented a grant-making model of PB in their local area, this model was not seen as feasible in any of the other local authorities area consulted as part of this research. It is widely recognised that there are considerable costs and capacity requirements for local authorities in engaging with citizens, particularly for more time consuming and resource intensive processes such as community workshops and deliberative events.

The current system of funding local authorities, with a substantial reliance on central government funding, and little room for discretionary spending in many local authorities may limit the potential for PB. If citizens do not feel that they can influence decision-making, or if the amounts allocated to the PB process are not seen to be substantial, this may result in the initiative being viewed as 'tokenistic'.

In an environment where resources are scarce, stakeholders are concerned that a PB process may raise expectations and result in the 'nice-to-have' initiatives getting funded over the essential, but not necessarily appealing things to do such as fixing potholes. Concerns were also raised about vested interests capturing the process and unfairly influencing decision-making. While these are genuine and valid concerns, international experience presents many options and strategies to avoid such situations.

Without a clear vision about the aims and objectives of the process, citizens may question why local authorities are engaging with them and what the underlying motives are. In reference to PB in Scotland, a high level of cynicism was noted as to what the real intent of PB activity is (O'Hagan et al, 2017) and the extent to which there is authentic engagement (Harkins and Escobar, 2015). In the case of one PB process in Australia, the decision to implement PB had previously been delayed as it was considered too high a risk, 'especially because there was distrust between community and administration, and elected officials were wary' (Hartz-Karp, 2012, p. 5). This reflects the importance of organisational readiness to ensure PB can have the best possible impact and outcomes for all involved.

# 6

## RECOMMENDATIONS

Drawing on literature from international experiments in PB, lessons learned from the experience in South Dublin and consultation with the sector, a number of recommendations are put forward. There is clear merit in further examination of participatory budgeting as a means to enable further citizen engagement with the budget process.

### **PB SHOULD BE LOCALLY LED AND TAILORED**

It is clear from the vast array of PB models and initiatives worldwide that there is no 'one size fits all' solution. PB processes should be locally led and tailored to suit the local area and context. However, support for PB from central government would be welcomed, and encouraged – whether it be financial or with regards to capacity building and awareness raising of the potential benefits of PB.

It is also crucial that strong leadership is shown from both the elected members and the executive. There are genuine and valid concerns about implementing PB in Ireland, and these concerns need to be addressed. Briefings on PB, and its potential benefits, may help to secure buy-in from key stakeholders.

### **ESTABLISH VALUES AND PRINCIPLES OF CITIZEN ENGAGEMENT**

While processes should be locally led and tailored, it may be helpful to produce some guidance around the values and principles for citizen engagement in decision-making at the national level. This can build on existing guidance such as the 'Governance principles and governance framework for the local government sector' (CCMA, AILG and IPA, 2015). In some countries, for example the UK, documents have been produced which outline the values, principles and standards of PB that may be adopted locally (PB Unit, 2009). Such documents are not prescriptive, but instead help local authorities to identify and implement best practice standards.

### **THE AIMS AND OBJECTIVES OF PB SHOULD BE CLEAR**

The aims and objectives of any PB process, whether decided nationally or at local level, need to be clearly stated from the start. While the original aims of PB in Brazil focused on social justice and equality, the majority of processes in Europe focus instead on enhancing community engagement. In England up to 2011, for example, the majority of areas had adopted PB in order to increase community engagement; to empower people and give them confidence to engage in decision-making; and to increase community cohesion and community pride (DCLG, 2011). Clearly outlining the terms of engagement and how the process will impact decision-making can result in a more transparent and trusted process.

## **ESTABLISH GOOD GOVERNANCE FRAMEWORKS**

It is crucial that the oversight and governance of any PB process is agreed and documented from the start. The roles of the various stakeholders should be addressed. The role of elected members and the local council with regards to decision-making at various points of the process should be made clear. The involvement of citizens in the process vis-à-vis the role of councillors should also be agreed and communicated with those participating. For example, if the council or steering group have the right to veto any proposals or to not accept the recommendations arising from the PB process.

## **REVIEW CURRENT STRUCTURES AND PRACTICES OF CITIZEN ENGAGEMENT**

As outlined in chapter three, new structures and processes were introduced to local authorities in the last few years which have impacted on budgets and financing. New measures have also been introduced to improve public participation in decision-making, such as public participation networks (PPNs) and local community development committees (LCDCs). The international literature and practice of PB suggests that it is most effective when implemented in an environment that is supporting of innovative collaborative efforts. It may be timely to review and assess these changes more broadly to ensure that any new measures, such as participatory budgeting, are seen to complement and enhance these new structures.

A number of stakeholders suggested that local authorities should review how they currently conduct statutory consultations, such as the LPT consultation process, which generally receive very few submissions. For example, priority setting surveys, such as those outlined in section 4.1.1 could be used to demonstrate the effect of reducing or increasing the LPT on local services.

## **PILOT PROCESSES WITH CENTRAL SUPPORT**

PB is a popular model of citizen engagement internationally, but it is a novel initiative in Ireland. While South Dublin County Council have successfully implemented PB for two years, and intend on continuing the initiative, its wider applicability has not been tested. There are concerns about the feasibility of implementing PB in smaller local authorities who may not have the resources and/or capacity to implement a similar model. During our consultation, it was suggested that a pilot initiative could be undertaken in a small local authority, with the support of central government. This would demonstrate the commitment centrally to identifying ways of enhancing citizen engagement, build awareness of PB, and provide a useful case study to assess the future of PB in Ireland.

# 7

## CONCLUSION

It is recognised that increased participation by communities in local decision-making is a pre-requisite for improving local democracy (CCMA, 2014). However, a recent survey has shown that people do not feel informed by their local councils, are not aware of the services they provide and do not feel that they can influence decision-making in their local areas (National Oversight and Audit Commission, 2018). While trust in local and regional authorities is improving (Boyle, 2018), voter turnout has been experiencing a downward trend (Oireachtas Library and Research Service, 2016). Participatory budgeting is a tool which has been shown to enhance citizen engagement and contribute to addressing such issues.

This study, while looking at issues of citizen engagement in general, was specifically tasked with assessing the feasibility of enabling further citizen engagement in the local authority budgeting process. Some clear findings have emerged from a review of international practice, examining the context in Ireland and consultation with the sector. Local authorities in Ireland are operating in a challenging environment with increasing demands from citizens and constraints on budgets and finances. They have also undergone an intensive period of reform since 2012. It is now timely to review and assess these changes to ensure that any new measures, such as participatory budgeting, are seen to complement and enhance current practice.

PB is a resource intensive process, which many local authorities may feel they do not have the capacity to implement. Moreover, there may be reluctance from local elected members and local authority staff towards PB. To achieve the best possible impact and outcomes for any PB process, leadership and buy-in at the local level is crucial. Capacity building and awareness raising around the potential for PB to increase citizen knowledge and increase engagement with the budget process should be the next step going forward.

While PB should be locally led and tailored to suit the local context, a supportive and encouraging environment led by central government would provide fertile grounds for local authorities to experiment and enhance citizen engagement with the budget process.

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## APPENDIX 1

**Terms of Reference – Feasibility Study on possible means of enabling further citizen engagement in local authority budgetary processes.**

### 1) Understanding Participatory Budgeting (PB)

- **Review of national and international literature and case studies to assess and illustrate:**

- o What is PB?
- o Models of PB and how they operate.
- o Best practice examples & case studies.
- o Benefits and weaknesses in terms of increasing citizen engagement.

### 2) PB in Ireland:

- **Understanding the Local Authority Budget Process**

- o Structure of the local authority budget process and the role of elected members.
- o How PB can enable citizen engagement with and understanding of the budget process.
  - Strengths and limitations of this approach.

- **Feasibility of Participatory Budgeting in an Irish Local Government Context**

- o Draw on lessons learned from the South Dublin County Council PB initiative
- o Consultation with the sector will be undertaken to establish:
  - The purpose and aims of PB in Ireland.
  - Potential barriers to implementation of PB.
  - Extent of engagement of citizens with the budgeting process and more broadly with their local authorities.
- o This consultation alongside lessons drawn from part one above will inform:
  - The form of PB that should be applied in Ireland.
  - How PB might operate in practice.
  - The resource implications for local authorities.

