

<b>Committee:</b> Overview & Scrutiny	<b>Date:</b> 1 April 2014	<b>Classification:</b> Unrestricted	<b>Report No:</b>
<b>Report of:</b> Cllr Stephanie Eaton, Overview & Scrutiny Committee  <b>Originating officer(s)</b> Shamima Khatun, Strategy, Policy and Performance Officer Corporate Strategy and Equality		<b>Title:</b> Resident Engagement in the Budget Process  <b>Wards Affected:</b> N/A	

## 1. EXECUTIVE SUMMARY

- 1.1 This report presents the Overview and Scrutiny Committee with a summary of the findings of a Scrutiny Challenge session held in February 2014, which explored best practice in the field of resident participation in the budget process and sought different approaches to involving residents to help ensure an increase in the number of local people taking part. It sets out a number of recommendations to improve practice and performance in this area.

## 2. DECISIONS REQUIRED

- 2.1 Overview and Scrutiny Committee is asked to:
- Agree the draft report and the recommendations contained within it for submission to Cabinet.
  - In the event of them requesting any amends to the report; authorise the Service Head for Corporate Strategy and Equality to amend the draft report before submission to Cabinet, after consultation with the Challenge Session chair.

## 3. BACKGROUND

- 3.1 Budget consultation is often considered difficult to undertake. Local government financial decision making is fraught with complexity and residents are often unaware how these budget decisions impact on resource allocation in the borough, other than those that they are personally in receipt of or use. Research suggests that those who respond to consultation are not necessarily representative of the wider community, which can compromise the meaningfulness of the results obtained. It is also difficult to identify opportunities to consult with residents especially in the context of a balanced budget for a financial year, which can mean very little scope actually exists to provide local people with the chance to influence priorities.
- 3.2 Low attendance figures at budget road shows and responses to online consultation on the budget process over the past few years has been identified as a recurring issue, by both the Communications service and Financial planning team who design and deliver this programme of consultation work. Furthermore, this concern has been

magnified since going forward; the council is expected to make greater savings which will inevitably impact on frontline services. The budget-setting process is an important annual opportunity for the council to engage with residents and businesses in the borough to ensure that the priorities reflected in the budget coincide with the requirements of service users.

- 3.3 The aim of the Challenge Session was to specifically address the general perception that there is no appetite amongst the borough's residents to be involved in budget setting (and therefore no need to start new strands of consultation work in regards to the budget process), through the identification of best practice which could be implemented locally to educate people on the process. In addition, the Review Group wanted to appraise the methods undertaken by the council in their approach to involving residents in the budget process within the period 2010-2013, and explore whether the council is fully utilising its communication and consultation channels in order to improve the process for engaging residents in budget setting.
- 3.4 The Challenge Session took as its starting point low attendance figures at budget road shows and drew on the expertise of participation experts to identify what common barriers exist to public involvement in budgets to appraise the council's current model of engagement.
- 3.5 Core questions asked during the Challenge Session were:
- What is the purpose of resident engagement?
  - Should service design or budget setting be prioritised?
  - How should consultation take place?
    - Generalist (all areas of the council's spend)
    - Specialist services (targeted services for vulnerable service users)
  - What methods/media (road shows, leaflets/outside communications) work best?
  - What methods/media (road shows, leaflets/outside communications) work best?
  - How effective has resident involvement been in the budget process?
  - What is expected of residents in terms of engagement?
  - What barriers has the council encountered during this consultation process?
  - What more can the council do to ensure that consultation is effective?

The Group also considered some examples of practice elsewhere.

- 3.6 The report of the Challenge Session is attached as Appendix A. It provides a summary of the findings of the Review Group and makes seven recommendations to improve practice in this area:
- I. That the council educate residents on the importance of budget setting by involving them in the co-design and co-production of consultation activities and communication.
  - II. That the council decision making process be made as visible as possible to stimulate resident interest.
  - III. That the council's public-facing materials should educate and engage residents on budgets, seeking to make these as easy-to-understand as possible.

- IV. That the council tap into all the networks in Tower Hamlets to communicate messages about the budget process.
- V. That the council revamp its website to appeal to young people in the borough and explore a range of online social media tools to model budget setting.
- VI. That the council commissions a community research organisation to undertake quota sampling structured towards demographics that the council wishes to engage with, to ensure that consultation results are sensitive to the voice of all the diverse communities within the borough.
- VII. That the council be open to exploring a range of creative approaches to reward schemes for residents who participate in the budget process.

#### **4. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 4.1 The report makes seven recommendations aimed at improving and increasing resident engagement during the annual budget setting process.
- 4.2 A number of the recommendations above are likely to require additional financial commitment. Any decisions to commit additional resources will need to be subject to the council's financial approval process.

#### **5. COMMENTS OF THE CHIEF LEGAL OFFICER**

- 5.1 The Council is required by Section 9F of the Local Government Act 2000 to have an Overview and Scrutiny Committee and to have executive arrangements which ensure the committee has specified powers. Consistent with that obligation Article 6 of the Council's Constitution provides that the Overview and Scrutiny Committee may consider any matter affecting the area or its inhabitants and may make reports and recommendations to the Full Council or the Executive, as appropriate, in connection with the discharge of any functions. It is consistent with the Constitution and the statutory framework that this scrutiny review be submitted to Cabinet for its consideration of the report and recommendations of the Overview and Scrutiny Committee.
- 5.2 Pursuant to Section 65 of the Local Government Finance Act 1992 the Council has a statutory duty to consult persons or bodies representative of non-domestic ratepayers.
- 5.3 In addition under Section 3A of the Local Government Act 1999 where a best value authority considers it appropriate for representatives of local people to be involved in the exercise of any of its functions by being provided with information and consulted about the exercise of the function or being involved in another way the authority must take appropriate steps to secure that such representatives are so involved.
- 5.4 The Council fulfils its obligations to non-domestic ratepayers and having exercised its power to involve local people has taken appropriate steps to secure resident

participation through a wide programme of consultation as an integral part of the budget process.

5.5 There are no immediate legal implications arising from this report.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

6.1 Communication and consultation are integral to involving local people in decision making, so that their views shape and influence the solutions to the challenges that face the borough. Informing and involving residents in the budget process is key to developing a better understanding of the needs of the community which the council serves, and in ensuring that residents are aware of how financial decisions impact on resource allocation in the borough. This includes but is not limited to the following:

- Ensuring that venues are accessible for residents with mobility difficulties
- Providing translation services for residents who do not speak English as a first language
- Scheduling of meetings/activities is mindful of residents' commitments such as working parents, religious festivals and observations
- Sensory aids are available for those with visual and hearing impairments
- Does not discriminate based on age
- Support is on-hand for elderly residents
- Residents are representative of the borough

The recommendations contained in the report will advance equality of opportunity for the borough's residents, in line with the Equality Act 2010 and the Public Sector Equality Duty, which came into force in April 2011, and is a single legal framework created to protect the rights of individuals and promote equal opportunity for all. It places an obligation to embed equality considerations into the day-to-day business of public bodies and will ensure that the council's engagement model in relation to the budget process is inclusive of the borough's diverse communities.

## **7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

7.1 There are no direct environmental implications arising from the report or recommendations.

## **8. RISK MANAGEMENT IMPLICATIONS**

8.1 There is a risk that the recommendations in this report are insufficient and do not meet the terms of reference. In addition to being limited due to organisational capacity. Furthermore, if the consultation approach is deemed not to evidence due regard, the council may be vulnerable to legal challenge by residents as there may be an associated risk based on non-compliance with the Public Sector Equality Duty that was imposed in April 2011, and was created under the Equality Act 2010.

## **9. CRIME AND DISORDER REDUCTION IMPLICATIONS**

9.1 There are no direct crime and disorder reduction implications arising from the report or recommendations.

**10. EFFICIENCY STATEMENT**

10.1 Improved outcomes must justify additional cost incurred by the council undertaking consultation and communication activities beyond the scope of its statutory obligations in relation to the budget process.

**11. APPENDICES**

Appendix 1 – Resident Engagement in the Budget Process Scrutiny Challenge Session Report

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**Local Government Act, 1972 Section 100D (As amended)  
List of “Background Papers” used in the preparation of this report**

<b>Brief description of “background papers”</b>	<b>Name and telephone number of holder and address where open to inspection.</b>
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