

Developing a Budget Matrix

1. Budget Matrix

One important tool often used in PB is the creation of the Budget Matrix. This can be applied to PB for different geographical areas or neighbourhoods within a city or local authority. Budget Matrix can also apply to main stream budgets across an entire local authority. It compares priorities, against levels of deprivation between different parts of a city or local authority area.

What is a Budget Matrix?

A budget matrix is a table of information that converts locally agreed priorities and ideas into financial allocations. It is a way of allocating money, following discussions that establish local needs and priorities.

The final Budget Matrix is produced after a series of tables are drawn up. The production of the Budget Matrix is a simplified version of the formulas central government uses to calculate the Revenue Support Grant, which is awarded to local authorities over a 3 year settlement period. The tables can be used either to allocate funds across a local authority area or they can be used to allocate money within neighbourhoods.

The point of the tables is to relate three interconnected issues that form the basis of investment decisions under a participatory budget process.

- The actual concerns of residents
- The relative levels of deprivation between areas
- The relative population of each area.

Stage 1 – Establishing local priorities

A table is constructed with geographic areas under consideration on the vertical axis and the different areas of work across the horizontal. Within each area, following consultation with residents, scores are given to the top thematic areas of work, on a scale of 1-4. This table can be used on its own to agree spend against each theme.

Table for local priorities

Theme	Crime	Social Care	Children Families	Transport	Education	housing	Leisure	Youth	Environment
Areas									
A.place	3			2		4		1	
B.place	4				3	2			1
C.place	4					3		2	1
D.place	3				2	4		1	
E.place	2				3	1			4
Others	20	12	12	14	16	14	12	13	14
Others									
Totals across the city									

Stage 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 . crime and safety and the environment tend to come near the top.

Table for city-wide priorities

	Crime	Social care	Children Families	Transport	Education	Housing	Leisure	Youth	Environment
City totals	36	12	12	14	24	28	12	17	20

Stage 3 – Adjustments for differences between the local neighbourhood and local authority wide priority

A particular area's own table of priorities is balanced against the local authority-wide priority for a specific theme. This helps to even out major differences, reduces distortions due to particular circumstances and ensures each area receives some allocation of the available funding. This is a sort of pooling of local and authority-wide knowledge.

Table Adjustments for variance between local and city-wide priorities and themes

Area	City-wide priority for crime Weight	Local priority for crime Score	Multiplied total
Aplace	4	3	12
Bplace	4	4	16
Cplace	4	4	16

Stage 4 – Adjustments for differences between areas

Each area also receives a scoring in points, depending on its population, and agreed measures of need (deprivation). For crime and safety, the measure of deprivation in this example is the number of reported crimes.

Population, allocation of points

0-5,000 residents= 1 point
 5,000- 10,000 = 2 points
 10,000 . 20,000 = 3 points
 Above 20,000 = 4 points

Crimes per thousand households

1 crime = 1 point
 2 crimes = 2 points
 3 crimes = 3 points
 4 crimes = 4 points
 5 crimes = 5 points

Existing statistics for each area provides a local score, to which a pre-agreed weighting is then applied.

Stage 5 – Calculating final resource allocation and producing the final project matrix

Finally the various multiplied totals for each area are added together to generate the final allocation for a particular budget/priority for example crime and community safety.

Area	Area based priority	Deprivation total	Population total	Area Score Total of previous columns	Area score as a% of total city score
A place					
B place					
C place					
D place					
others					
Total for all areas of the city					100%

Following the completion of the allocation table the department or agency responsible for preventing crime and delivering community safety can then prepare a strategy and allocate resources according to the area score.