


Cabinet 23 July 2014	 TOWER HAMLETS
Report of: Louise Russell, Service Head – Corporate Strategy and Equality	Classification: Unrestricted
Scrutiny Report on Resident Engagement in the Budget Process	

Lead Member	Councillor Alibor Choudhury, Cabinet Member for Resources
Originating Officer(s)	Shamima Khatun
Wards affected	All wards
Community Plan Theme	A Prosperous Community
Key Decision?	Yes

Executive Summary

This report presents Cabinet 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.

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. 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.

Recommendations:

1. The Mayor in Cabinet is recommended to consider this report of the scrutiny working group and agree the action plan in response to the review recommendations.

1. REASONS FOR THE DECISIONS

- 1.1 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. Going forward, the council is expected to make greater savings which will inevitably impact on frontline services, therefore, these decisions have been based on the Review Group appraising the methods undertaken by the council in their approach to involving residents in the budget process within the period 2010-2013, and exploring whether the council is fully utilising its communication and consultation channels in order to improve the process for engaging residents in budget setting.

2. ALTERNATIVE OPTIONS

- 2.1 The alternative option is to:
 - Continue with the current engagement model

3. DETAILS OF REPORT

- 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?
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 - 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 sets out the findings of the Review Group and makes seven recommendations to improve practice in this area:
1. 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.
 2. That the council decision making process be made as visible as possible to stimulate resident interest.
 3. That the council's public-facing materials should educate and engage residents on budgets, seeking to make these as easy-to-understand as possible.

4. That the council tap into all the networks in Tower Hamlets to communicate messages about the budget process.
5. 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.
6. 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.
7. That the council be open to exploring a range of creative approaches to reward schemes for residents who participate in the budget process.

3.7 Officers involved in this review felt that the recommendations were useful although the Service Head for Communications and Marketing advised that a number of measures had been taken since 2010 to engage residents in the budget process which are described below, however there had been limited interest and that interest had decreased.

3.8 *Tower Hamlets resident engagement model*

Consultation activities undertaken by the Communications service

Post-2010, the budget did not have an impact on frontline services therefore very little work on consultation/communication was undertaken in relation to resident engagement. This approach altered in the periods 2010/11 and 2011/12 as a result of substantial reductions in public spending where the council carried out a number of activities which included the use and promotion of an online budget simulator tool.¹

Information on the budget process has been promoted via the council's local free newspaper, *East End Life*, and also on Twitter. Road shows organised by the finance team were supported by the Communications service in locations such as the Idea Stores. Overall, the initial stage of road shows drew small numbers of people. There appears to be a correlation between the extent of cuts to services, and the numbers of people attending consultation events. This being the case, the council's decision to reframe services as opposed to cutting could explain in part, low turnouts to these road shows.

An example of a successful consultation event in relation to the budget process is an open public meeting hosted in Cubitt Town that was attended by 100 residents and featured a presentation from the Mayor of Tower Hamlets. All council directorates held stalls and a budget calculator was also demonstrated. Other features involved a Q&A session with senior managers and councillors.

¹Data on the number of users is not available however this figure is close to 200 hits. The level of usage on the online budget simulator tool YouChoose, on both occasions has been disappointing.

The purpose of consultation work in relation to the budget process has primarily been to obtain feedback from residents to politicians; to articulate priorities; to generate ideas on service reconfiguration; as well as to ascertain emerging trends and needs. Consultation has been predominantly held with the Tower Hamlets Partnership and ward forums. As part of targeted work, literature on the budget process and decisions has been translated into community languages.

The Communications team has early involvement in the budget process which includes being part of the design stage of the report submitted to Cabinet and when the budget setting framework is given to the Cabinet.

Best practice implemented by the council includes the following:

- 'My Tower Hamlets' (the council's online information service), which has 7,000 users
- Budget simulators adopted from local level research.
- Posters and YouDecide – a localisation initiative which offers residents the opportunity to decide how to spend money allocated to their ward on services to improve the local area.

This approach has, however, yielded low results despite high visibility.² The Communications team has also worked directly with Corporate Strategy and Equality to formulate a response to the recent reforms introduced to the national welfare system.

Resident engagement is part of/and integrated into the council's communications strategy and work. There are no plans or budget to develop a separate resident engagement strategy in the future. The Resources directorate has a minimal account which includes funds for room hire, staff time at road show events and the online budget simulator tool.

Overall, the Communications team has observed that it has not experienced the take-up it would desire of opportunities to become involved in budget setting.³

Finance planning team

Staff members are involved in the budget setting process through monthly staff briefings, presentations at finance service team meetings, and staff road shows attended by the corporate director for Resources and Head of Paid Service.

Communication materials issued by the finance team involve internal monthly staff briefings and presentations. Public facing materials include information leaflets on budgets, such as those on council tax.

The finance team has organised budget road shows which involve presentations from finance officers and councillors. Finance officers are also on hand to support residents with filling out forms and recording feedback.

² This may in part be due to settled budgets

³ Dec-Jan views go to Cabinet to inform process

Consultation and communication work around budget setting is ongoing and is carried out through various different routes owing to the long lead time.

Each budget proposal also has an equalities impact assessment and are a key focus in the budget process. An analysis of the findings are carried out which is fed into the report submitted to Cabinet for consideration.

- 3.9 The Service Head for Communications and Marketing also added that there was a long term programme for consultation with residents on possible reductions in services over the next few years, including the promotion of electronic channels of communication. Therefore, officers felt that they could achieve the result anticipated for recommendation 6 but using different methods to that proposed in the action plan.

4. COMMENTS OF THE CHIEF FINANCE 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. LEGAL COMMENTS

- 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. That said, the recommendations in the report appear capable of being carried out within the Council's statutory functions.
- 5.5 When considering the response to the report and action plan, Cabinet must –
- Consider whether the actions are consistent with the Council's obligation as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness".
 - Have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't.

There is information set out in the report relevant to these considerations.

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.

Linked Reports, Appendices and Background Documents

Linked Report

NONE

Appendices

- Appendix 1: Resident Engagement in the Budget Process Scrutiny Challenge Session Report
- Appendix 2: Scrutiny Review Action Plan – Resident Engagement in the Budget Process

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

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