Northern Ireland Assembly

Research and Library Services
Briefing Note

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Budget Simulators and Participatory Budgeting

This briefing note examines the use of budget simulators by public bodies for the purpose of online budget consultation.

BUDGET SIMULATORS

Budget simulators, it seems, are becoming increasingly popular with local authorities in England and Wales. An example of this can be found on the YouGov website. "You Choose" is an online budget simulator that encourages members of the public to consider where council budget cuts should fall, where efficiencies might be made, and where income might be generated.[1]

You Choose was originally developed by the London Borough of Redbridge to engage its citizens in the difficult decisions that may arise from a substantial potential reduction to its budget. In partnership with the Local Government Group and YouGov, *You Choose* is now freely available to all councils in England and Wales to help them engage their citizens in

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[1] http://youchoose.yougov.com/redbridge

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decisions about how they spend their revenue budgets and help them to understand the tough choices the council faces.[2]

The software contains the following spending categories (but this can be tailored to suit individual local authorities):

- community safety
- council support and public engagement
- culture and leisure
- children's services and education
- environment and waste
- housing and homelessness
- roads, planning and economy
- adult social care.

The software allows users to see the results of their proposed changes live, including the consequences of these changes in each budget area. A number of graphical presentations are also available instantly, for example, how the number of responses change over time and which are the spending categories most frequently selected for cuts. The data can also be downloaded for other sorts of analysis.

Potential users of the software are, however, reminded of its limitations:[3]

- the *You Choose* tool is necessarily simple (for example, not all services and not all consequences can be included) – but it does give a broad indication of which services and sources of income and efficiencies are most important to people

- the tool is most likely to be used by people with direct internet access, who are confident online and are willing to spend time giving their views – however, this does not devalue the exercise as there are ways of helping those less familiar with, or without access to, the internet.

You Choose can form part of the wider budget consultation process.

"Budget Simulator" is a similar package used by local authorities in England and Wales. It also allows users to submit their own proposed budgets and comments, and to see the consequences of their allocations.[4] The website for this product offers some useful pricing information and demos for different versions of the software.[5] The annual license fee ranges from £2,795 to £4,995, and customisation of the software is charged at £600 per day. Users

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[2] http://www.idea.gov.uk/idk/core/page.do?pageId=22436695
[3] http://www.idea.gov.uk/idk/aio/22490373
[4] http://www.budgetsimulator.com/info
[5] http://www.budgetsimulator.com/info/pricing

of *Budget Simulator* include local councils and police authorities in England and Wales. Examples of applications of the software are provided on the website.[6]

One interesting application is provided by Bury Council in their 2010 budget consultation, where the *Budget Simulator* software is presented as a game to help people understand how budgets are set and the need to prioritise.[7]

Other councils, such as Torbay[8], the Isle of Wight[9] and Wycombe[10] have used the simulator as a tool for gathering information as part of the budget consultation process.

It is difficult to say at this stage whether or not budget simulators are successful as a consultation tool. The limitations of such an approach need to be borne in mind, both in terms of the budget information made available to users and in terms of the likely response rates for different groups i.e. to what extent might responses to such an exercise be treated as representative of key stakeholders?

Whether successful or not as a consultation tool, budget simulators appear to have the potential to promote understanding of the budgeting process and offer a means for the public to participate in the process.

PARTICIPATORY BUDGETING

The notion of public participation in the budget process, going beyond mere consultation, is promoted by the Participatory Budgeting Unit - a project of the charity Church Action on Poverty, based in Manchester.[11] The unit supports public sector and community groups in developing participatory budgeting processes in their local areas within the UK, and is working with the Department for Communities and Local Government in rolling out and supporting participatory budgeting pilots, going back to 2006.[12]

Broader participation in budget setting, they argue, is essential for effective, democratic and relevant local governance. The concept of "Participatory Budgeting" involves a process in which the effects of people's involvement are directly seen in either policy change or spending priorities. It is viewed not just as a consultation exercise, but an embodiment of direct, deliberative democracy.

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[6] http://www.budgetsimulator.com/info/clients
[7] http://www.bury.gov.uk/CouncilGovernmentAndDemocracy/Councils/CouncilTaxAndFinance/budgetconsultation2010.htm
[8] http://www.budgetsimulator.com/torbay_dev
[9] http://www.budgetsimulator.com/isleofwight
[10] http://www.buckscc.gov.uk/moderngov/Published/C00000622/M00003483/AI00010703/$Budgetconsultationinfosheet.docA.ps.pdf
[11] http://www.participatorybudgeting.org.uk
[12] See http://www.participatorybudgeting.org.uk/case-studies for examples of case studies.