

Lessons from Brasil: The Budget Matrix

Introduction:

The least desirable outcome of widespread consultation for any authority is then having to explain why one community-led or area-based project has a lower priority than another.

Common dilemmas for officers involved in regeneration:

New but limited regeneration money is available in two areas. Both are suffering different gaps in local service provision, vary in the size of the areas, and in the types of deprivation. Imagine you are the regeneration officer responsible for deciding how this new money will be allocated.

You have conducted widespread consultation and now believe you know what is most important at a local level, and have a number of possible projects to work up, based on local ideas. You also have a number of existing service providers all with their own agendas and their own pet projects just waiting for resources to be available to run them.

Now comes your dilemma: - how to refuse one project without alienating those community activists you have worked so hard to bring into the consultation. Also you fear that those you most want to hear from (the most marginalised) haven't been involved- so how do you really decide?

The temptation will be to create an scoring system for projects to be considered for funding, based on a rigorous appraisal system. However you know that that once again you will miss supporting small local projects, who are unlikely ever to get it together to submit or manage a bid for money, whether in partnership with other service delivery agencies or not.

The budget matrix provides some answers to these problems. It functions as one element of a larger framework for participation developed initially in Porto Alegre in Brasil. Aimed at improving dialogue between sectors, building a sense of communities as stakeholders in the development of their city, and directing resources to the benefit of the traditionally marginalised, without adding a burden to existing social networks.

The paper below uses methods developed in Brasil, but applies them to Manchester. This is intended to show how the basic technique of the matrix can be adapted to different systems, integrated into existing structures, and grow to reflect local needs and circumstances, The budget matrix principle could be applied across many situations of public and voluntary sector resource allocation, from health services to street cleansing to economic regeneration. The focus on Manchester is simply because that is the city with which we are most familiar.

Understanding the budget matrix.

The budget matrix lies at the heart of the allocation process of Participatory Budgeting. It provides:

- The framework upon which decisions on budget allocation are made,
- Sets the agenda for discussion within a co-ordinating regeneration body, such as a local strategic partnership.
- Provides a clear and transparent prioritisation of need based on the democratic decisions of individually constituted geographic and thematic fora.

At initial local forums, projects and priorities are proposed, debated and selected against previously agreed matrix, and put forward for technical and cost analysis to the relevant council department or authority. For example in area A, the provision of primary health care may rank highest. However in geographic size and measures of social deprivation area B may rank higher than area A on the priority list, whilst being well served in primary health services. Using the matrix a popular local project can be placed in a scale alongside the priorities of other areas or themes, and balanced against pre-agreed city-wide priorities, population size and relative deprivation (or need) to better inform:

- Agencies delivering services about what to include in their next year strategy.
- Regeneration officers deciding between locally generated project ideas.
- Strategic budget allocating structures.

The matrix is annually updated within the participatory process, and agreeing these updates is one of the key functions of the co-ordinating body. The matrix may be initially established within the finance departments of the local authority, or through work within existing partnerships. Initially a city wide matrix will probably reflect existing departmental priorities within individual wards. But as time develops the matrix will begin to more closely reflect more local priorities, and provide the transparency required when allocating budgets.

The budget matrix works by reducing the cost of bidding, the divisiveness of competition and the disappointment of dashed expectations. It provides a transparent and fair way to allocate resources between areas in a city and between local groups. In initial discussions within individual geographical and thematic areas, projects are evaluated and the most likely to progress to full blown funding are selected by the local stakeholders, and fed through to the next round of city wide fora.

On the following pages are a number of examples, based in real experience, but hypothetical in nature, adapting the matrix used in Porto Alegre, and showing how it might function in Manchester.

- Example 1: Distributing crime and community safety resources across the city.
- Example 2: Distributing capacity building resources to the voluntary and community sector.

This is followed by a short discussion on extending the functions of the matrix into monitoring, feedback and evaluation.

How a budget matrix for Manchester might work.

In the examples given below, all the figures and numbers are for descriptive purposes only, and do not relate to any real events or statistics.

Example one:

Distributing crime and community safety resources across the city.

Within Manchester, a new pot of money to fund neighbourhood wardens across the city comes to the local authority from central government. This will be enough for 10,000 days of warden time. For administrative reasons the city has already been divided into a number of regions of varying sizes. (16 regions are used in Porto Alegre, but for convenience we will only consider 3 areas of Manchester in depth), To allocate this limited resource, reflecting varying geographical and thematic needs, the co-ordination body develops a budget matrix, through a number of logical steps.

1: Establishing local priorities

Through consultation and debate in local areas, the four highest priorities in each of the geographic areas are selected from a number of pre-determined themes (9 thematic areas of work in each region, which mirror themes present within neighbourhood regeneration).

These top four priorities are allocated a score between 1 and 4. (4 = Highest priority)

The four highest priorities in order for the three areas under consideration might be:

New East Manchester: Crime and community safety (4), Children and families (3), housing (2), youth employment (1)

Levenshulme: Crime and community safety (4), social care (3), transport (2), Leisure (1)

Didsbury: Education (4), transport (3), crime and community safety (2), physical environment (1).

Table 1: Matrix of local priority

Themes	Crime and CS	Social care	Children and families	Transport	Education	Housing	Leisure	Youth employment	Physical environment
Areas									
New East Manchester (NEM)	4		3			2		1	
Levenshulme	4	3		2			1		
Didsbury	2			3	4				1
etc	~	~	~	~	~	~	~	~	~
Totals across the City	42	26	38	22	31	12	5	18	28

A table is constructed with the geographic areas under consideration on the vertical axis and the different areas of work across the horizontal. Within each area different, following consultation work with residents, scores are given to the top four thematic areas of work, on a scale of 1-4.

2. Developing City wide priorities

On a city wide level these priority scores can be added together to provide the city wide index of priority (in Manchester, for example, crime and community safety will very likely come near the top.).

	Crime and CS	Social care	Children and families	Transport	Education	Housing	Leisure	Youth employment	Physical environment
City Totals	42	26	38	22	31	12	5	18	28

The local authority could use this to prioritise its own departmental strategies on a city wide basis. But more local initiatives can also receive consideration by further development of the matrix.

The city wide ranking is then given a score which will go into future calculations (e.g. top 3 priorities = 4 points, next 3 priorities = 3 points, and so forth)

For example:

Crime and community safety (1st)	=4 points
Physical Infrastructure (4 th)	=3 points
Leisure (9 th),	=2 points

3. Adjustments for differences between local and city-wide priority

A particular areas own table of priority is balanced against the citywide priority for a particular theme. This helps to even out major differences, reduces local distortions due to particular circumstances (eg one particularly gruesome crime in an area), and ensures each area receives some allocation of the available funding. In one sense this can be seen as a pooling of local and city wide knowledge.

Table 2: Adjustments for variance between local and city-wide priority

	City wide priority for Crime and CS	Local priority for Crime and CS	
	Weight	Score	Multiplied Total
New East Manchester	4	4	16
Levenshulme	4	4	16
Didsbury	4	2	8

4. Adjustments for differences between areas.

Each area also receives a scoring depending on its size (population), and agreed measures of need ('deprivation').

Given we are discussing Crime and Safety, the measure of deprivation in this example is the number of reported crimes.

Populations by region

0-5,000 residents	= 1 point
5,000- 10,000	= 2
10,000-20,000	= 3
above 20,000	= 4

Crimes per thousand households

1 crime	= 1 point(s)
2 crimes	= 2
3 crimes	= 3
4 crimes	= 4
5 crimes	= 5

Existing statistics for each area provides a local score, to which a pre-agreed 'weighting' is then applied. In our example, deprivation has a pre-agreed weighting of 4, and population of 2, reflecting a desire to target resources to make up for differences in provision, and reduce local inequalities.

Table 3: Adjustments for deprivation and population

Area	Deprivation			Population		
	Weight	Score	Multiplied Total	Weight	Score	Multiplied total
New East Manchester	4	4	16	2	3	6
Levenshulme	4	3	12	2	2	4
Didsbury	4	1	4	2	2	4
etc	~	~	~	~	~	~

Both New East Manchester and Levenshulme have relatively high levels of crime, but as Levenshulme's population is smaller it ends up with a lower multiplied total.

5 Calculating final resource allocations

Finally the various multiplied totals for each area are added together to generate the final allocations of neighbourhood wardens across the city.

Table 4: Allocation table for neighbourhood wardens

Area	Area based priority total	Deprivation total	Population total	Area Score (total of previous columns)	Area score as % of total city score	Resource available (10,000 days of warden time) multiplied by %.
New East Manchester	16	16	6	38	15.3%	1530 days allocated
Levenshulme	16	12	4	32	12.9%	1290 days allocated
Didsbury	8	4	4	16	6.5%	650 days allocated
etc	~	~	~	~	~	~
Total for all areas of the city				248	100%	10,000 days available

The agency responsible for managing the wardens can then prepare a strategy for the following year, allocating the appropriate number of wardens in different areas. This plan can then be presented to the full council of the elected local authority, prior to it agreeing the next budget, for approval. Using this method across all thematic areas, complicated allocations for each major regeneration theme can be made across the city, in a fair, thoroughly sophisticated, and ultimately democratic way.

As the process develops over a number of years, with the weightings and other variables being constantly re-defined, experience has shown that allocations tend to move towards those thematic areas perceived to most relate to social exclusion. The debate within civil society moves away from inter-sectoral fighting over amounts of money, to a mature and open debate about relative needs.

Example 2:

Distributing Community Empowerment Funding using a matrix.

Guidance on the community empowerment fund indicates it should provide communication and capacity building resources to local community groups, as well as facilitating meetings and other locally defined priorities. A total of £200,000 is available. Following discussion between members of the Community Network, five types of capacity building themes are identified. Each area also agrees its own priority for each theme. The network has also agreed the best measure of existing capacity is the number of constituted groups in each area. (This recognises that the number of constituted groups is low in areas that have not experienced prior regeneration, and that area may need more support to enter into the local strategic partnership.) An audit is undertaken to assess the number of groups in each area, and 'need scores' are allocated accordingly. Weighting for need and population were also agreed to be equal in this scenario.

Scenario 1: allocating money for training

One agency is selected to provide all training so there is equal quality of training across the city. A matrix is developed to decide how much training should to be distributed in each area, and what the allocation to that agency from the fund will be.

Thematic allocation of Community Empowerment funding

Area priority for each theme (4 = highest)	Publicity	Meeting expenses	Training and development	Admin support	Communications and networking	Total score
NEM	1	4	2	3		
Levenshulme	4		1	3	2	
Didsbury	3		4	2	1	
etc	~	~	~	~	~	~
Total for city	52	12	33	43	20	160
% for city	32.5%	7.5%	20.6%	26.9%	12.5%	100%
Allocation (%x £200,000)	£65,000	£15,000	£41,200	£53,800	£25,000	£200000

Therefore it is agreed that the training agency will receive 20.6% of £200,000 = £41,200.

Identifying city wide priorities.

The allocations in the table above allow city-wide scores for each priority to be made.

Theme	Publicity	Meeting expenses	Training	Admin support	Communications and networking
Score	5	1	3	4	2

Adjustments between local and city wide need for training

Area	City wide priority for Training	Local priority for Training	Adjusted priority for training
	Weight	Score	Multiplied Total
NEM	3	2	6
Levenshulme	3	1	3
Didsbury	3	4	12

Adjustments for population and need.

The network previously agreed in the best measure of need by area is the number of constituted groups in each area, reflecting the amount of earlier community development work. Each area, following an audit has received a score, based on number of groups.

Adjustment table for need and population

Area	Population			Need		
	Weight	Score	Multiplied Total	Weight	Score	Multiplied total
NEM	3	3	9	3	2	6
Levenshulme	3	2	6	3	3	9
Didsbury	3	2	6	3	4	12

Final allocation table for training by area.

Area	Need total	Population total	Area based priority total	Score	% of total city score	Resource available (£41,200)
New East Manchester	6	9	6	21	12.9%	£5,314
Levenshulme	9	6	3	18	11%	£4,544
Didsbury	12	6	12	30	18.4%	£7,581
etc	~	~	~	~	~	~
Total for all areas of the city				163	100%	£41,200

Therefore the training agency is asked to develop a training program, spending these amounts in each area.

Scenario 2:

Allocating funds to hold meetings, which will go directly to local groups

Available funds: £200,000 x 7.5% = £15,000.

Adjustment between local and city wide need

Area	City wide priority for meetings	Local priority for meetings	Multiplied Total
	Weight	Score	
New East Manchester	1	4	4
Levenshulme	1	0	0
Didsbury	1	0	0

Allocation to each area to fund local meetings

Area	Need total	Population total	Area based priority total	Total score	% of total city score	Resource available (£15,000)
NEM	9	9	4	22	8.7 %	£1,305
Levenshulme	9	6	0	15	6%	£ 900
Didsbury	12	6	0	18	7.1%	£1,065
Total for all areas of the city				253	100%	£15,000

Despite neither Levenshulme nor Didsbury seeing meeting costs as a priority (perhaps because of available venues or more affluent populations who don't need expenses.) they still receive an amount to cover the cost of holding these meetings.

Using the budget matrix for monitoring and evaluation.

The use of the budget matrix as a monitoring and evaluation tool presents many opportunities. These become clearer as the process develops. As stated elsewhere, participatory budgeting is an incremental process that builds an ever increasing number of benefits and outputs, both direct and indirect, as it is followed through from year to year. Hypothetical examples as given above cannot illustrate all these benefits, nor fully explore its ability as a monitoring tool.

In Porto Alegre, the budget allocation tables plays a key role in involving groups in monitoring projects agreed in the previous year, and enhances the quality of the civil society's understanding and ability to evaluate the success of different strategies.

The production of the matrix tables is an annual event, and the results are widely publicised. These provide a clear record to assess whether delivery matches the allocations agreed, and provides a year by year record of how priorities and allocations are shifting across the city. Relating these to yearly indices of local deprivation could indicate whether the allocations are being successful. (e.g. high allocations in one area due to it being a crime 'hotspot', should show a benefit in reduced crime. In future years as crime falls it should also fall as a local priority and therefore receive reduced allocations.)

Further it can also provide a check on departments and agencies delivering services, and inform the movement of resources to the more efficient agencies. If, for example, the training provider in the examples above cannot produce a strategy based on its allocation for training that matches the agreed allocation for each area, or it fails to implement the strategy, instead supporting work it already does, it may lose the support of the city as the most appropriate body to do that work in future. This makes service providers much more directly accountable for how they spend any new resources.

Finally if, for example, the allocated amounts for meetings in the first year do not match requirements (producing a surplus or deficit) adjustments can be negotiated amongst the co-ordinating committee for the following year, and through local groups re-prioritising.