

The True Costs of Public Participation

-Full Report

November 2005

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involve



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Executive Summary

Public participation is becoming a major element of national and local government policy-making and delivery. It now involves a significant amount of public spending. Recent informal estimates provided to this study suggest each local authority spends over £2million annually, with over £1billion being spent in the UK by the public sector as a whole per year.

At this stage in the development of participatory working, it is right that innovation and experiment continue, with all the demands on investment and flexibility that requires. However, with such large sums of money involved, it is important to recognise that some assessment needs to be made of what public participation actually costs - and what it achieves.

This is however much easier said than done. Many of the important deliverables that public participation seeks to produce (such as social capital, active citizenship and capacity building) are hard to measure, and even harder to satisfactorily compare to the time and money required to deliver them. But even tangible outcomes such as cost savings through, for example, reduced crime and vandalism, are not properly captured at present, due to a poor fit between established management techniques (such as existing personal performance indicators) and participatory activities. In essence, there is at present simply no satisfactory framework for thinking through the costs and benefits of public participation.

Some suggest that because participatory products are 'intangible' they are beyond economic analysis. The reality is, however, that delivering participation processes costs money, and the amount allocated affects what is delivered and whether or not it works. Participation is competing for funds within institutional budget setting processes with many other worthwhile activities. Members of the public participation field (practitioners and academics) have long suggested that the resources allocated to public participation are inadequate, but at present there is no clear picture of what adequate resources actually are.

During this research we have found that what economic assessment there is within the emerging UK participation field has tended to be driven by specific institutional interests and academic discourses. The participant has too often been overlooked, as have wider impacts on local communities (especially those traditionally excluded) and society as a whole. Phenomena such as consultation fatigue are the result of participants' efforts being ignored or insensitively responded to while they give freely of their time to take responsibility as active citizens.

As conventional political engagement declines, the new civic activism offers one of the few opportunities for building a new active democracy - and that cannot be done in a climate of ignorance or fear of rigorous assessment of what participation can achieve, what it costs, and what its risks and limitations are.

In defining costs and benefits in this research we have, therefore, explicitly sought to ensure they are considered in the round, not being framed by the values embedded in any particular academic discourse or from any single participatory actor's perspective.

The questions we ask in this research are, in summary:

- Are there any existing economic assessment methods that we can use to assess participation meaningfully?
- What economic assessments of participation have been done so far?
- What costs and benefits are people keeping records on at the moment?
- What are the general components of the cost and benefits of participation?
- What can we learn from past research to inform future economic assessments of participation?

We have sought to answer these questions through structured interviews with leading thinkers in this arena from the UK and from overseas; through an extensive literature review and from an analysis of 15 real-life examples of public participation initiatives. In particular we have sought to embed our findings in practice by working with members of the Involve network wherever possible. Network members were directly involved in setting the original research brief, in the interviews, an interactive workshop and the production of case studies.

The findings of our research are contained in this report, which includes:

- A summary of findings (Section 1)
- A literature review, covering existing research on costs and benefits (Section 2)
- A summary of the case study findings (Section 3)
- A new framework for assessing costs and benefits (Section 4)

Each of these is available separately on the Involve website (www.involving.org).

There is huge interest in this area of research. Over 100 contributions were received from the Involve network in response to an initial call for input, and the interactive workshop to discuss emerging findings was fully booked weeks in advance of the date.

However, there remains scepticism about the wisdom of 'valuing' participation by linking achievements to costs. There are clearly worries in principle about the dangers of attempting to reduce rich human processes to financial assessment, and practical concerns about diverting resources to assessment when budgets are already so stretched simply continuing to develop and deliver good participation. As a result, any economic assessment is starting from a very low base - there is very little financial data on participation available at all, and no obvious methodologies.

Through this research we have made some headway on both of these. It will now be crucial to ensure that the interest this research has generated is built upon, and a clear way forward mapped out to ensure the initial enthusiasm does not become overwhelmed in despondency in the face of what is still a difficult challenge.

Public participation is an emerging and dynamic field, and this research provides a basis upon which to found a more substantive discussion of its true costs and benefits. Existing economic assessment models (such as cost-benefit analysis and all its spin-offs) do not seem to be appropriate or feasible. Different people will always value different qualitative outcomes of participation differently, and the complexity of participatory processes means their outcomes can never be reduced to a simple monetary calculation alone.

It is possible, however, to ensure that the various perspectives within participation are accounted for as part of the commissioning and project delivery process of participation. This will require the development of new participation-specific models of planning, and assessing the costs and benefits could be a core arena for developing that thinking. Asking people to think through the economic value of participation may have posed a great challenge to some, but it has also focussed the minds of many, surfacing the values and frameworks they currently use to interpret participation.

As a way forward Involve therefore proposes:

- Building on this research to create a widely-accepted model for assessing the costs and benefits of public participation, building on the draft framework contained in this report;
- Creating a new theoretical model for understanding participation that goes beyond the individual values, principles and experiences associated with the different disciplines and fields within which participatory working began, to create a richer, more encompassing model specifically for participation.

How This Report Has Been Compiled

This full report of 'The True Costs of Public Participation' research study, consists of four main sections. Of these four sections, three are stand alone: Summary of Findings, Literature Review and The Framework. These can be used independently of this full report.

Section 1, Summary of Findings, has been produced for those seeking a **quick review of the key findings and recommendations from the research.**

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1. A Summary of Findings

1.1 Introduction

The aim of this research has been to take a step forward in our understanding of the costs and benefits of public participation. In recent years there has been a huge rise in participatory activity across the UK, but this rise in activity has not been matched by the development of the analytical frameworks to enable us to fully understand the phenomenon or to continue to improve practice.

In spite of the absence of robust evidence, the rhetoric on public participation continues to grow, particularly in terms of the dangers of poor participation (e.g. Cooke and Kothari 2001) and on the potentially negative implications for conventional political leadership (e.g. Parris 2005, Taverne 2005).

Headline Findings:

- There remains considerable enthusiasm among politicians, policy makers, researchers and practitioners for continuing and enhancing public participation. Understanding of the benefits is growing in general terms, although there is significant unwillingness to quantify these benefits - and particular reluctance to 'monetarise' the benefits (assign a monetary value to them).
- There is a serious lack of data on the practical costs and benefits of participation, for a range of practical and ethical reasons.
- The lack of understanding of potential costs and benefits makes it difficult to develop a coherent hypothesis about participation overall.
- New analytical frameworks are needed. Participation is a new and cross-cutting approach that is only partly captured by existing academic and professional disciplines. A new theoretical model is needed that goes beyond the disciplines and fields within which participation began.
- Participants' perspectives are critical to defining the costs and benefits of participation. Only by including this perspective alongside that of institutional interests, and considering the wider impacts on local communities and society as a whole, can the true costs and benefits of participation be understood.
- Greater investment in assessing participation processes is required, to build a robust evidence base.
- A simple framework for capturing the actual practical costs and benefits of participation is needed, to complement the wider thinking needed around broad new analytical frameworks. In this way, simple data can begin to be captured and provide benchmarks against which future activity can be tested.

This research has aimed to contribute to the development of some frameworks for analysing and understanding the real costs and benefits of participation for all those involved, to address one of the key gaps in current knowledge on the subject. This summary paper provides a brief overview of the research findings, next steps and recommendations.

The research has been funded by the Home Office (Civil Renewal Unit). The research has involved structured interviews, desk research and a workshop for members of the Involve network to produce a literature review and 15 case studies. Support for the research was provided by an Advisory Group (Walid El-Ansari, Oxford Brookes University; Archon Fung, Assistant Professor of Public Policy, Harvard University; Jeremy Nicholls, New Economics Foundation; Duncan Prime, Home Office Civil Renewal Unit; Frances Truscott), the Involve network and by the workshop participants.

1.2 The findings in more detail

The findings from the literature review and case studies are outlined in slightly more detail below.

1.2.1 Support for participation

There remains significant enthusiasm for the continuation and enhancement of public, community and stakeholder participation. The political and policy backing for participation from government and elsewhere continues to grow. Academic and other research continues to provide examples of good practice and beneficial outcomes (especially in regeneration programmes). The scale and ambition of new participatory initiatives continues to grow (e.g. the Your Health, Your Care, Your Say initiative in 2005).

The literature review and case study research for this project illustrates some of the benefits claimed for participation, including the following:

- **Improved governance**, including increased democratic legitimacy for institutions because of close links with citizens, improved reputations for public bodies, increased opportunities for active citizenship, and greater accountability of public bodies because of more effective information dissemination and better dialogue.
- **Greater social cohesion** etc, including bringing diverse and sometimes hostile communities together, bringing 'hard to reach' and 'disadvantaged' groups into discussions, building relationships within and between different communities and social groups ('bonding' and 'bridging' social capital), strengthening and creating new networks that enable different interests to work together as a result of building more positive relationships based on a better knowledge of each other, and increased equality of access to policy and decision-making processes.

- **Improved quality of services, projects and programmes**, including ensuring public service investment is based more on people's expressed needs, reducing management and maintenance costs by reducing vandalism and misuse as a result of engendering a sense of ownership, enabling faster and easier decisions (e.g. on new developments or protective designations) by reducing conflict between different parties and increasing trust through better communications, and enabling people to share in the responsibility for improving their own quality of life (e.g. health and well-being, or the local environment).
- **Greater capacity building and learning**, including raising awareness and increasing understanding of public institutions and the way they work, enabling citizens to better access the services they need, and to understand the boundaries and limitations of different public bodies, building confidence and optimism among citizens who then go on to other civic activities or learning, supporting the voluntary and community sectors by recognising their vital role in building the capacity of community and specific interest groups (especially disadvantaged and excluded groups), and increasing the skills among the staff running participation and those taking part (especially interpersonal skills).

The analysis of the costs and risks of participation is far less detailed, but includes the following:

- **Monetary costs**, including staff time (paid and unpaid), staff expenses, external staff / consultants, fees to participants, participants' expenses, training for staff and participants, administration, venue hire, other event costs (e.g. refreshments, equipment), newsletters, leaflets, monitoring and evaluation fees.
- **Non-monetary costs**, including time contributed by participants, and skills needed for the new approach (taking time from other work).
- **Risks**, including risks to reputation (from bad participatory practice), stress, uncertainty and conflict.

However, although this research evidence suggests that it is relatively easy to identify the benefits of participation in general terms, there is very little detailed analysis of the nature and value of these benefits - to participants, the organisations commissioning participation, or society as a whole. Very often, the practical benefits of participation are taken for granted and not really mentioned at all. In addition, there is very little data indeed on the costs of participation - in time or money.

1.2.2 Possible reasons for lack of data

There is very little detailed data currently available on the actual costs and benefits of participation in practice (however any of these terms are defined).

Reasons for this include:

- the cross-cutting nature of participation, so activities may be funded from various budgets;
- the experimental nature of participatory practice, so initial budgets / plans may not reflect final resource use;
- lack of funding for adequate monitoring and evaluation, so projects are not reviewed and data simply not collected;
- the complex range of investors and beneficiaries, including the participants themselves in both roles;
- costs may be 'hidden' by practitioners wanting to invest more in the process; whether by spending more time (e.g. unpaid overtime), or by finding resources from other budgets - both contribute to difficulties of identifying all costs;
- commercial confidentiality, so some participation specialists are not willing to share data on their costs; and
- some scepticism among participation practitioners about 'valuations' of participation practice in any form because of the complexity of the issues and an unwillingness to take what is deemed a reductionist / simplistic economic or monetary analysis of the costs and benefits.

Where costs and benefits are recorded, costs to the 'commissioning' / initiating organisation are recorded most often, with costs to participants rarely covered at all. Benefits tend to be recorded qualitatively, if at all, and, again, with the focus on benefits for the commissioning organisation rather than participants.

1.2.3 Lack of understanding of the potential costs and benefits

Part of the problem in analysing the costs and benefits of participation is that there is little common understanding of what participation costs might be, or what the benefits might be.

The whole field is still in its very early days, and practitioners are often very isolated, so sharing expectations and experience remains rare. Apart from some early work on indicators, and development of good practice guidelines, there has been little detailed development of thinking about what the overall costs and benefits of participation might or could be. Without such hypotheses, it is difficult for individuals to assess the effectiveness of their own practice, and the contribution their work makes to society as a whole.

1.2.4 Lack of appropriate analytical frameworks

Numerous traditional economic analysis models have been examined including cost-benefit analysis, cost-minimisation analysis, cost-utility analysis, cost-efficiency analysis and cost-consequences analysis. In addition, the study reviewed methods designed specifically to capture non-market values including production function method, hedonistic pricing, stated preference methods (contingent valuation and choice modelling), balanced scorecard and social return on investment.

None of these models were found to be appropriate on their own to examining the broad costs and benefits of participation - because the reductionism required gives inadequate recognition to the richness and complexity of participatory practice, they are too complicated and have little meaning for non-economists, and because full economic analysis are very high cost exercises and can provide only limited conclusions.

Beyond the economic models, numerous useful indicators have been identified for assessing such elusive concepts as social capital. Where indicators have been developed, they have tended to relate to specific fields (such as citizenship, cohesion, community development), and further work is needed before these could be widely used for assessing public participation at all levels (national to local).

At present, public participation is often understood through frameworks from disciplines including political science, social science, community development and international development. Each of these provides useful perspectives on the costs and benefits of participation within their own field, but are not appropriate across the board. New models are needed that enable researchers to unpick the intricacies of participatory working within appropriate academic frameworks.

1.2.5 Lack of representation of the participants' perspective

Many of the existing sources of data fail to adequately address the costs and benefits from the perspectives of the participants (the public, the stakeholders, the community etc). Consultation fatigue is a growing problem that can only be addressed by more effective consideration of the costs and benefits to participants individually and collectively.

In particular, there is a dearth of knowledge on the distributional impacts of participation, leading to little or no understanding of the relationships between participation and equity / social justice. Where there have been studies, they have tended to focus only on disadvantaged groups / communities (of place or interest), rather than on the broad communities within which disadvantage is placed. The danger of this gap in knowledge is the potentially inequitable distribution of the benefits of participation, such as the capture of processes by elites.

1.2.6 Lack of willingness to invest in assessing participation

The scepticism of some participation practitioners about 'valuing' participation is part of the problem here, but there are much deeper problems. Participation has often been an 'add-on' to conventional project and programme management, both in design and funding. As a result, little evaluation has been done of participation itself (especially at local level), rather than as a means to an end within a particular project or programme. This leads to further difficulties in attempts to gain additional funding for the participatory part of the process. However, without effective assessments of the costs and benefits of the process, as well as qualitative assessments of good practice etc, continued investment (by government as well as by stakeholders), is unlikely to continue.

1.3 Findings from the case studies

The 15 case studies were undertaken by telephone interviews with commissioning organisations (project managers), and in some cases with participants and a senior politician / manager. The case studies were:

- Ymbarel community development project (Blaenau Ffestiniog, Wales)
- Council Partnerships Team (Birmingham)
- Council Consultation Team (Bristol)
- Race Forum (Bristol)
- Mystery Shopper Exercise (Camden, London)
- Health Partnership (Cannock Chase, Staffordshire)
- Carer Involvement (Devon)
- Volunteer Cancer Centre (Easington)
- Citizens' Jury (Halifax)
- Community Strategy (Hammersmith and Fulham)
- Council Community Services (Harlow, Essex)
- Humber Estuary Designation Project (Humber Region)
- Women's Policy Forum (London)
- London 2012 Engagement (London)
- Regeneration Partnership (Pontypool, Wales).

The findings from the case studies fed into the points above, but it is worth identifying those points that emerged from the case studies specifically. Very briefly, these findings were:

- Financial recording on the project level is fragmented and infrequent.
- Costs are more commonly recorded than benefits.
- Benefits are almost exclusively measured in non-monetary terms.
- With few exceptions, staff costs were found to be the largest cost of participatory processes.

- The iterative nature of participatory project management makes financial analysis difficult, and hampers effective funding when allocations are fixed.
- The context of the individual project has a large impact on the costs and benefits.
- Costs are commonly recorded by unit and getting an overview of a partnership project can be very challenging.
- A significant number of interviewees were highly sceptical of attempts to measure benefits in monetary terms.
- Cost and benefits are difficult to measure retrospectively.

1.4 Overall findings and conclusions

This research clearly shows the dearth of data on the costs and benefits of participation. One local authority Chief Executive said "we really have no idea how much we spend on participation, it tends to be cobbled together from different budgets at the end of the financial year". On some topics, the evidence is growing (e.g. participation in national regeneration programmes), but overall the evidence remains extremely patchy.

Such financial uncertainty, and lack of common understanding about what the benefits of participation could be (so achievements against that can be assessed), is seriously undermining the continued development of participation in practice. At present, belief in the benefits is providing sufficient political momentum to continue investment from the public, private and voluntary sectors - but criticism is already beginning to surface and there is too little evidence at present to counter that criticism effectively, or to change practice to make it more effective and equitable.

Without appropriate data on costs and benefits, participation managers cannot set realistic budgets for new participation initiatives, and cannot effectively identify appropriate methods to achieve the desired outcomes if there is no data on which is most cost effective (only one criterion, but an important one: Involve 2005). In particular, the real lack of analysis of the costs and benefits to

participants means that the costs are often underestimated, and demands on participants continue to grow, contributing to consultation fatigue.

In addition, the research findings suggest two overarching practical points:

- **Understanding can be greatly enhanced but evidence will always be incomplete.** All economic analysis contains assumptions and can only act as a decision making guide. The costs and benefits of a process will therefore only ever be one of several factors that decision makers consider in choosing methods or in using participatory approaches in general.
- **Fixed budgets are problematic for participation practice.** Although better information on costs and benefits will help project managers budget more effectively, this research shows that fixed budgets can be incompatible with iterative and dynamic participative processes and the changing decision-making environment within which they exist. Flexibility will continue to be essential although, it is hoped, this will be within more clearly defined limits in future.

Public participation is becoming central to new approaches to governance and change management, as well as to effective project and programme management of all sorts from local to national levels. Judgements have to be made about balancing different options and, at present, there is too little data to argue effectively for any specific participatory approach.

1.5 A way forward

1.5.1 A new framework for data gathering

There can be no single simple formula for assessing the costs and benefits of participation, but Involve has used this research to propose a new framework for considering such an assessment. This framework is designed to provide users with a practical way of thinking about measuring the costs and benefits of public participation (both monetary and non-monetary costs and benefits).

This new framework is given in section 4 of this report.

1.5.2 A new theoretical model

Participation needs to move beyond its origins within a wide range of different disciplines and develop its own theoretical base. Currently the ways in which participation is assessed is based on an amalgam of the values and principles from the different fields in which participation began. For example, social scientists tend to focus on understanding the context and the people and their interactions, development studies is sensitive to the wider cultural pressures people may face (e.g. prejudice, oppression etc.) and political science often interprets people's actions as part of wider social movements. Each one of these

perspectives is equally valid and must be considered as part of any new theoretical models.

If participation is to move forward and be well understood, a broader, composite analytical set of frameworks is required which captures the richness - and unique qualities - of participation that recognises and values the different perspectives that led to its initial development.

This research on the true costs of participation has brought these different interpretations to the surface, by encouraging people to think through the absolute costs and benefits. Asking people to think through the economic value of participation may have posed a great challenge to some, but it also focussed the minds of many, surfacing the values and frameworks they currently use to interpret participation.

As a way forward, Involve proposes bringing together a small but diverse group of individuals to continue the debate around the true costs of participation with two tasks in mind:

- Taking this research forward (in particular learning from other fields such as environmental economics) to create a model for the economics of public participation;
- Scoping out the validity of creating a new composite participation theoretical model which recognises the diversity of perspectives involved to create a richer, more appropriate academic framework for understanding of this field.

1.6 Recommendations

Overall we recommend that project managers involved with participation **keep records on financial data** as far as is practicable, and we recommend our framework outlined in Section 5 is used as a starting point for this

The research process and findings has also led to the following recommendations for **future research**:

- **Disaggregating intangible benefits.** In order to understand the value that participation may add, a deeper understanding is needed of the intangible benefits that have been linked to participation (e.g. trust, social capital, community cohesion etc.)
- **Comparative studies.** Researching the effects of participation in specific settings will further the development of best practice and contribute to the development of analytical frameworks. Possible future studies might include:

- Comparisons of spending on participation, and expected benefits, in different areas and regions (e.g. nationally across OECD countries, in UK local authorities or LSPs).
- Comparative studies of different levels of participation in similar circumstances (e.g. very minimal consultation required by legislation compared to more in-depth engagement in similar circumstances, to compare costs and benefits).
- Comparative studies of similar participation in different areas and contexts, to test the importance of context in these exercises - a major gap in current data.
- **Distributional effects.** Who the beneficiaries of participatory working are can be as important as how large the benefits are. More research is needed into how the costs and benefits are distributed between groups and the impacts of these on the processes, institutions and individuals.
- **New analytical models.** Development of frameworks which draw on the rich pedigree of established disciplines but have the breadth to account for participation's wide ranging effects.
- **The link between actual and perceived costs and benefits.** Research has shown that the perception of the costs and benefits can have a large impact on people's willingness to take part. It may be useful to further examine these incentives and barriers in more detail.

There is clearly considerably more research needed in this field. This current research project was intended to contribute to opening up this debate on the costs and benefits of participation, and start to provide some initial frameworks for the future development of both theory and practice. Involve will continue to develop these ideas with its network in the immediate future.

2. Literature Review

2.1 Introduction

Public participation has been an integral part of some aspects of public policy-making for several decades, but it has become much more widespread and extensive over recent years. The public, private, and voluntary sectors are investing large amounts of resources in public and stakeholder participation. This expenditure is generally expected to achieve a variety of goals including improving service delivery, increasing social cohesion and social justice, developing capacity building and learning for individuals and communities, and creating a more vibrant and inclusive democracy (Involve 2005).

Evaluations of participation are increasing and these are beginning to yield interesting results, even as the theoretical underpinning and methodologies continue to be developed. However, very few evaluations cover the financial costs of participatory working, and this gap in the evidence base on the effectiveness of participation is beginning to become uncomfortably apparent.

Claims for effective participation continue to include costs and time saved through, for example, reducing conflict and reducing management and maintenance costs (e.g. by reducing hostility to new developments and thus creating less vandalism and more sense of community 'ownership'). At the same time, political commentators such as Mathew Parris (2005) and Dick Taverne (2005) have argued that participation might waste both money and time. There is also caution in the academic literature that participation may not deliver all that it promises (e.g. Cooke and Kothari 2001). In Scotland, the costs of consultation have become a national issue: a typical headline appeared in the Glasgow Evening Times on 17 August 2005 "273 consultations... but no one was any the wiser".

As these debates simmer the quality of the data upon which they are based is beginning to surface. The best cost estimates for GM Nation, the national debate on genetic modification held in 2003, are approximately £600,000. But as a recent report commissioned by the Council for Science and Technology (Momenta 2003) found this does not include the costs of "the independent evaluation and additional time for those involved [hundreds of events were run at no cost to central government]".

Such analysis does not begin to account for the true costs and benefits of this work. The costs of the participants' time to attend meetings, internal institutional time to run events and opportunity costs (what else could be done with that time) are just some of many factors that are usually overlooked. Similarly the wider (and often most significant) benefits are often excluded from such analysis - benefits such as creating better and more deliverable policy, strengthening communities, accessing new information or deepening and widening Britain's democratic life.

Many within the UK participation movement do not believe it is acceptable to monetarise the benefits of participation. They consider participation too important and too valuable to reduce to a single financial measure. As one

interviewee put it: "I am extremely uncomfortable with the idea that someone will decide whether or not 'participation' is 'economically viable'. The question should be whether there is scope for the participant to change things. Not will their participation be 'cost effective'" (respondent to Involve 2005).

Others would argue that it has become essential to find better ways of assessing the financial performance of participation - both to help plan and deliver more cost-effective participation, and to ensure there is robust evidence to show 'what works' in different circumstances and contexts. Without this evidence, there is a danger that attacks on participation will reduce investment in this work before it has been adequately tested.

The emerging debate on the economics of participation has many parallels with the environmental economics discourse of the 1970s and 80s. Just as environmental economics sought to place a value on 'invaluable' environmental resources such as clean air and forests, the question now is whether the logical conclusion of the development of some form of 'participation economics' is to put a value on similar 'public goods' such as social capital, personal empowerment and more democratic institutions.

This literature review does not answer these questions. It does however seek to bring together the existing thinking in this area, both from economics and from existing experience of evaluating participation. The aim is to develop a greater appreciation of the wider costs and benefits of participation and to move away from the narrow ranges of discourse that have dominated thus far. As the overall research project covers relatively new territory, this has been an essential and major part of the study. It covers:

- **Background theory.** A review of existing material on assessing the costs and benefits of participation, and potentially relevant economic theory.
- **Valuation methods.** The various methods that exist to measure costs and benefits, with a special focus on intangible benefits and costs.
- **Examples of economic valuations.** Existing studies where the costs and benefits of participation have been assessed, with a focus on which methods these studies used and the results they produced.
- **Limitations, strengths and gaps.** A summary of the current research situation, identifying where more work is needed.
- **Conclusions and ways forward** for future analysis of the costs and benefits of participation.

2.2 Background

Any assessment of the costs and benefits of public participation must be grounded in the appropriate social, political and economic theoretical background. This section outlines some current thinking on the value, costs and benefits of 'participation' (somewhat emergent and provisional), and relevant economic theory.

2.2.1 Defining Participation

Involve has found previously that "Participation in Britain today is characterised by its diversity of practice and theory. It is an emerging field with many very different players using different definitions and with different perspectives." (Involve 2005).

In terms of political engagement, the focus has generally been on increasing formal initiatives that relate to the electoral process (and increasing people's willingness to participate by voting). The Power Inquiry was established by the Joseph Rowntree Charitable Trust and their Reform Trust. This inquiry focused on "democratic innovations that might increase and deepen citizen participation in the political decision-making process" (Smith 2005), with the focus on "formal methods for involving citizens" in that process, and on the "citizen-political authority relationship" (ibid 13). The Power Inquiry (and various others in this field) therefore does not cover autonomous political activities by citizens, nor activities by voluntary organisations or in the workplace.

A similar focus was taken by the Electoral Commission's audit of political engagement (2004), which examined levels of "democratic participation". Their focus was the contrast between the "decline in traditional forms of political participation" (e.g. voting and membership of political parties) and citizens' apparent growing willingness to join pressure groups and take to the streets in demonstrations. As Labour MP Douglas Alexander has said: "Civic activism is flourishing as political activism falters" (Alexander 2005).

Alongside the importance of political participation, one of the key motivations for increased public participation in recent years has been the improvement of public services (NAO 2004). For example:

- "Services are more likely to deliver intended outcomes if they are developed on a sound knowledge and understanding of what people want, believe or need. An important way of determining expectations and satisfaction with services being delivered is through consultation with key stakeholders." (National Audit Office and HM Treasury, 2003).
- "Public services must meet the needs and expectations of the public, and be delivered at a cost that is broadly acceptable ... The more effectively communities are engaged in shaping services, the more likely it is that quality will be delivered ... Indeed, reform and modernisation of the

public services will not be accepted as legitimate unless it is based on citizens' support." (ODPM / HO 2005).

The specific focus on political engagement and improved service delivery contrast to some extent with the much broader field of participation generally across land use planning, international development, health care, social welfare, regeneration, housing, environmental management etc. These fields have been developing participatory working methods for many decades, with growing emphasis on sharing decision-making between citizens and (mainly) public institutions, and on citizens having more power and control over resources. For example:

- Gaventa and Valderrama, 1999, define citizenship participation as the "direct ways in which citizens influence and exercise control in governance" (cited in Jones and Gaventa 2002).
- The United Nations Research Institute for Social Development (UNRISD) defines participation as "the organised efforts to increase control over resources and regulative institutions on the parts of groups and movements hitherto excluded from such control" (Pearse and Stifel 1979).
- "Participation is concerned with human development and increases people's sense of control over issues which affect their lives, helps them to learn how to plan and implement and, on a broader front, prepares them for participation at regional or even national level " (Oakley 1991).
- Participation is "the act of sharing in the formulation of policies and proposals ... Participation involves doing as well as talking and there will be full participation only where the public are able to take an active part throughout the plan-making process" (Skeffington 1969).

There is also a growing trend linking volunteering and participation, although in the past volunteering was not seen as part of this field. Here participation is defined as broadly covering civic and community engagement and 'helping others'. For example, David Blunkett, then Home Secretary, said "Volunteering is a growing activity ... 51 per cent of people *participated in their community* ..." (ESRC 2004; emphasis added). Here, participation is about voluntary / community activity rather than influencing decision-making, service delivery etc.

A major distinction in objectives has developed between those seeing participation as a way of re-legitimising and reinvigorating existing democratic structures by increasing public engagement, and those who see it as increasing the quality, effectiveness and efficiency of public (and other) services and developments - an 'instrumental' view - and those who see participation as essentially 'transformative' - at least partly an end in itself (i.e. participation is the goal as well as the means) (Nelson and Wright 1995).

Such distinctions are fundamental to any assessment of the 'success' of participation: 'what works' to transform people and organisations in ways that

make participation itself work better may not always deliver efficient new housing developments. While it is, of course, entirely possible for any participatory process to have both instrumental and transformative objectives, it is very often the case that these are not clearly articulated at any stage, making evaluations of success very problematic.

Involve (2005) has previously summarised the four main drivers for the enormous current expansion of participation as follows:

- **Governance** (e.g. strengthening democratic legitimacy, increasing interest and engagement in politics, accountability, stimulating active citizenship).
- **Social cohesion and social justice** (e.g. building relationships, community cohesion, ownership, social capital, justice and equity).
- **Quality of services** (more efficient and better services - especially public services - that meet real needs and reflect community values).
- **Capacity building and learning** (increased skills, abilities, confidence and empowerment for individuals and organisations, to provide a basis for future growth and development and, especially, to help build stronger communities).

2.2.2 Some Economic Issues

As this literature review centres on the costs and benefits of participation, some analysis of current economic theory is required to identify some of the thinking behind the analytical models that may help develop a framework for assessment. This section focuses on general economic theory; the whole of section 3 analyses specific economic assessment methods. Neither of these is a comprehensive summary of economic theory or economic appraisal methods, but is designed to raise some of the relevant underlying issues for assessing participation.

Neo-classical economics

Neoclassical economics has been the dominant approach to economics for over a century. Neoclassical economics views human behaviour as essentially rational: it assumes that if an individual is free to pursue any course of action and has perfect information about the available options, he or she will choose the option that maximises his or her well-being (Pollak 1998).

Economists tend to believe that private costs are identical to social costs, and private benefits identical to social benefits: "This is how economists define a perfectly competitive market and perfectly competitive markets automatically allocate resources efficiently" (Kuhn 1998, 14). However, there are many situations where efficiency is not achieved by the market alone. Economists call this *market failure* (Jacobs 1991). Some of the main reasons for market failure have been defined as imperfect information, externalities and public goods (Kuhn 1998):

- **Imperfect information.** Here, the theory is that individuals need good information on which to base rational decisions; without that, the quality of the decision-making is impaired. Improving the flow of information, both vertically and horizontally, is commonly cited as an important function of public participation (Le Quesne 2005, Neef 2001, Ashby and Lilja 2004), and could therefore be seen as addressing this particular problem of 'market failure'.
- **Externalities** arise when an activity that produces benefits or costs for others is not directly priced on the market. House (2000, 81) describes externalities as follows: "An externality occurs in a market economy when an activity carried out by one or more people affects the welfare of others, and when this effect is not transmitted through market prices ... That is, there is some mechanism external to the market by which some people's activities impinge on others' welfare not taken care of by the market itself".

A commonly used example of externalities is air and water pollution. Polluting industries cause costs to individuals and society at large without having to pay for the costs that their pollution causes (HM Treasury 2003). If an externality is negative there will tend to be too much of it. The opposite is true as well. An unregulated market will tend to produce too little of a good that is a positive externality (Kuhn 1998, 21).

- **Public goods** are goods with two characteristics (HM Treasury 2003):
 - non-rival (one person's use of the good does not reduce some one else's use of it) and
 - non-excludable (it is very difficult to exclude anyone from gaining benefits from the good).

Public goods are linked to 'collective action problems' because, as it is impossible to exclude someone from the benefits of a public good, there is a strong incentive for an individuals to 'free-ride', that is to not contribute to the production of the public good, but still benefit from it. The problem seen here is that each person's rational choice creates a situation where less social capital is created than society needs. The same process goes for social 'bads' like pollution (Marshall 1999).

A well known depiction of a collective action problems was made by Hardin (1968) who, in his article on the 'tragedy of the commons', described how a collectively held pasture was overgrazed due to the incentive of each individual to increase the size of their own herd. The common economic solution to a collective action problem is to establish ownership rights (i.e. make the consumption excludable), or to use coercion (often through the state) to ensure that everyone contributes (Kuhn 1998).

As a result of collective action problems neo-classical economists tend to be "highly pessimistic about the prospects for effective participation" (Rydin and Pennington, 2000, 156).

Other concepts in neo-classical economics that may be relevant to economic assessments of participation include (HM Treasury 2002):

- 'Deadweight' - used to describe what would have happened anyway, without the intervention being assessed happening.
- 'Additionality' - the economic effects of an intervention after the deadweight has been discounted.
- 'Displacement' - productivity benefits that are offset by reductions elsewhere; similarly, substitution refers to an increase in employment that is offset by reductions in employment levels elsewhere.
- 'Discounting' future costs and benefits - economists use this on the basis that most people have a preference for benefits that accrue now as opposed to benefits that are reaped later; for particularly long investments a lower discount rate is used so that significant costs in the future are given due attention (the Treasury recommends a discount rate of 3.5% per year).

The view of human nature in neo-classical economics differs markedly from the view of many advocates of participation. Midgeley et al. (1987) claim that advocates of public participation often believe that communalism and collaboration are natural human traits. This contrasts with the 'economic man' model with ultimately egotistical goals (Marshall 1999).

Beierle (2002) claims that some economists view the thinking behind public participation as dangerously naïve as it might lead to free riding, uninformed decisions, or decisions that benefit interest groups to the detriment of society. The view that the unequal distribution of costs and benefits might lead to unrepresentative attendance is not confined to economists (Irvin and Stansbury 2004). Gerry Stoker (2004) feels that the fear of 'not in my own back yard' politics is exaggerated: "The point is not that all social and political action should be local but rather that more should be" (2004, 10). On the other hand there is a lot of scepticism among advocates of participation when it comes to the 'technocratic' worldview of mainstream economics. This may help explain why there have not been more economic evaluations of participation to date.

Institutional economics

Neo-classical economic theory tends to be pessimistic about the ability of groups to work together for a common goal, viewing free-riding as a constant threat (Pollak 1998). 'Institutional economists' share the neo-classical assumption about rational individuals driven by selfish motives, but they believe that

institutions can temper many destructive incentives. Institutional arrangements are viewed as adaptive solutions to problems of opportunism and imperfect information, with social norms and various institutions keeping people in line and stopping the domination of the egotistical desire to free-ride (Sabatier 1999).

For Elinor Ostrom (1998) rationality in social dilemmas is considerably more complex than the 'tragedy of the commons' argument would indicate. Research shows that face-to-face communication increases mutual co-operation drastically, something that many neo-classical models do not predict (Marshall 1999). Studies of the management systems of common property resources (e.g. irrigation systems) in developing countries have shown that it is possible to have systems based on mutual trust that do not break down in the face of minor infractions. Farmers were able to construct generally understood and easily enforced rules of behaviour, with minimal use of sanctions. These agreements were facilitated in cases which were small scale, relatively limited in scope, and with a stable group of users (Ostrom 1990).

The reverse is true as well: a lack of trust creates the need for more enforcement with large resource implications. According to Marshall (1999) "some evidence of the perverse effects of hierarchical intervention on voluntary co-operation has been provided. (...) These perverse consequences can be particularly costly given that social capital is typically slow to develop but quick to be destroyed" (ibid, 8). Transactional costs make a huge difference to the smooth running of economic and social systems and relying on hierarchy and control to resolve this issue requires large resource investments (Picciotto 1995, 6). In the view of institutional economists a major role for participation is to convert information into knowledge, thereby reducing uncertainty and transaction costs (Ashby and Lilja 2004; Picciotto 1995, 17).

Rather than extending property rights in order to deal with collective action problems, institutional economists argue that solutions such as reducing costs, increasing direct benefits, and penalising non-participation may be appropriate (Rydin and Pennington 2000).

Environmental economics

The early environmental movement of the 1960s and 70s was for the most part highly critical of economics, which was seen as a discipline promoting growth over environmental protection, and of having no mechanisms for taking into account, for example, 'irreplaceable' environmental assets (Jacobs 1991).

However, since the 1990s, a number of economists have looked at ways of measuring and valuing environmental externalities. By introducing the cost or benefit of externalities into the market, the environmental economists hope to create more eco-friendly incentives in the economy (Jacobs 1991). Environmental economists have been prominent in developing methods to value externalities and other non-market values. The methods of environmental economics are therefore relevant to consideration of the economics of

participation because one of the main challenges of measuring many of the benefits of participation is their intangible nature (Burton et al. 2004).

There are interesting parallels between the economics of public participation and environmental economics. Both areas are prone to public goods which are difficult to quantify, and hence sit uncomfortably in a classical cost benefit analysis (CBA) decision-making framework.

Another clear parallel is the resistance to quantification of the outcomes of participation (e.g. governance, social cohesion, quality of services, capacity building). Research for this study found that many interviewees expressed moral objections to any attempt to assess participation through a CBA framework, claiming that 'it is wrong to reduce complex decisions to single figures'. It was a common concern that quantitative analysis would not be able to capture the inherently qualitative and context specific nature of any participation process. Some potential interviewees refused to participate in the research at all. Similarly there is an established history of refusal to participate in contingent valuation surveys of environmental goods (Gregory 1986). Just as people do not wish to represent their valuations of the environment in monetary terms, many feel the same way about the outcomes of participation processes.

There is therefore much in environmental economics to inform the economics of public participation, particularly around the issues of public goods, externalities and value pluralism and incommensurability.

- **Public goods.** In common with the environment, the outcomes from participation processes are public goods in three senses.
 - Firstly, they are collectively consumed and indivisible, meaning that their total value to society is greater than the value individuals receive. And, as with the outcomes of participation, environmental goods are shared (e.g. clean air).
 - Secondly, some believe that just as the environment involves rights, people have rights to the outcomes of participative processes, such as to influence public policy decisions or to have access to information that affects their lives. For them, participation should not therefore be simply discussed in terms of costs and benefits but in terms of 'rights'.
 - Thirdly, and crucially for public participation, the benefits of public participation can be considered an aspect of the common good. "Society is better for having them, even if the number of people who privately benefit from them is very small" (Jacobs 1997). For example although the number of people involved in a particular process may be small, that involvement may improve legitimacy or democratic practice overall so as to justify the process. This creates an 'existence value' for the good, something which people want to exist, and to be publicly supported, irrespective of their own use or benefit from it.

- **Externalities.** As with any public good, both the environment and the outcomes of public participation processes are open to abuse from 'free-riding'. In essence public participation processes seek to create public goods which have no obvious market value; social capital and community cohesion are good examples.
- **Value pluralism and incommensurability.** Many social scientists reject the quantification of the environment's inherently qualitative characteristics. John O'Neil of Lancaster University (O'Neil 1993) suggests that reducing environmental goods to a single unit to enable comparison is unhelpful, as it gives a false impression of how decisions are made. He claims that decisions involving environmental goods require a value judgement, which can not be reduced through rational analysis to a single figure as that misrepresents the decision-making process.

O'Neil claims that decisions of, for example, whether clean water is more important than jobs or habitat preservation, are inherently value specific and any attempt to suggest otherwise is a misrepresentation. O'Neil makes this case on the basis of commensurability. He critiques the work of neo-classical environmental economists such as David Pearce as seeking to identify 'cardinal' monetary measures of environmental goods. O'Neil thinks the assumption that rational choice requires a single unit of measurement is a false one because it requires commensurability of diverse values which is not possible:

"Not only can choices be made without a common measure, that is often how they are made... No-one resolves [environmental conflicts] by looking for some common unit. They weigh not measures but reasons for and against a proposal. They argue, debate and come to some agreement. Attempts by the economist to force the measuring rod of money onto them are contrived" (O'Neil 1997).

In short the environmental economics literature shows that there is no easy answer. Reductive approaches can and have been used with varying degrees of success, but they have no way of acknowledging the relative preference different groups place on different value criteria: Kenneth Arrow (1963), the Nobel Prize winning economist, formally demonstrated the impossibility of combining relative preferences in a plural society.

Different people have different values and intensities of feeling that need to be integrated into the decision making process. Neo-classical economic models such as CBA and contingent valuation can help inform the decision-making process but not replace it. As a result, many environmental policy discourses are still arguing for deliberative approaches to inform environmental decision making in addition to or instead of CBA and contingent valuation.

2.3 Economic Assessment

2.3.1 Defining Economic Assessment

Economic evaluation is identified by Byford, McDaid and Sefton (2003, 1) as the "systematic attempt to identify, measure and compare the costs and outcomes of alternative interventions". Its purpose is commonly described as to "inform decisions about the best use of limited resources" (Sefton et al. 2002, 7).

Costs and benefits in this case are defined as "increments and decrements of human well-being (or welfare, or utility)" (Pearce 1998, 84). Therefore, "good economic evaluation can be carried out without necessarily seeking to value outcomes in monetary terms" (Sefton et al. 2002, 8). The reason why the use of monetary values is popular is that it provides a common unit for costs and benefits that can easily be compared (Fields 1994).

Bolton (2002, 6-7) identifies four types of value: financial value, equity value, activity value, and excellence value. Participation is intrinsically linked to activity value, as the act of participating has been linked to a number of benefits. Similarly, participation is often claimed to add equity value in that it can reach out to normally excluded groups. The term 'public value' is used to describe the value that the public sector adds, above and beyond the boundaries of traditional economic assessment. Public value includes factors like "public preferences for trustworthy government, due process, and fair treatment" (Kelly et al. 2002, 6).

Often financial values are the ones quoted as they are easiest to measure and use. However as Bolton (2002, 6) points out "it is well understood that public goods like water and education, and it might be argued other forms of social provision, have a value far beyond the payment that consumers are able and/or willing to make for them".

2.3.2 Difficulties with Economic Assessment

Many sources comment on the lack of economic assessment of participatory processes and social interventions in general (Burton et al. 2004, Sefton et al. 2002, Jackson 1999, Countryside Agency 2004). The reasons given vary but some of the most common are the complexity of participatory processes, resistance to the use of economic methods by practitioners or decision-makers, lack of appropriate data, and the cost of proper economic evaluation, all of which are described in more detail below.

- **Complexity of participatory processes.** Burton et al. (2004, 40) found that a major problem is that "benefits cannot be easily quantified or associated causally with particular forms of involvement". Similarly, Le Quesne and Green (2005, 24) comment on the "difficulty of measuring outputs of decision-making". (See also ODPM 2005b, 56)

Further adding to the complexity is the often long time frame of participative processes: "The benefit-cost comparison [for public participation] can generally be expected to become more favourable as the planning horizon lengthens" (Marshall 1999, 12), which means that evaluations tend to take time and require large resources.

However, it is possible to overstate the complexity of participative processes. Surveys of English local authorities show that the majority of engagement initiatives are relatively short-term and are limited in scope. (Lowndes, Pratchett and Stoker 2001a, 207)

The Global Reporting Initiative (2005) includes principles for how to draw up evaluation boundaries that strike a balance between capturing as many important elements as possible and still remaining manageable in size and scope.

- **Resistance in principle.** Economic evaluation of participation is not universally accepted (including among respondents to this research). A common criticism of cost-benefit analysis in particular, and economic evaluation in general, is that it is based on the premises of neoclassical economics and "assumes not only that individuals are self-interested in their motives, but that social decisions should reflect what individuals want. It is argued that public choice should rest on more disinterested choices in which the individual acts out of a concern for the public interest" (Pearce 1998, 96).

Amartya Sen (1987) comments on these issues as follows: "Why should it be uniquely rational to pursue one's own self-interest to the exclusion of everything else? It may not, of course be at all absurd to claim that maximization of self-interest is not irrational ... but to argue that anything other than maximizing self-interest must be irrational seems altogether extraordinary". Yet conventional economics tends to be based on exactly that proposition - that anything other than self-interest is irrational. There are therefore very basically conflicting views of human nature that exist between some economists and some promoters of participation.

Even more, the adoption of market values and analysis in the public and voluntary sectors has been criticised for undermining the foundations of citizenship and democracy (Eikenberry and Drupal Kluver 2004).

House (2000) cites the example of Laurence Summers, who in 1991 was chief economist at the World Bank, at which time he suggested that the World Bank should encourage the migration of dirty industries to less developed countries. House says that Summers' analysis was based on a calculation that it costs less for wages and medical care in less developed countries, so such a move made sense economically. House argues that "The economic framework builds in a wealth bias in the form of preference satisfaction as the measure of welfare and ignores issues of

fairness in bargaining and justice in distribution", because "economic reasoning equates the well-being of people with satisfaction of their preferences".

House goes further, proposing that arguments that economics is 'value-free' (and thus 'scientific') can result in solutions that meet the 'efficiency of means' criterion, and cost least money, but "with stunning moral deficiencies". He concludes that "Ends should be determined by reasoned discussion, not by unexamined preferences, however efficiently they are satisfied".

- **Lack of appropriate data.** One of the greatest problems with economic assessment of participation is simply that there is rarely sufficient or appropriate data to enable the economic framework to work properly. One of the few studies to attempt to examine the costs and benefits of 'what works' with convicted offenders concluded that there was limited information on costs and benefits so the cost effectiveness of different rehabilitation programmes could not be compared (Davies et al 2000, 103). This did lead to new plans for gathering such data to be made, and Home Office guidance was issued (Dhiri and Brand 1999).
- **Cost.** According to Jackson (1999, 11) "there are many types of interventions where placing a monetary value on results is very complex, time consuming and costly in itself", an opinion mirrored by Pearce (1998) and Bolton (2002).

Recent ODPM research (2005b) claims that "benefits can take some time to emerge and are often difficult to quantify. However, the evidence shows systematically that the benefits tend to outweigh the costs" (ibid, 8). Despite this ODPM still finds scepticism about the economic case for engagement. The report suggests that this may be because:

- "The evidence about the potential contribution of community involvement to improved service delivery in deprived areas – and the costs involved – is not well developed or articulated. This will not encourage service providers to challenge or change well-established ways of delivering their services.
- The costs and risks of involvement are short term and are seen as significant, but the benefits are perceived as longer term, uncertain and intangible – reinforcing any existing institutional inertia and risk aversion amongst the service providers.
- Community involvement costs may fall on those providers and users who do not necessarily benefit." (ODPM 2005b, 10)

There are four other problems to take into account in economic assessment: benefits transfer, materiality, sensitivity analysis and distributional impacts, all of which are covered below.

- **Benefits transfers.** Studies to determine the true value of benefits are expensive and in many cases studies instead rely on so called 'benefits transfers'. Benefits transfers are made when benefits identified in existing studies from similar contexts are used as a proxy value for benefits in the new context, rather than commissioning a new study. While benefits transfers can make economic evaluations more affordable and less time consuming there is always a risk that the transferred benefits will prove misleading (Pearce 1998, 95).

El Ansari and Phillips (2001, 119) identify a number of factors that have a "crucial" influence on the level of benefits. These include "wide representation, commitment and a sense of ownership, sound leadership skills, regular and effective communication, reliable member expertise and capabilities and attention to power issues". This further complicates the use of benefits transfers around participation.

- **Materiality.** Not all costs and benefits are equally important; certain factors, either individually or in the aggregate, have a significant impact on the final economic analysis while others do not. Economists use the terms 'material' and 'immaterial' to distinguish between the costs and benefits that have a noticeable impact and those that do not. A misrepresentation of a material factor can lead to misleading results, whereas faults in the measurement of an immaterial factor will not make a significant difference. Therefore, it makes sense to concentrate limited evaluation resources on the material factors (Chewning and Higgs 2002). However, the decision as to which factors are material and which are not is often based on personal experience.

Materiality has traditionally been measured from the perspective of shareholders and others whose primary interest is in the financial returns. Currently materiality is being redefined - through pressure on business from wider civil society. AccountAbility has proposed a broader definition of materiality, which involves taking into account the impacts on various stakeholder groups (Zadek and Merme 2003).

- **Sensitivity analysis.** While assumptions about the value of costs and benefits to some degree are inevitable in evaluations there do exist methods of reducing the uncertainty. One of the most common is sensitivity analysis. This involves carrying out multiple calculations intended to cover the range of possible assumptions of a particular benefit or cost. This makes it possible to see if the cost or benefit is material or not. In cases where the probability of the various assumptions is known it is possible to calculate an average value (Fields 1994, 129-130).

Sensitivity analyses and knowledge of probability are not enough on their own. The final decision will be based on the risk perception of the people involved. Risk perception varies from individual to individual, with voluntary risks generally preferred to involuntary risk (Twigger-Ross and

Breakwell 1999, 73). Participation has been linked to the reduction of risk as more information is made available and relationships are built, thereby making the actions of others more predictable (Greenstreet Berman 2002, 5).

- **Distributional impacts.** An area where traditional economics has been found lacking in many cases has been tracking the distributional effects of an activity. Mainstream economic thinking often assumes that as long as the overall cost-benefit ratio is positive the activity will take place. However, studies have found that this thinking has led to "important aspects of the process that determined whether or not the projects would be implemented and sustainable" being ignored (Jenkins 1999, 87). Influential groups may be able to block the implementation of a project, especially when they are expected to bear the burden of the costs. Also, given that many participatory processes have equity objectives, it makes no sense to ignore the distributional effects.

Applying weights to economic analyses can highlight distributional effects by increasing the value given to gains and losses that accrue to certain groups. This method is recommended by the Treasury (HM Treasury 2002). However, weighting gains and losses is rarely done "because of (1) the lack of consensus on what if any weighting system is appropriate in particular circumstances for people with different incomes and (2) the additional measurement difficulty of tracing out who ultimately gains and loses from actions" (DTLR 2000, 13).

2.3.3 Methods of Economic Assessment

There are a number of approaches to doing economic assessments, including randomised control trials and various forms of econometric modelling (Sefton et al. 2002). In general terms it is argued that economic evaluations should focus on a clear and defined intervention or project, systematically assess all costs and outcomes, include a point of comparison, and combine the costs and benefits in the final analysis (Sefton et al. 2002, 8):

"Economic evaluation is not about the financial viability of a programme or the organisation responsible for delivering it. It is possible to have an organisation that is struggling to make ends meet, but that is delivering a cost-effective programme, once the benefits to users and to society at large are taken into account".

Sefton et al. (ibid, 8-9) summarise the fundamental principles of economic assessment as follows:

- Comparative. Studies should compare the costs and benefits of different alternatives as economics is the study of best use of limited resources.
- Take the view of society as a whole. As far as possible all possible costs and benefits should be included in the analysis, regardless of to whom they accrue.

- As far as possible measure final outcomes.
- Base value on individual preference. This is based on the general economic principle that identifies well-being with the satisfaction of consumer preferences.

The importance of a comparative view is emphasised by a number of sources, many of which also comment on the risks of defining costs and benefits too narrowly. For example, "Alongside the costs of involvement, consideration should be given to the difficult issues of the costs of poor involvement and the costs of non-involvement" (Burton et al. 2004, 41). Manring (1998, 281) points out that, when assessing conflict resolution, "straightforward comparisons of the time and the costs of the formal appeal process and negotiation are meaningless without some measure of the value of relationship building".

In a similar vein, Marshall (1999, 12) claims that "costs comparisons between participatory and top-down modes of governance are flawed unless they account for the costs of all activities required to achieve a given policy objective". Such a flawed approach might lead to ill-informed decisions being made that save money in the short run, but which end up costing more (Le Quesne and Green 2005).

According to ODPM guidance (2004a) a simple solution is to create a hypothetical non-intervention scenario to compare the project against. However, the guidance also points out that "a baseline (i.e. snapshot in time) is not a sufficient basis for the 'no-intervention' case. It is generally unrealistic to assume 'nothing happens'" (ibid, 22).

Economic evaluation can be done in advance of a project (often called appraisal), or alongside the implementation of a project (prospectively), or retrospectively. Sefton et al. (2002, 11) identify prospective evaluation as the most useful, as appraisal tends to be speculative and retrospective analysis is often hindered by a lack of data.

In Sefton et al's review of economic evaluations of social welfare interventions between 1991 and 1996 (ibid), the great majority (65%) of studies were cost-consequences analyses with multiple outcomes; 18% were cost-effectiveness analyses; and fewer than 5% were found to be cost-benefit analyses.

Economists have traditionally focused their research on goods and services that have been traded in markets. Research into valuing non-market goods and services has only really started with the growth of environmental economics in the last decades (Jacobs 1991; and see section 2.2.3).

Measuring market values in monetary terms is relatively straightforward: the existing market gives a price which can be used as an approximation of people's willingness to pay for the good or service. The market price is commonly used even in cases where the market is controlled or monopolised (van Praag and Baarsma 2005). In some cases benefits can be directly linked to market prices. For example, the benefits of participative welfare to work schemes could be measured using the proxy of wage earnings.

However, the majority of benefits attributed to participation are not directly linked to market values (Sefton et al. 2002), which makes the use of market values less appropriate. Moreover, even though it is easy in theory to measure the market costs of participation, in practice it can often be very challenging. As one study commented:

"In many cases no records had been kept of the costs of engagement, even where external support had been brought in. Often, the personnel who might have knowledge of costs had moved on to new employment. ... Particularly before the late 1990s, there was no inclination amongst reclamation funders to finance more than token community engagement and so those organisations who were committed to the concept had to find imaginative ways of 'burying' the costs amongst wider reclamation costs" (Countryside Agency 2004, 16).

Consideration of valuation methods needs to take into account the selection of costs and benefits to be assessed:

- **Selecting costs to measure.** "The most common understanding of the term cost is the amount spent on providing certain goods or services. By contrast, economists are interested in opportunity costs. These are the benefits forgone by tying up resources in one particular use and so not having them available for alternative uses" (Sefton et al. 2002, 51).

Some activities that do not involve monetary expenditure still have an opportunity cost (for example, volunteer labour), whereas some expenditure is not a cost in the strict economic sense of the word (for example, social security benefits which are transfers of resources between different segments of the population without direct productive impacts) (Byford, McDaid and Sefton 2003, 22).

The issue of determining what is a cost and what is a benefit can be complex: time spent by participants educating themselves as part of a participatory process is obviously a cost to them, and should be costed as such but, from the view of society as a whole, citizens spending time educating themselves could be counted as a benefit leading to skills development and a more vibrant democracy.

In general terms, costs can be divided into a number of categories (Byford, McDaid and Sefton 2003, 22):

- Programme costs, i.e. the direct costs arising from the programme, for example, staff costs or rent;
- Non-programme costs, which are spin-off costs that accrue to other areas of society;
- Costs that accrue to participants in the form of travel costs, childcare expenses, etc;
- Productivity costs linked to people's ability or inability to work.

Collecting data on costs can be done using various methods including questionnaires, diaries and case notes.

A further complicating factor is that "while some factors are viewed as obstacles in collaboration, precisely the same factors are cited as benefits by other authors" (El Ansari, Phillips and Hammick 2001, 220). The perspective chosen determines the results obtained. Traditional accounting and economic models have been criticised for ignoring this complex reality and being biased towards the status quo (Gray 2002).

- **Selecting benefits to measure.** In theory an economic valuation should attempt to measure all relevant benefits. However, many benefits are very expensive to measure and as a result many evaluations choose either to roughly estimate or leave out some benefits, although in principle evaluation should not actually ignore unintended outcomes, or outcomes that happen to groups other than the main target group.

Experience has shown that there is a risk of simplification: "things that were easy to measure tended to become objectives and those that couldn't were downplayed or ignored" (Kelly et al. 2002, 9).

When selecting an outcome to measure the literature suggests that final outcomes (e.g. community well-being) are preferable to process outcomes (e.g. number of community meetings) (Sefton et al. 2002), although that will depend on the objectives of the programme being assessed and the agreed objectives of the assessment.

Sefton et al. (2002, 41) comment on some practical considerations when selecting outcomes for economic assessment: "It may not always be appropriate to choose the 'obvious' outcome, because this may be difficult to measure accurately or because changes are expected only in the longer term, beyond a realistic timeframe for evaluation. In addition, the effects of the intervention may be difficult to disentangle from other external influences, especially if the expected impact is relatively small. For this reason, it may be appropriate to select other outcomes, for example intermediate or short-term outcomes that are more directly affected by the intervention".

Byford, McDaid and Sefton (2003, 12-18) identify five methods of economic assessment: cost-effectiveness analysis, cost-consequences analysis, cost-utility analysis, cost-benefit analysis, and cost-minimisation analysis. Briggs and O'Brien (2001, 179) identify four: cost-benefit analysis, costs-utility analysis, cost-effectiveness analysis, and cost-minimisation analysis. Of these, cost-benefit analysis seems to be the most well-known and has generated the highest amount of interest in the literature. The following uses Byford, McDaid and Sefton's model as it provides the most options.

Cost-Benefit Analysis (CBA)

Cost-benefit analysis has been described as "for the public sector what a profit-and-loss analysis is for a business firm" (Fields 1994, 115). It is generally seen as the most robust of the economic evaluation methods, and is appealing to many because it can in theory produce a clearer idea of the trade-offs between different options by making it possible to directly compare the costs and benefits of an individual project (Byford, McDaid and Sefton 2003).

In the UK, CBA was first used in the 1960s to assess highway projects. A review of economic evaluations in social policy found that "most studies that were classified as cost-benefit analyses were using much cruder measures to monetise the benefits of programmes. (...) These studies, which are really cost-savings analyses, are likely to under-estimate the 'true' benefits of crime prevention programmes" (Sefton et al 2002 50).

What really distinguishes CBA from the other methods is the choice of measurement unit. CBA requires all costs and benefits to be valued in "a single unit into which to translate all of the impacts of a project or program in order to make them comparable among themselves as well as with other types of activities" (Fields 1994, 117). It is this comparability that makes CBA so appealing, enabling "comparisons across different sectors, such as health care, education or defence" (Byford, McDaid and Sefton 2003, 17).

Some claim that CBA requires all costs to be valued in monetary units (Byford, McDaid and Sefton 2003; Pearce, 1998) whereas others claim that other units of measurement could be used (Fields 1994, 117). In practice this is a mainly academic point, because Fields acknowledges that monetary values are the predominant unit of measurement.

It is the need to value *all* relevant costs and benefits in monetary terms (unlike cost-savings analysis) that makes CBA both expensive and controversial.

Valuing outcomes in monetary values is a complex, expensive and contentious exercise which, according to Byford, McDaid and Sefton (2003) has led to CBA being extremely rare in certain areas, such as transport, environmental impacts, and health care. It has been argued that "it is exceedingly difficult to 'value' in purely economic terms dimensions such as clean air, scenic views and wildlife" (Bell and Morse 2003, 16). Intangibles tend to be left out of the analysis and CBA tends to be insensitive to value pluralism in areas in which the public has complex values (e.g. about nature), and "may even distort it to fit into a simple model" (ibid).

Pearce (1998, 94) points out that CBA "works best when the goal of policy is economic efficiency. (...) Other goals, such as employment creation, protection of competitive position, and the desirability of the *process* of decision-making, tend to be omitted from CBA studies". According to Fields (1994, 116) "some observers have taken the position that benefit-cost analysis is really an attempt to short-circuit the processes of political discussion and decision that should take place around prospective public projects and programs". This may partly be due

to a misunderstanding: "Advocates of CBA have overstated their case, making it sound as if CBA substitutes for decision-making. It can, at best, inform decision-making" (Pearce 1998, 97).

Cost-benefit analysis has been criticised as the last bastion of 'scientism', which argues that "the social and economic world, like the natural world, can be understood by the correct application of science" (Davies et al 2000, 180), and that decisions about the distribution of resources are not political but scientific and rational. In this way, cost-benefit thinking is seen as "an example of the perpetuation of this particular ideological stance".

One effect of the criticisms of cost-benefit analysis is that some major infrastructure programmes are moving away from relying on CBA alone. The Royal Commission on Environmental Pollution and the Standing Advisory Committee on Trunk Road Assessment (SACTRA) criticised the CBA of major road schemes as long ago as 1994 because the approach "did not address the problem of induced traffic" (Davies et al 2000, 198). This criticism was in addition to serious doubts about the monetary values ascribed to hypothetical benefits and amenities by surveys of citizens. The Department of Transport's new appraisal method uses qualitative judgements alongside quantitative calculations, and has developed its own criteria for assessment (e.g. improvements in safety, impact on the environment, and contribution to improving accessibility).

Cost-Minimisation Analysis (CMA)

Cost-minimisation analysis (CMA) is the simplest form of economic evaluation. Byford, McDaid and Sefton (2003, 18) define it as an "assessment of the costs alone. Given equal outcomes, the evaluation involves the comparison of costs, to determine the least cost alternative".

Cost-minimisation analysis has an understandable appeal, as it keeps the evaluation study simple. However, research has shown that there are only "rare circumstances under which CMA is an appropriate method of analysis" (Briggs and O'Brien 2001, 179).

Byford, McDaid and Sefton (2003) warn that the loss of accuracy created by not looking at the benefits is problematic, especially if the assumption of equal outcomes is based on data a few years old.

Cost-Utility Analysis

Cost-utility analysis is basically a form of cost-effectiveness analysis, but one in which all benefits are condensed into one generic measure, namely utility (or well-being, quality of life, etc.). The most common measure of utility is 'quality-adjusted life years' (QALY).

A common measure of utility allows comparisons to be made between projects in different sectors. However there are also difficulties involved. Trying to create

a single measure from a programme with numerous effects and participants is challenging and can be costly. "In addition, utility scales have been criticised for their conceptual foundations, for the methodology employed, for their lack of sensitivity to change" (Byford, McDaid and Sefton 2003, 15).

Byford, McDaid and Sefton (2003, 16) identify the main obstacle to using cost-utility analysis on social interventions as "the lack of utility scales appropriate to the field. Although a significant quantity of research has been carried out into the development of utility scales for use in health economics, these measures tend to be health focussed and may not be broad enough to capture the full impact of social welfare policies".

Cost-Savings Analysis

Cost-savings analysis is effectively a weaker version of a cost-benefit analysis. The costs and benefits that can easily be converted into monetary units are compared; the rest are ignored. In practice these easily identified benefits tend to be savings, for example to the criminal justice system through a reduction in crime rate. An approximation can be made for how much has been saved in legal costs, police time, health care and prisons as a result. However these savings do not correctly capture the true benefits of reducing crime. For one thing, they rarely capture the psychological costs of the reduction of crime, or the personal benefits that the potential victims of crime gain by not being exposed to crime (Byford, McDaid and Sefton 2003, 17).

Cost-savings analysis thus does not create a complete picture of the costs and benefits, and will tend underestimate the benefits of a project, especially in cases where a large part of the benefits are intangible. However, this analysis can still be useful as evidence in cases where the limited savings still outweigh the costs (Sefton et al. 2002, 10).

Cost-Effectiveness Analysis

It is often impossible to ascribe a monetary value to benefits, but in some cases it will be possible to determine one main benefit with a natural measurement unit (for example crime rates, or awareness levels). Cost-effectiveness analysis (CEA) involves calculating the costs of producing units of benefit and various programmes can then be compared to one another with priority given to the option with the lowest cost per unit of outcome produced (Byford, McDaid and Sefton 2003, 12). In the words of Fields (1994, 112) "cost-effectiveness analysis, in other words, takes the objective as given, then costs out the various ways of attaining that objective".

Byford, McDaid and Sefton (2003, 12) summarise the problems with cost-effectiveness analysis as follows: "Comparisons of cost-effectiveness using natural units can be made only between interventions whose outcomes can be measured on the same scale. Thus, CEA might be used to support funding decisions between two competing schemes for reducing, say, crime, but it

cannot determine whether the same money would be better spent on a scheme to provide subsidised child care. Second, it is difficult to capture all possible effects of an intervention on a single outcome scale that measures change only in one area of an individual's life".

Cost-Consequences Analysis

Cost-consequences analysis is useful in the (many) instances where programmes have more than one important outcome. It involves "the presentation of a range of outcome measures alongside the costs. No attempt is made to formally combine costs with benefits and decision makers are left to form their own opinion regarding the relative importance of the alternative outcomes presented. Where one service is found to be dominant on all measures of outcome, the relative cost-effectiveness may be obvious, but this will not always be the case" (Byford, McDaid and Sefton 2003, 13-14).

Basically cost-consequence analysis consists of several cost-effectiveness analyses combined. While it is rarely possible to determine the best alternative option, at least it provides useful guidance for decision-makers (Sefton 2002, 10).

2.3.4 Valuing Non-Market Values

There are three basic ways of measuring non-market values (the first two are indirect - revealed preference, and the last one is direct - stated preference) (Fields 1994, 141):

- Identify any expenses that individuals have incurred to gain access to or mitigate a non-market good or service (for example, travel costs in order to get to an event);
- Assess the extent to which the non-market good or service might affect existing market prices (for example, houses next to airports and motorways tend to cost less due to noise pollution);
- Ask individuals directly what financial value they place on a certain good or service.

Policy makers tend to prefer monetary valuation where possible. ODPM guidance states: "Many objectives/outcomes have a number of dimensions and can be difficult to measure and express quantitatively. This can give rise to a perverse situation in which more weight is given to a secondary dimension that is easy to quantify (and value) as opposed to a more important dimension which is difficult to quantify" (ODPM 2004a, 115). However, it is important to be realistic about valuation. Nicholls (2005, 14) points out that "it will probably always be impossible to capture all the benefits, not least because some will effectively be externalities to the main mission".

Eight specific methods of valuing non-market values are described below.

Travel Cost Method

The travel cost method is commonly used to assess the value of outdoor recreation and national parks. The theory is that individuals would not spend money travelling to and from national parks or paying entry fees if the benefits did not exceed the costs. Therefore the money people spend on getting to an area and carrying out an activity is seen as the minimum value of this resource. In addition to travel related expenses like petrol and public transport fares, the time spent travelling is usually costed (for more on this see below) (Byford, McDaid and Sefton 2003).

In the context of participation a big problem with the travel costs method is that it can lead to perverse evaluation results. Events held at hard to reach locations would seem to have more valuable benefits than events where care has been taken to make access to participation easier.

Production Function Method

The production function approach is a measurement method that links detailed scientific research on the cause-effect or dose-response relationship between a certain substance and the environment. For example, this method is useful to measure what increased levels of pollution would cost agriculture (Spash 2002).

This method is primarily used in the environmental and health sectors where a lot of effort has gone into researching the effects of various substances. Outside these fields the relationships between cause and effect are less well understood and are more contentious (Sefton 2002).

As a result this method is less useful for evaluating participation, except in cases where environmental and/or health costs and benefits are central.

Hedonistic pricing

Hedonistic pricing is a method whereby existing market choices and prices are used to estimate non-market values. For example, house prices in areas next to highways and airports have been compared to those without such noise sources in order to assess the costs of noise. In theory, once statistical techniques have been used to identify any other factors (like location, local facilities or neighbourhood reputation) that have an impact on house prices, the remaining difference in price should reflect the minimum societal value of noise (Fields 1994).

Problems with hedonistic pricing include that markets are often not perfectly competitive, and that the price differential reflects the cost of the least tolerant segment of the population (van Praag and Baarsma 2005, 224).

Alternatively, the mitigating expenses that people make can be examined. In the case of noise this might include installing double-glazing and soundproofing rooms. This method often does not capture the full value of the disturbance as in many cases there are no expenses that can fully compensate for the disturbance. Hedonistic pricing is influenced by people's perceptions and expectations of future developments and does not necessarily reflect the objective situation. Hedonistic pricing also assumes that the market is in equilibrium, which is often not the case (Spash 2002).

In the case of participation, hedonistic pricing is difficult to use. The effects that intangible benefits and costs are likely to have are often more subtle than the effect of noise on house prices. On large markets like housing the effects of an individual project will usually be negligible. Hedonistic pricing may however be useful for assessing the impacts of a wider range of participative initiatives over a longer period of time.

Stated preference

Stated preference is a method whereby individuals are asked directly about the value they place on a non-market good or service. This method removes the problems of finding a suitable proxy market good for measurement, and in theory any kind of good or service can be valued using stated preference techniques (Fields 1994).

When running Stated Preference studies there are basically two methods to choose from: Contingent Valuation and Choice Modelling. Pearce and Özdemiroglu (2002, 12) describe the difference as: "Contingent valuation concentrates on the non-market good or service as a whole, while choice modelling seeks people's preferences for the individual characteristics or attributes of these goods and services".

Choice modelling avoids asking for monetary valuations of a good directly and instead uses statistical techniques to infer the value indirectly from a number of answers.

One problem linked to choice modelling is that an assumption is made that the value of the whole good is equal to the sum of the parts. According to Pearce and Özdemiroglu (2002, 33) experience shows that "whole bundles of improvements can be valued at less than the sum of the component values".

Another issue is that choice modelling in some cases tends to result in higher estimates than contingent valuation. (Stevens et al. 2000, 63)

One big problem with both forms of stated preference techniques however is that the situation is hypothetical: people are surveyed for how much they would pay/demand for a certain outcome but they are not expected to act on this. Those surveyed might therefore act strategically in one way or another, either inflating their bids or placing their bids lower than they would in a real life situation.

This does not have to be conscious. When someone is asked to place a value on an object they are not used to thinking about in monetary terms they might place a bid at random. When a contingency valuation study is carried out care needs to be taken in order to minimise these biases. The framing of the questions can have huge effects of the results obtained (Spash 2002).

Some participants in contingent valuation studies have what economists term lexicographic values. This means that their valuation is based on ethical principles rather than their own self-interest. Since neoclassical economics, and with it contingent valuation, is based on the idea of values being tradable and relative, economists have problems dealing with lexicographic values. When protest bids (the term used for when an extremely low or high value is stated to prove a point) are given in contingency valuation they are usually ignored (Spash 2002). It seems likely that many people will be reluctant to place a value on being involved in local decisions (and might therefore place protest bids) as they may view it as their democratic right.

An added complication is that research has shown that asking people to place a monetary value on an object can change their behaviour. Frey and Goette (1999), for example, show that when volunteers are offered financial rewards this 'crowds out' the altruistic drive and can, paradoxically, lead to lower levels of volunteering. Encouraging people to think about their involvement in participative initiatives and projects might make them more egotistical. This

needs to be kept in mind when considering whether or not to start conducting stated preference exercises with a large number of participants.

An important element in contingent valuation studies is the choice of using 'willingness to pay' or 'willingness to accept' as the unit of measurement. The first method asks the respondent how much he or she would pay to achieve a more beneficial outcome whereas 'willingness to accept' asks respondents how much he or she would require in compensation in order to accept a negative outcome. Economic theory stipulates that the two ought to produce identical results. However, due to a number of reasons, including economic inequality, the two measurements do not produce the same results. Studies have found that 'willingness to accept' is commonly significantly higher than 'willingness to pay' (Fields 1994, 54-55).

Using methods of economic analysis designed for market values in non-market contexts may create misleading results. Common et al. (1997, 228) point out that "rational individuals will adopt different behaviour modes in market contexts and voting contexts (...) ballot box behaviour is dominated by expressive behaviour". Based on these problems some economists have questioned the very foundations of stated preference methods.

Happiness / Well-being

A major new development in economics over the last decade has been the use of happiness to measure economic benefit, and the methods of measuring happiness and well-being have improved. In theory economics has always held that economic activity only has value if it increases the overall utility of society. However, until recently economists found it was difficult to measure this directly and instead they used market choices as a proxy for the public's ideas of happiness.

The results of surveys where people are asked directly about their level of happiness appear to be a close approximation of their actual objective utility (Frey and Stutzer 2004). In some cases economists have used happiness surveys to measure the trade-off ratio between income and public goods and bads. This approach avoids problems found in contingent valuation like strategic responses or hypothetical answers (Frey and Stutzer 2004). This is however a complicated process, unlikely to be of use outside academia.

As mentioned in the section on cost-utility analysis, one of the more common measurement methods is the quality adjusted life year. More direct measures involves directing polling people for their subjective feeling of well-being along with other relevant information, like age, background, education. Using statistical techniques, other factors that affect the level of well-being can be discounted and the remaining influence can therefore be attributed to the object of study (van Praag and Baarsma 2005).

The impact of participation on happiness and well-being has now begun to be measured. Research by Paul Whiteley, Charles Pattie and Pat Seyd, published in

2004, found "a strong link between communities with lots of volunteering and those where people are satisfied with their lives" (ESRC 2004). This placed certain locations with high levels of volunteering activity "At the top of the happiness league".

The New Economics Foundation have developed a method of measuring well-being which includes both life satisfaction (happiness and contentment) and personal development (curiosity, enthusiasm, commitment, and embracing challenges). It has been used to measure the well-being of young people in Nottingham (New Economics Foundation 2004:3).

Valuing participant time

The costs and benefits that accrue to participants is increasingly seen as an area for further research (Jackson 1999). Where participants are paid by their employer to take part in a process it is reasonably simple get a figure for the time spent. When people take part during their leisure time the process is less straightforward.

Research done around volunteering provides some interesting options for valuing the time spent by participants. Most economic models have traditionally assumed that volunteer labour is unlimited with a zero price. However this does not reflect the reality where there is a finite amount of both volunteer labour and volunteer positions, and where there are significant costs involved in using volunteer labour (Handy and Srinivassan 2004).

The economic value of volunteering has been assessed using self-completed diaries in twelve small UK charities that used volunteer labour (primarily in the health sector) (Dobson and Gaskin 1997). Instead of using the common method of using the national average wage as a proxy for volunteer time, the research looked at two ways of measuring costs; the 'job title' approach and the actual value of the tasks performed. Both of these methods produced similar results, which were significantly lower than the national average wage. The study also looked at the time and money spent on recruiting, training, and supporting volunteers. The research found that the return per pound invested in the volunteers ranged between £2 and £8.

Handy and Srinivassan (2004) assessed the net benefits of hospital volunteers in Toronto, Canada. They claim that the costs and benefits of volunteering have become more important because volunteers today tend to be short-term, better educated, with clearer goals, and with a demand for more varied and interesting work.

In this research, managers reported what kind of work volunteers performed and for how many hours. Handy and Srinivassan used four different ways of measuring the value of volunteer time:

1. They asked a group of volunteers what they would view as a reasonable compensation for the time they spent on volunteering. The answers were

then averaged into two groups: those volunteers who held regular jobs as well and those who did not have paid work. By using these two averages on the volunteer groups of the hospital as a whole it became possible to assess the total value of the time that the volunteers spent.

2. Another method used was to combine both averages above into one sum that could be applied to all volunteers. This is obviously involved fewer steps than the method above and produced similar results. These two methods are *opportunity cost* measures of different kinds.
3. The third method used was to estimate the amount it would cost to replace the volunteers with paid employees. The problem with this method is that many volunteers provide services that, while they improved the service and care the hospital provided, would not be replaced if the hospital had to pay for them. This means that the value placed on volunteers using this method may be too high. This is a *replacement cost* method.
4. Finally there is also the *industry wage* method in which the average wage in the relevant industry is used to value the hours of work that volunteers did. Clerical work was valued according to one value, nursing activities according to another. This led to considerably higher numbers than the above three methods. The same criticism levelled against method three is also relevant for this method.

The researchers recommend method 2 as it is easier to carry out than method 1 and avoids problems inherent in methods 3 and 4. It also produces a more conservative estimate of the value of volunteer time, which the researchers think is closer to the truth. As volunteers tend to do their work in their leisure time, using wage rates (either those of their regular job or the industry average) is problematic (Handy and Srinivassan 2004, 39-40).

The European Social Fund allows bidding organisations to use volunteer time as match funding in kind. They specifically exclude project beneficiaries from this. The rate for volunteer time is either the equivalent salary rate of the organisations or one of several notional rates set by the Fund, whichever is lower (European Social Fund 2005, 60):

Role	Notional full-time salary	Theoretical hourly rate
Project manager	£29,000	£16.76
Project co-ordinator	£23,000	£13.13
Project researcher	£23,000	£13.13
Project administrator	£16,300	£9.38

The Canadian Centre for Philanthropy has developed a methodology to measure the value of volunteers. As with the European Social Fund model the valuation is based on finding paid equivalents to the volunteer positions and using these wage rates to value the time volunteers spent. The Centre suggests that average weekly earning statistics can be used if no detailed wage information is available.

Beyond this simple calculation the authors also suggest including benefits costs (pensions etc) and the out-of-pocket expenses that the volunteers incur in taking part (Goulbourne and Embuldeniya 2002).

Regional Action and Involvement South East (2005) carried out a study on the value of the voluntary and community sector in the South East of England. They estimate that the annual worth of volunteer work in the region is £932 million. They use a similar method as the European Social fund 'using an equivalent pro rata market wage rate' (ibid, 34). The questionnaire used seems however to indicate that the information about the volunteers' activities was rather broad brush.

The UK Volunteer Investment and Value Audit (VIVA) is a tool to assess and compare the value of volunteers' time in relation to the resources used to support the volunteers. It is similar to the Canadian example in that the value of volunteer time is calculated as the wage equivalent plus benefits (Gaskin 2003).

Using wage replacement costs thus seems to be the most common method of valuing volunteer time, a conclusion backed by ODPM guidance (2004a, 100).

Health outcomes

For measuring health impacts the most common measurement is the Quality-Adjusted Life Year which takes into account both the number of years (life expectancy) and the quality of life. One of the more developed methods is the EuroQoL (Quality of Life) instrument. It is applicable to a wide range of health conditions and treatments, and provides a single index value for health status. EuroQoL is based on simple self-completed questionnaires (Brooks and EuroQoL Group 1996). These measures are well established in health economics, but their specialised nature makes them less useful in situations where the benefits are wider than just health improvements.

There is also considerable research into the linkages between social capital and health outcomes showing that high social capital is linked to positive health outcomes (National Statistics 2001, 20; Wilson and Musick 1999). However, there are also studies that seem to indicate that the positive effects may have been exaggerated and are limited to more specific circumstances than has commonly been assumed (Veenstra 2000, 626).

The randomised controlled trial (regarded as the gold standard in medical research) is not very useful for testing the effectiveness of participation. While in theory it is not impossible to randomise an intervention it is complicated and beyond the resources of most organisations. Moreover, the specific context in which a process takes place has a huge impact on the results (El Ansari, Phillips and Hammick 2001, 216),

Replacement costs

Replacement costs are the most widely used form of non-market economic assessment because this is less complicated and costly than other methods. However, it is also less robust as there are often unspoken assumptions underlying what alternatives constitute a relevant replacement for the good that is to be valued. This needs to be spelled out (ODPM 2004a, 26):

"Assessments should adopt the principle that it will often be better to measure important impacts imperfectly (for example through scales or scores) rather than ignore them or focus too much on more easily quantified targets" (ODPM 2004a, 31).

2.3.5 Other Measurement Methods

Balanced Scorecard

The Balanced Scorecard is a financial management tool developed by Robert Kaplan of Harvard University. The scorecard is meant to evaluate corporate performance using additional perspectives alongside traditional financial value. Martinsons et al. (1999, 72) identify "four different perspectives: the financial perspective, the internal business process perspective, the customer perspective, and the learning and growth perspective". Since the "measurement regime has to identify the 'drivers' of performance in any situation" there is flexibility around the four perspectives within the Balance Scorecard methodology (Sagner 1998).

Researchers like Nicholls (2005, 9) find the Balanced Scorecard useful as "a clear framework for defining a causal link between non-financial performance measures and the achievement of mission". However, it lacks the comparative element to make it useful for analysis between organisations.

An adapted version of the Balanced Scorecard has been used in the UK to assess funding applications to the Adventure Capital Fund. The method received mixed reviews from the social enterprises that used it as part of the short-listing process. An evaluation of the Adventure Capital Fund found that the Balanced Scorecard needed further development to be of most use (NEF 2004, 55).

The balanced scorecard has undoubtedly widened the range of stakeholders considered in financial performance measures. However, the scorecard has been criticised for not including social and environmental concerns in the measures. Another issue identified is that despite the professed equal weighting between the different perspectives, the needs of the shareholders tend to dominate (Brignall 2002).

Social Return On Investment (SROI)

Roberts Enterprise Development Fund has developed a method called Social Return on Investment (SROI), which has been adapted for use in the UK by the New Economics Foundation. SROI is meant to measure and include the wider

social benefits that society gains from welfare interventions into standard economic assessments. The argument for this approach is that these benefits are absent from traditional cost-benefit analysis, thereby underestimating the true value of these projects (New Economics Foundation 2004b, 4).

The SROI is calculated as a traditional cost-benefit analysis with the addition of cost savings that are normally excluded from CBA. The SROI is closer to a cost-savings analysis than a cost-benefit analysis in practice, and the New Economics Foundation (2004, 14) admitted that some benefits have been excluded from analysis due to the difficulty of monetarising them. Olsen (2003, 5) identifies two major differences between cost-benefit analysis and SROI: firstly, SROI "is a practical management tool, enabling informed decision making on a regular basis"; secondly it "enables managers to maximize both social and financial benefits".

The results of SROI are presented as the economic return for each pound spent. Stakeholders are heavily involved in determining both the choice of benefits/costs and of indicators to be measured. Sensitivity analyses are carried out to determine where the break even point is, and the benefits are calculated taking into account the deadweight (the effects that would have taken place anyway) (New Economics Foundation 2004b, 5-8).

There are however some issues currently under further discussion in the development of SROI, including a limited number of acceptable proxies for monetising social value and the difficulties of separating out social operating costs from the costs (Nicholls 2005, 14), including the relative scarcity of SROI studies. The SROI is of little use on its own and, without other studies to compare with, individual studies lack a context (Olsen, 2003, 7). There is also a danger of over-enthusiastic evaluators exaggerating the positives and including impacts only partly, or not at all linked to the project (ibid, 8).

Multi-Criteria Analysis

Multi-Criteria Analysis (MCA) is a school of diverse techniques created to help decision-makers choose between different options in cases where the important criteria normally would not have been comparable. As MCA does not require monetary values to feature at all it is not an economic evaluation in the traditional sense, but as it concerns issues of value it is included here.

DTLR guidance (2000, 8) points out that MCA is not easy for inexperienced people to use, despite avoiding the difficulties of monetarisation. It requires judgments to be made about where in the process criteria are identified and selected, and the question of whose interests are relevant needs to be considered. Techniques like weighting and scoring are also based on distributional judgments and need to be made with care (ibid 10).

The advantages listed by the DTLR (2000, 17) guidance centre on the fact that the choice of objective and scores and weights (when used) are open to analysis and can be changed. When it is possible to use scoring techniques to measure all

criteria on similar scales (usually from 0-100) it is possible to produce an average score for each option (ibid, 34).

Unlike other evaluation methods that compare the costs and benefits, MCA is unable to determine if the gains of an option are larger than the costs.

Standards and guidelines

There is currently a drive to improve the recording and understanding of the costs and benefits of civil society and the voluntary sector (AccountAbility 2003, Bolton 2003, NEF 2004) as well as an upsurge in interest in social accounting with a number of companies carrying out different types of social accounts, often with stakeholder input as a key component (IFAC 2005, ACCA 2004, GRI 2002, Gray et al, 1997). Stakeholder engagement itself has been identified as an area in need of more detailed and accurate reporting (ACCA / TEC 2005) .

There are a number of standards and models developed or under development that could be useful for economic evaluations in the field of participation. Current initiatives that are relevant to the focus of this study include:

- Keystone was set up to create "a generally accepted global reporting standard for non-profit, public benefit organizations seeking social investment" and to increase the accountability of civil society (AccountAbility 2003, iii).
- AccountAbility is also developing a standard for Stakeholder Engagement, to be finalised in late 2006. The standard aims to improve "the quality of the design, implementation, assessment, communication and assurance of stakeholder engagement" within AccountAbility's AA1000 standards framework (AccountAbility 2005, 11).
- The ISO (the International Organization for Standardization) is also in the process of setting up an International Standard for social responsibility (including stakeholder engagement). The guidance standard will be published in 2008 as ISO 26000 and be voluntary to use.

As these methodologies and standards are under development it seems hasty to pass judgement on their value. They seek to address many of the issues identified in this literature review and may be useful in the future.

There are however also a number of existing models and tools.

- The Association of Chief Executives of Voluntary Organisations has for example developed a guide to costing projects in the voluntary sector (ACEVO 2005).
- A number of government bodies have developed 'Quality of Life Capital' as an approach to provide a "fair and comprehensive method for setting

out and comparing all the different plusses and minuses of different options, taking account of both expert and lay views" (CAG Consultants and Land Use Consultants 2001, 2). The method is designed to look at monetary and non-monetary impacts of environmental change, but may have transferable lessons for other sectors as well.

2.4 Findings from Economic Appraisals

Economic evaluations of participatory processes are relatively rare. There are a growing number of studies of participation, which often discuss the benefits of participation, but rarely the costs in any detail. Even evaluations of programmes that mention costs rarely compare these to the benefits directly. In general, evaluations of participation tend to focus on qualitative factors rather than quantitative ones.

Of the existing economic evaluations of participation, some focus on the impact of participation on the macro scale (see section 4.1), whereas others consider the economic impacts of individual projects (section 4.2). The latter group is larger and can be further divided according to the kind of methodology used (e.g. cost-benefit analysis, cost-effectiveness analysis etc.).

2.4.1 MACRO LEVEL

Studies on this macro level show some evidence of the wider benefits of public participation. Further research into the combined impact of public participation initiatives would be useful although the models and methods reported here are unlikely to be of much use on the level of individual projects. Also, the complexity of the econometric models used means that this is likely to remain a highly specialised field. Three specific examples are given below to illustrate the potential difficulties as well as some of the results found.

Democracy and economic growth / efficiency

The economic impact of democracy has been a topic that has interested economists for decades. A number of studies have provided widely different estimations for the effects of democracy on economic growth, with some showing a positive correlation and others showing a negative (Feld and Savioz 1997, 507).

When it comes to more direct democratic institutions (referenda, town hall meetings), compared to traditional representative democratic institutions, there is a body of evidence which seems to indicate that direct democratic structures are more economically efficient (Frey and Stutzer, 2003, 31-32). This is supported by Feld and Savioz (1997, 529), who found that Swiss cantons with more direct democratic rights on average had about 15% higher levels of economic performance.

Democracy and happiness / well-being

Some studies indicate that direct democratic structures are more desirable to citizens than traditional institutions, as well as leading to higher levels of well-being. In a hedonistic pricing exercise, Santerre (1986) traced the link between land prices in Connecticut and more or less direct democratic structures, using an econometric model. He found that property prices were significantly higher

where more direct ways of influencing decisions were present (ibid, 61). There are of course issues with causality here as it is possible that affluent communities are more prone to participation to begin with.

Bruno Frey and Alois Stutzer (1999) of the University of Zurich have studied the impact of direct democracy on well-being. Using an econometric model Frey and Stutzer compared self-reported happiness (recorded through a survey) with an index of differing levels of direct democratic rights among Swiss cantons. After discounting the effects of income, employment status, marital status and other factors on happiness it was found that direct democratic institutions seem to raise the happiness levels (ibid, 11).

Frey and Stutzer (ibid) are also able to show that the effect on happiness was three times higher among Swiss citizens than among foreigners living in these areas. This indicates that well-being is generated by the process of involvement itself and not just from any improved outcomes that participation produces (ibid, 18).

Democracy and famine

Amartya Sen (1997, 1999) has claimed that one benefit of democratic participation is the avoidance of famines. Two factors are important here: free elections (and through them the accountability of the government) and a free press (providing accurate information). According to Sen it is unheard of for famines to occur in democracies with these two characteristics, barring extreme circumstances such as war. Sen's theories fall within the framework of liberal neo-classical economics.

Critics of Sen include Rangasami (1985) who claims that Sen's view of famine as a sudden catastrophic event ignores that fact that famine is a long socio-economic process, often stretching over years where only the final stages receive the attention of the press.

2.4.2 MICRO LEVEL

Most of the work in this field has been on individual projects, either as retrospective evaluations or (less commonly) as assessments of future projects.

Cost-minimisation analysis

Many guidance documents on participatory working contain information on the costs of different methods and approaches (see for example Involve 2005, Petts and Leach 2000, New Economics Foundation 1998). Often a price range is given for various techniques without a detailed breakdown of the different components.

On the surface these analyses would seem to be cost-minimisation analyses as no quantification is done on the benefits. However, in reality the documents almost always contain caveats about the importance of the benefits and also how

participation decisions must be based on the suitability of the method and the specific context and not on the price alone.

In an evaluation for the Council for Science and Technology, Momenta (2003) reviewed past engagement projects in the fields of nuclear power and genetically modified crops. Cost was one factor that was raised. The costs varied from a Consensus Conference on radioactive waste with a budget of £100,000 (ibid, 26) to the Committee on Radioactive Waste Management with an annual budget of around £500,000.

In some cases resource issues are raised by the report. The GM Nation process had an initial budget of around £250,000; this proved inadequate and was eventually raised to roughly £500,000. The true cost is probably much higher due to unreported staff time and other 'hidden costs'. For example, the time spent on securing additional funding during the process and the uncertainty this led to was disruptive (ibid, 17). This issue of hidden costs is mirrored in World Bank experience (Reitbergen-McCracken 1996, 3). Time costs for participants are also seen to be significant and Momenta argues in favour of remunerating stakeholders for their time (2003).

According to Momenta (2003, 11) "provision up-front of adequate resources for the dialogue provides the best chance of achieving for all participants the desired outcomes. Such resources include budget and the allocation of sufficient time".

Cost-savings analysis

Five initiatives assessed using a cost-savings analysis have been identified:

- **Social return on investment (SROI).** The New Economics Foundation has tested the SROI approach on a number of social enterprises, including 'Getting Out to Work', an initiative to help young offenders to gain long-term employment in Merseyside. The analysis found that the incremental social value created by the programme was £492,000 (£4,470 per client). The return on investment was £10.5 for every £ invested (New Economics Foundation 2004b, 1).

The New Economics Foundation found it necessary to exclude certain objectives from quantification due to the high costs associated with measuring them (New Economics Foundation 2004b, 14). It seems likely that many of the objectives associated with participation will prove to be of this intangible quality which lessens the usefulness of the SROI method for assessing participation, at least until these measurement issues can be overcome.

- **Participatory research on plant breeding 1.** Nina Lilja, Jaqueline Ashby and Nancy Johnson (2004) report on a cost benefit study of participatory agricultural research. In Syria, the research costs and benefits of participative and traditional research were explored using survey data on the adoption speed of new barley breeds under different circumstances. The discounted results suggested that, due to faster adoption, participatory research leads to

faster results and up to 260% more benefits compared to conventional breeding (ibid, 29-30). The main problem with this research is that it is an ex-ante study, and the reported survey results might not accurately capture the results on the ground.

The budget of the participative barley breeding budget was shown to be only 2% higher than that of conventional breeding programmes, with 47% of the money spent on personnel costs, 30% to overheads, and 23% to operational costs (ibid, 30).

Despite being labelled as a cost-benefit study, this is actually a costs savings study because the analysis excludes some benefits, like social capital, which the authors themselves admit (ibid, 27).

- **Participatory research on plant breeding 2.** A related study of user participation and gender analysis in natural resource management research run by the Consultative Group on International Agricultural Research identified four types of additional costs for participative projects: communication and workshops, costs to participants, researcher fieldwork costs, and training costs. From the project deliverers' point of view the increase in research costs was to some degree tempered by the increase in participant time (Johnson et al. 2001, i).

The study centred around three cases from around the developing world where farmers were involved in agricultural research. In each case the participative project was compared to a counterfactual conventional research project (either based on plans put in place before the decision was made to run the project participatively or by looking at a similar project elsewhere) (ibid, 13). The research found that, for the delivering body, staff costs followed by increased travel costs were the largest resource implications of participation. For the participants, the time required to take part in workshops and other events as well as the research itself were the largest costs (ibid 43).

The most detailed case study was of a soil conservation project in Honduras that ran during the 80s and early 90s. The project attempted to promote improved soil conservation practices and was highly successful in some villages while others gained fewer benefits. In the villages where the project was most successful the soil conservation methods have been improved and adapted further. The case study was based on previous research but also field study in 2001 (ibid, 76).

The cost of the project over eight years was approximated to be about US\$400,000, three quarters of which was for salaries (ibid, 93). Despite being considerably more costly than most conventional (non-participative) projects, it yielded much higher returns in the form of increased agricultural yields. Using approximations of the numbers of hectares under cultivation using soil conservation methods Johnson et al. calculate a crude cost-effectiveness measure. The participative project cost approximately US\$208 per hectare using improved soil conservation in 2001. Data from two non-

participative projects in Honduras from the same time give cost-effectiveness measures of between US\$6,414 and US\$2,000. The participative project therefore seems to be 10 times more efficient than projects relying on top-down mechanisms (ibid, 94).

However, it is important to bear in mind that the project was named as one of the most successful development projects in the world in the late 80s by the International Institute for Environment and Development. There may therefore be unique aspects to this project and the high cost-effectiveness figures may not be completely representative for participation in general (ibid, 75), Findings seem to indicate that a high level of social and human capital in the area helped bring about the benefits (ibid, 95).

- **ODPM Study of user involvement.** An ODPM study of 15 user involvement case studies looked at the costs and benefits of the engagement. The costs were higher than compared to projects with minimal levels of participation: participative processes were found to cost between £45-60 more per household and year, which is roughly equivalent to the costs of providing CCTV (ODPM 2005b, 9). However, the report also states that "the observation that costs are generally low should not be taken to mean that user involvement can be initiated and managed on a shoestring" (ODPM 2005b, 59)

Staff time was the most significant cost with individuals "devoting considerably more of their time than they or others had intended" (ibid, 61). For example Devon and Cornwall Housing Association (8,800 properties) had an involvement budget of around £440,000 in 2002-03; similar activities in Liverpool cost around £44 per household per annum. In the Ore Valley the cost came to £54 per annum and household (ibid, 64).

This study also quantifies some of the benefits (although it does not monetarise them). For example:

- Crime rates dropped by 50% in the first year of a Policing Priority Area (PPA) in Stoke-on-Trent which took a neighbourhood management approach with strong participation. Although attributable to a large extent to another initiative, it was also due to the work of the PPA - as evidenced by falls in the crime rate in other areas to which the PPA was extended. Also, at the beginning of the PPA, there were 19 void properties on the estate; there is now a waiting list.
- INclude, in Liverpool, was a community-based organisation that took on area management responsibility for some council services and a broader role in regeneration. Since INclude had been active in the area, housing void rates had dropped from 28% to zero; and there was a 50 - 80% reduction in four key crime indicators.
- **Participation in contentious licence applications.** A Defra/Environment Agency Review of Contentious Licences (2005, 25) found that a small

number of conflict-prone licensing applications cost the Environment Agency £700,000 per year. A cost comparison between two power station licensing applications is included in the appendix. The 'Early planning and engagement' example involved fewer staff than the 'Reactive engagement' example, (5 compared to 20), took less time, produced better publicity and as a result was much cheaper (£56,500 compared to £242,000).

While the cost comparison shows that there is a potential for greatly improved cost-benefit ratios through participation, the analysis was incomplete as it excluded non-Environment Agency costs and it is unclear how representative the two examples are.

Cost-savings analysis may have some potential as a method for economic evaluation of participative projects. However, care must be taken that the results are not misinterpreted or misused. Cost-savings analyses are less accurate than most other economic evaluations and need to be interpreted carefully.

Cost-benefit analysis

Actual cost-benefit analyses of participation are, as far as we have been able to discern, virtually non-existent. No-one has yet managed to produce a study which captures all major costs and benefits in monetary terms. Excluding intangibles like social capital would only be acceptable if it could be assumed that these benefits were unimportant. Based on the literature on participation, this seems to be an untenable assumption.

Cost-utility analysis

As mentioned previously, the main instruments for carrying out cost-utility analyses, like the 'quality adjusted life year' method have been developed for use on health outcomes and do not necessarily translate well to measuring other benefits. We have not found any cost-utility studies of participatory processes.

It would be interesting to see what effect participatory processes have on well-being and happiness. However, the use of utility as the sole measure of benefits might be problematic, as it cannot be assumed that all benefits of participation would lead to happier and more contented people. Participation might build the skills of the participants, without making them feel happier, for example.

The approach of the New Economics Foundation (2004, 3) toward well-being, with a measure comprised of two different aspects of well-being (happiness and curiosity) might be a useful model for designing a more complex and accurate well-being measure.

The life satisfaction approach, as defined by Frey and Stutzer (2003) is mainly useful on a macro level and would require extensive and expensive research to use.

Cost-effectiveness analysis

Cost-effectiveness analyses are difficult to conduct in the field of public participation due to the challenge of finding a single comprehensive outcome measure to compare the costs to. However, four examples have been identified:

- **Defra consultation on the UK Sustainable Development Strategy.** The evaluation of Defra's consultation on the Sustainable Development Strategy (Thatcher 2004) included costs for the various components of the consultation. There is little information on how the costs were calculated, or what was included and excluded. The costs were compared to the number of people engaged, creating a primitive cost-effectiveness analysis. The costs per participant varied a lot, from the online consultation (£62 per participant) to the launch event (£243 per participant).

Thatcher concludes that the consultation provided good value for money, but does not specify any comparison. The launch event would superficially seem to represent poor value for money, but as Thatcher points out, the number of participants is a very crude measure of effectiveness and therefore no real conclusions can be drawn (ibid, 24).

- **River catchment plan engagement.** The Environment Agency's Ribble plan (2004) included cost estimations for some engagement options. These costs were limited to those that fell directly on the Environment Agency and did not include costs to other actors or travel costs, but did include estimations for evaluation. The report admitted that "there were big assumptions about the costs of the Agency staff involved" (Environment Agency 2004, 60).

The costs were compared to the number of people who took part, creating a per head measure of effectiveness. The web site was found to be the cheapest option at 90p per person (but this is arguably not participation at all). The vision-building events cost from £48-96 per stakeholder engaged, but were considered 'the most effective way of engaging the public', based on the experience of the staff (Environment Agency 2004, 60). This shows the limitation of the costs per stakeholder approach which really obscures as much as it clarifies when it comes to value for money.

- **Water framework plan engagement.** The Environment Agency review of this work only considers their own direct costs. In this way it is similar to most other attempts to measure costs, which only look at the most easily accessible cost information. The various options were graded according to how well they performed against four outcomes: increased understanding, finding solutions, building partnerships and securing buy-in. The resulting scores were combined in a single benefit index. Comparing the costs and the index ranking of the options showed that low cost options also produced fewer beneficial outcomes (Environment Agency 2005, 113).

Aggregating all benefits into a single ranking is a rather crude way of comparing costs and benefits. The ordinal ranking makes it difficult to see where marginal improvements can be made; in other words, the fact that the combined benefits can be expressed as a single number makes it a clear, but imprecise measure. The relative trade offs between the different benefits are unclear. In order for the index to truly be a good effectiveness measure more detailed and qualitative knowledge of the benefits of marginally improving each benefit aspect rather than high-medium-low ordinal ranking would be needed (Environment Agency 2005, 118-119).

- A simple study was carried out by Newborn and Jones (2002) who asked members of crime reduction partnerships directly what they thought about the costs and benefits of their involvement. Roughly 36% of partnerships felt that benefits outweighed costs, 41% felt that they were roughly equal and 19% felt that the costs outweighed the benefits.

Cost-consequences analysis

Two examples of cost-consequences analysis have been identified:

- **Participation in World Bank projects.** The World Bank Operations Policy Department (1994) ran an enquiry into the costs and benefits of the Bank's use of participation. The study looked at the costs and benefits, both to the Bank, to the local bodies who received loans, and to the end users with direct involvement in the projects.

Costs were measured through interviews with staff from 21 projects who were asked to compare the actual costs of the participative project with hypothetical costs from a non-participative project. In addition a statistical study was carried out comparing 42 participative projects with a control group of non-participative Bank projects (Reitbergen-McCracken 1996, 16).

The study identified staff salaries as the largest project cost to the bank, and found that on average 10%-15% more time was needed in the design phase for participatory projects. However the overall time for the programme was not necessarily longer. While participatory programmes required more supervision during the early stages, programme managers experienced less need for supervision in the later stages of the project (World Bank 1994). However, this is an average value and the costs of individual projects varied widely (Reitbergen-McCracken, 1996, 16). Other costs that the Bank reported were the risks that participation exposed the bank to. These included the uncertainty inherent in partially relinquishing control over the process and the risk that the quality of the work might be jeopardised by the participation. These risks were not quantified.

Costs to local bodies included running participatory activities, and the extra time spent in negotiations. For the end users the main costs were seen to be the added time spent in meetings and cost-sharing contributions (World Bank 1994). "The costs that limited beneficiaries' ability to participate were more often time constraints rather than financial limitations". The text goes on to give the example of a farmer representative who "was forced to rent out his land because he found it impossible to perform all the tasks of both producer and farmer representative" (Reitbergen-McCracken 1996, 24).

Benefits reported were improvements in the quality, effectiveness and sustainability of the projects. The report states that participation was "the single most important factor in determining overall quality of implementation" (World Bank 1994, 23). Participation was also shown to lead to higher rates of return and increased incomes for participants through the setting up of community structures.

However, other more recent World Bank research comments that no definitive evidence of the value added by participation exists. The evidence is "only impressionistic" and the lack of clear evidence has led to "scepticism, regarding the trade-off in value versus costs" (Aycrigg 1998, 19).

- **Community involvement in woodlands on derelict land.** This research (Countryside Agency 2004) examined a programme to turn derelict land into woodlands. Community involvement is used as part of the programme to ensure the sustainability of the initiatives set up. In order to determine the appropriate level of community engagement, a research project was commissioned that, among other things, looked at how costs compared to benefits in a number of case studies. A total of twelve sites were studied, but only five had enough cost information to warrant a cost analysis.

Community engagement was found to deliver a number of direct and indirect benefits. Direct benefits included increased awareness of the site, increased usage of the site, increased community ownership of the site, increased educational opportunities and increased external investment in the site. Following from these a number of indirect benefits emerged, including lower set-up and maintenance costs, less vandalism on the site, and an increased awareness of the site in the surrounding community. The researchers found that the long-term viability of a site was less secure if the community was not involved in the ongoing management and maintenance; this was true even if the community had been active participants in the set up of the site (ibid 7).

The study analysed the costs of five projects as total costs, as costs per hectare of woodland and as costs per local resident, creating a form of cost-consequences analysis. Of the two effectiveness criteria, cost per hectare was found to be preferable to cost per head, as the latter varied a lot depending on the demographics surrounding the site. The study

indicated that a normal range of costs for engagement was between £1,000 and £3,000 per hectare. There was also a minimum cost which was estimated at £7,000 per project. These costs were only the ones that fell to the delivering organisation directly (ibid 17-18).

Multi criteria approaches

One study by Walid El Ansari and Ceri J. Phillips (2004) looks at the costs and benefits for participants in health and social partnerships in South Africa (most studies tend to focus on the gains and losses for delivering bodies). The research included a survey of over 600 members of partnerships and asked them about a number of issues related to costs, benefits, satisfaction, commitment and ownership. The graded responses on each issue were then aggregated to create an index for the five issues. Survey responses were separated according to whether they were highly active or more passive in the partnership (ibid 38-39).

Statistical analysis of the results showed that those who viewed the partnership more favourably, and were more involved, reported more benefits. Costs first decreased with more intense involvement in the partnership and then once they reached a cut-off point they started increasing again (ibid, 42).

El Ansari and Phillips also found an apparent paradox in that the participants' reported view of the cost-benefit ratio did not match the cost-benefit ratio that could be inferred from their other answers in the survey. In this case the participants consistently viewed the cost-benefit ratio as less beneficial than their reported costs and benefits would indicate. Those who reported that a roughly equal cost-benefit ratio reported benefit levels that were 43% higher than the costs. For participants to feel that the benefits exceeded the costs, the perceived benefits had to be 60-80% higher than the perceived costs. This indicates that the cost levels might need to be significantly lower than benefits, or the benefit levels higher, in order for participants to feel happy about their involvement (ibid, 43-44).

This paradox might be caused by some costs being felt more acutely. The alternative uses of participant time might have better cost benefit ratios than the partnership work, further affecting the perception of the cost-benefit ratio. It is also possible that personal and organisational costs and benefits differ, creating the paradox.

2.5 The Costs and Benefits of Participation

2.5.1 Introduction

This section examines the costs and benefits of participation from the perspective of the general literature on participation, rather than specifically from the economic assessment perspective. It is presented in relation to the potential costs and benefits of participation rather than in relation to specific assessment models. The current literature on evaluating participation, and potential indicators, are also covered.

There are various categorisations of the costs and benefits of participation in the literature. Chinman and Wandersman (1999, 48), in a review of the literature around costs and benefits of volunteering, found "three primary divisions of benefits and costs of participation" that appeared in one form or another in most of the literature that they termed:

- material (tangible, monetary rewards or costs);
- solidarity (intangible rewards or costs based on group membership, e.g. personal recognition); and
- purposive (intangible benefits or costs linked to the pursuit of goals).

Chinman and Wandersman found that solidarity and purposive benefits were the most commonly cited in the literature reviewed.

Others categorise the costs and benefits according to who the 'beneficiaries' of participative activity actually are, and the extent to which they gain from the experience. The beneficiaries may include those running projects, the users of the facilities or services developed and participants in the process, as well as those who live locally and benefit from wider, less tangible improvements in community safety, pride and spirit.

For those most directly involved, a range of quite tangible benefits have been identified (see below), especially in developing personal skills and confidence and in dealing with public institutions in ways that lessen damaging feelings of powerlessness and alienation. New social relationships are also seen to lead to benefits such as improved social status and an increase in hopes and aspirations (perhaps to learn in more formal settings), as well as more immediate practical benefits such as improved access to local services and involvement in wider networks that may allow access to further training and employment opportunities. All these benefits depend on a satisfactory experience of involvement, which essentially requires giving participants some evidence that they have made some difference.

Irvin and Stansbury (2004) on the other hand, divide the benefits of participation into four categories, depending on whether the benefit accrues to the government or to the citizens and whether or not the benefit is related to the process or the outcome.

Burton et al. (2004, 29) claim that "local residents do not always share the perception of some local professionals about the purpose of involvement. Officials may feel that the primary benefits of involvement lie in the personal development of community activists. However, it is likely that the priority for local people is to achieve policy or service or other tangible gains for their area". Jackson (1999, 10) defines citizens as "probably the most result-oriented stakeholders".

Manring (1998) makes a useful distinction between the individual and organisational costs of participation. In her study of Alternate Dispute Resolution in the US she found that participation saved time on an organisational level, but it also incurred high costs in the form of time commitments and social disruption for those personally involved in the delivery of the participation.

These, and other benefits and costs of participation identified in the literature, are analysed in more detail below.

2.5.2 Benefits of Participation

The benefits of participation have been identified partly in response to the problems / disbenefits of previous approaches (e.g. regeneration or poverty alleviation), as well as in terms of political shifts in approach. The literature suggests that there are three areas where benefits have been identified - the efficiency and effectiveness of projects and programmes, the quality and legitimacy of decision-making, and the benefits related to citizenship and governance (although these clearly overlap in many cases).

Efficiency and effectiveness of services, projects and programmes.

The benefits of participation here tend to be based on findings that conventional, externally driven and expert-led services, projects and programmes to tackle complex problems (e.g. health, urban decay, poverty and inequality, agricultural productivity, environmental management), have often failed to achieve the significant long-term effects sought (e.g. OECD 2001, Hastings et al. 1996); often because physical improvements were not valued or maintained locally, and the necessary long-term changes in individual people and social structures did not materialize.

By contrast it is argued that, "Community participation is vital in ensuring value for money in public services. Services designed and delivered without community input risk wasting public money because they will be unused or underused if they are not what people need. Local people must have the opportunities to identify their needs and contribute to finding solutions, rather than feel powerless in the face of public authorities that deliver services on their behalf" (NAO 2004).

The benefits of participatory approaches for efficiency and effectiveness are seen to be (e.g. (ODPM 2005, ODPM / HO 2005, NAO 2004, ODPM 2002, PIEDA 1995, Wilcox 1994), for example:

- **Innovation and creativity.** Participation often involves processes that allow for the development of new ideas between sponsoring agencies and other stakeholders, helping to develop innovative approaches that may create better solutions.
- **Avoiding conflict.** Participation at an early stage to identify problems and solutions with stakeholders is seen to reduce, or avoid altogether, conflict at a later stage and thus reduce associated costs and delays. This reduction in conflict is perhaps the most common cost-saving benefit attributed to participation in the literature (Irvin and Stansbury 2004, Rydin and Pennington 2000, Marshall 1999).

Conflict can be extremely expensive: DEFRA and the Environment Agency (2005, 4) estimate that around 5% of all permit application took in excess of 500 hours work to process and 1% took over 1,000 hours. Litigation especially can be very costly, and any reduction here can mean substantial savings. In addition, by moving away from grid-locked positions and towards consensus, participation can save time (Irvin and Stansbury 2004).

However Irvin and Stansbury (ibid) point out that "if litigation is unlikely, an elaborate public participation process may in fact pull resources away from the agency's mission" (Irvin and Stansbury 2004, 58).

- **Access to new resources.** Participation is seen to potentially release and bring in additional resources not available to purely public or private initiatives (e.g. funding for community projects from charities). Participation may also create the leverage that can release goodwill and volunteer effort (increased involvement of volunteers). Costs may be saved by participation too, for example through cost sharing with other organisations for example (Countryside Agency 2004).
- **Continued development / maintenance.** It is argued that people are more likely to maintain a project's dynamic and continue development if they have been involved in decisions about setting it up. More simply, developing local ownership is said to mean that local people are more likely to look after something they have been involved in creating (e.g. less likelihood of vandalism to physical improvements; lower costs for maintenance).

The Countryside Agency (2004), for example, points to the contribution of volunteer labour in maintaining regenerated green space. Jackson (1999) points to the World Bank's experience of decreased management costs in the later stages of participative projects compared to non-participative projects.

- **Better quality outcomes in service delivery, projects and programmes** (NAO 2004; Burton et al. 2004; Johnson, Lilja and Ashby 2001; Jackson 1999) are seen to be delivered by participatory approaches providing:

- **Information and expertise.** In local projects, local people can bring local knowledge, so projects are more appropriate to local circumstances, needs and aspirations. Programmes can be adapted to local circumstances so scarce resources can be used more efficiently. Increasingly at wider levels than the local, stakeholders generally are understood to bring a range of different knowledges that contribute to the quality of the project.

According to Rydin and Pennington (2000, 155) "the public hold key resources of knowledge that policy actors need to achieve policy goals". Jackson (1999) also claims that the knowledge of "poor citizens" is undervalued in normal decision-making. For Le Quesne and Green (2005, 16) improved information flows reduce "information collection costs while allowing for the identification of better targeted solutions and measures".

- **Increased public awareness and understanding.** Where citizens have a greater say in an issue they are more likely to get informed about important issues (Benz and Stutzer 2004). This reduces the incentive towards rational ignorance which Rydin and Pennington (2000, 159) put down to the fact that "In many cases however, where the impact of individual participation in the policy process is uncertain and small, then it is simply not worthwhile becoming informed about the relevant policy issue".

In addition, better information can help weed out any unfeasible option at an early stage, thus improving the likelihood of success (Johnson, Lilja and Ashby 2001).

- **Sharing responsibility.** Some policy areas / public services need the involvement of the target groups to be successful (e.g. health services need the active engagement of the patient in their own treatment to be successful, especially in preventive measures and changes in behaviour). This has been termed 'co-production' (and see below) (Marshall 1999, ODPM 2005b).
- **Increased use.** Participation usually leads to improved use of facilities / services because they are more closely based on people's needs and expressed wishes.
- **Staff morale.** In some cases participation can increase the morale and enthusiasm of the staff leading to more productive working relationships (ODPM 2005b, 2). However, there is also research, which has shown opposite tendencies (Manning 1998).

Many of these practical benefits are for the sponsoring agency. Clearly, participation also has to have substantial benefits for the people who join in institutionally promoted programmes, or their participation will be very limited.

These benefits may be described as personal, developmental and transformative (ODPM 2005, ODPM / HO 2005, Drijver 1990, Mostyn 1979, Oakley 1991, Wilcox 1994) and may include:

- **Confidence and skills.** Skills learned through participatory action have been identified as helping to improve people's lives, and be used in the wider community. This may be described as 'capacity building'¹ (e.g. Jackson 1999) and 'empowerment' by others (e.g. Irvin and Stansbury 2004). A similar empowering effect at a community level is also raised by other sources (Rogers and Robinson 2005).
- **Health and well-being.** Positive health benefits from active participation have been identified by various authors, ranging from lower reported ill health to positive health effects (Rogers and Robinson 2005, HEMS 2000). (See also section on the health benefits of social capital: 5.2.3).
- **Trust and relationships.** Involvement is seen to build understanding, trust and confidence, which can improve relationships with public institutions as well as between individuals and groups locally.
- **Access to more learning and other services.** Participatory initiatives can create easier and lower cost access for local people to education and other benefits both through local institutions which may be newly established or changed through local action, and by increasing knowledge about opportunities and access.
- **Greater self-reliance.** Participatory action is seen as potentially able to reduce dependency and improve self-reliance, increasing self awareness and confidence and enabling people to take greater control of their own lives.
- **Direct economic benefits:** participation is seen as able to increase access to cash and other resources to support the projects people want to do.
- **Non-material benefits:** social status, social pressure, interest, a wish to learn, and satisfaction from helping with a wider cause or issue have been identified as benefits.

However, this review has found little direct recent research on how the individual benefits of participation motivate involvement. This could be an area for further research.

¹ Capacity building has been formally defined as "activities, resources and support that strengthen the skills, abilities and confidence of people and community groups to take effective action and leading roles in the development of their communities". Taken from *Firm Foundations*, Home Office, December 2004.

Quality and legitimacy of decision-making

Modern decision-making takes place in a complex, constantly changing context that demands different ways of making and implementing decisions. Traditional values of respect for authority and expertise have diminished generally in Western society, and perceptions of increased risk (often highly individualised and dangerously unquantifiable (Beck 1992), lack of trust and uncertainty, characterise relationships between government and citizens. This has changed the relationship between people and many institutions, to the extent that people trust university research centres and environmental groups far more than Government departments or business and industry (NCSR 2001). In addition:

"People display a pronounced degree of fatalism and even cynicism towards the country's public institutions, including national and local government. This is reflected in an apparently pervasive lack of trust in the goodwill and integrity of national government, and in doubts about the ability or willingness of local government to achieve positive improvements in the quality of people's lives (not least because local authorities' powers are seen as diminishing)" (Macnaghten et al 1995, 3).

Civic institutions (government and its agencies but also others) cannot operate without the consent of the people: they need legitimacy to do their work on people's behalf. This credibility has been severely damaged in recent years, as evidenced by falling electoral turnouts and growing hostility or, more likely, apathy: "There are signs of a new cleavage between two social classes: the privileged 'decision makers' and the 'administrators', the majority of the population ... the typical reaction to this situation is indifference or aggression" (Dienel quoted in Stewart et al 1994, 9).

According to Marshall (1999, 11) "the capacity of top-down governance (...) has become outflanked by (...) new social and environmental problems". Problems are often either local or global, making the governing institutions at the national level seemingly ill-suited to deal with them.

Another linked factor is that the "boundaries between sectors of life and different institutions have become increasingly blurred" (Stoker 2004, 4), which means that for example better health outcomes or lower crime can no longer be left to the medical profession or police respectively. Instead the intended beneficiaries need to be involved in bringing about these beneficial outcomes. Some claim that the achievement of many goals depends on the actions of others and without their consent the achievement of these goals is impossible. Participation would therefore become a necessity in some cases where the government requires co-operation and lacks the capacity to coerce (Le Quesne and Green 2005).

Participation is seen as being able to repair the damage by creating new relationships of trust between government and citizens, partly as a result of improved communications and greater understanding on all sides (Rogers and Robinson 2005, Burton et al. 2004, Countryside Agency 2004, Rydin and Pennington 2000, Jackson 1999). By allowing direct communication and

information exchange between parties, participation has the potential to reduce the transaction costs of decision-making dramatically (Le Quesne and Green 2005, 16).

The survey of public participation in local government, published by ODPM in 2002, found that 'better decision-making' was the second most important benefit of public participation identified by respondents (after improvements in services).

Participation is thus seen as being able to deliver the following benefits in this field:

- **Appropriate decisions.** It is argued that more accurate and representative information about the needs, priorities and capabilities of local people, including better feedback on existing programmes from existing and potential 'users', can be obtained through participatory mechanisms (especially deliberative mechanisms that allow thinking to be developed) than through conventional information gathering exercises.
- **Legitimacy / support for decisions.** In contrast to the 'decide and defend' approach to decision-making which has characterised some institutions, participation can allow support for a decision to be developed with stakeholders before it is formally taken, reducing the need to 'market' decisions after the event and increasing the 'legitimacy' of the decision through overt public support. Being able to have a say can also improve implementation as a feeling of ownership over the results of a process can lead to less conflict in the implementation stage (Burton et al. 2004, Countryside Agency 2004). However, participants are often quick to withdraw from projects if they feel that promises have not been delivered. Participants actively assess costs and benefits of participation (without necessarily thinking in these terms) (Countryside Agency 2004, 12).
- **Accountability to the public.** Participation can build on the formal systems of accountability exercised through representative democracy by enabling citizens to hold elected representatives and others more directly accountable through face-to-face discussions. An alternative way of looking at the accountability benefits of participation is that accountability is more widely shared, as more people are involved in the decision.
- **Inclusion and cohesion.** Carefully designed and implemented participation can create mechanisms and institutions that can enable marginalised groups and often excluded groups to be brought into the decision-making process, reducing the divisions in society by bringing excluded groups into the mainstream of society and community (ODPM 2005, ODPM / HO 2005, Home Office 2005, NAO 2004, SEU 2004, Stewart 1996, LGA 2002).

People who are excluded from decision-making may well have relevant new information or knowledge to contribute to a decision (Burton et al. 2004). Some also speak of participation as a way to engage with hard to reach groups as the structure of participatory processes can be both less

intimidating and more engaging for marginalised groups than conventional formal processes (Burton et al. 2004; Stoker 2004).

- **Meeting public demand and expectations for involvement.** Even the most traditional institutions have long recognised the need to meet public demand for involvement: "local people and visitors increasingly expect to be able to have a direct influence in protecting the places they most value" (National Trust 1995, 1). This is often even the case when the places in question are in people's backyard.

Actually measuring the quality of a decision is very difficult, and the exactly opposite claim is sometimes made about participation: namely that participation leads to uninformed and/or selfish decisions (see below). Scientists in particular are often worried about the quality of the decisions produced by participation, especially in areas of science and the environment where the issues are very technical. Their fear is that, by involving people who know very little about the scientific issues, decisions will be made with unanticipated and detrimental effects to society as a whole and on the basis of what is seen as the public's irrational fear of risk.

Beierle (2002) conducted a case survey of evaluations of stakeholder-based processes over the last two decades, and concludes that the evidence is that most of these processes have actually led to better and more informed decisions. Other benefits evident in the majority of cases was mutually beneficial solutions arising from the process, and new information. The more intense and deliberative processes were more likely to produce these beneficial outcomes than more traditional approaches.

Citizenship and governance

The participation literature has increasingly focused on the citizenship aspects of participation, particularly the 'rights and responsibilities' that citizenship entails (Jones and Gaventa 2002; Home Office 2004).

People respond differently depending on whether they are acting as consumers or citizens or co-producers (and look for different benefits):

- **Consumers / customers** are the direct and indirect users of the public and private services and products that are ultimately designed to serve communities. This is more than a simple commercial relationships: "the quality of public goods and services is highly dependent on the trust between the provider and user of that service" (Skidmore et al 2003).
- **Co-producers** are those who share responsibility as well as rights to good quality services. Citizens are not simply the passive recipients of services delivered by the state on their behalf and "in fact their consent and active participation is crucial to the quality of goods and services they receive ... they are best understood as being 'co-producers', citizens and the state working together" (ibid).

- **Citizens** are those operating in the political sphere where decisions are made about priorities and resources, taking into account the needs of others on public (not personal/private) goods and benefits. People "think and act differently as citizens than we do as consumers" (ibid). Decisions about public goods and public value are inherently political contests and require the public to engage as citizens and not only as consumers.

The literature suggests that public institutions also see the difference between consumers / users of public services and citizens (Barnes 1999). Barnes suggests that the institutions may be committed to the ideas of user involvement, but resist the idea that organised user groups are stakeholders in an increasingly complex system of local governance. As a result, institutions saw user group participation as merely representing user involvement and as a route to enabling people to become more effective users of services, rather than perceiving it as an active citizenship.

Moreover, the experience of taking part in decisions is supposed to spread the idea and practice of democracy in areas where democratic institutions are weak or undeveloped (Jackson 1999) or to revitalise existing democracies (Rogers and Robinson 2005). One specific example is the New Deal for Communities election in the West Gate area of Newcastle that had a higher turnout than for local elections (Burton et al. 2004, 26).

The benefits from this aspect of participation tend to be characterised as:

- **Active citizenship**, in which people take a more active role, and a greater responsibility, for the well-being of their community / society. This may be manifested in all sorts of ways from volunteering to campaigning. Here, citizenship is used as a policy concept to link rights and responsibilities. The 'rights' argument for participation is well established in the participatory literature; a view that can be summarised as: "Forgotten somehow is the fact that participation in the institutions which shape one's life is not a gratuitous privilege, but a basic right" (Kasparson, quoted in Hallett 1987, 5).
- **Stronger communities.** Active citizenship is often seen as an end in itself but is also linked to wider benefits such as civil renewal and the development of stronger communities as community members (citizens) take more responsibility for local quality of life, and work together to achieve it (e.g. Skidmore and Craig 2004, CRU 2004, NAO 2004) (and see inclusion and cohesion above).
- **New organisations and structures.** Participation can lead to the establishment of a wide range of new groups, organisations (e.g. development trusts), formal partnerships and other mechanisms that can enable and support continuing public participation (e.g. World Bank 1994; Oakley 1991; Warburton and Wilcox 1988).
- **Behaviour change.** Changing people's behaviour, attitudes and values has become a growth area in public policy analysis (Cabinet Office 2004,

Darnton 2004, Dobson 2004, Green Alliance 2003, Lindblom 1992), as government shifts from delivery to enabling, and recognises that effective public service outcomes depend on the close involvement of those they are designed to serve (e.g. improve health outcomes through lifestyle changes such as diet, stopping smoking, taking exercise etc). It is linked to considerations around citizenship (see above), especially linking rights and responsibilities. Participation in collective local action is seen in the literature as a mechanism that allows individuals to test ideas about changing behaviour, groups providing support for 'normalising' behaviour change, and encouraging involvement in decisions that are in the public interest / common good.

- **Trust and social capital.** There is significant evidence that trust and social capital are greater among those individuals and communities that actively participate in local governance and other collective activities (Rogers and Robinson 2005, Burton et al. 2004, Irvin and Stansbury 2004, Stoker 2004, Johnson, Lilja and Ashby 2001, Marshall 1999).

Participation is seen as a creator of social capital but, as Jackson (1999) points out, participation in turn "also requires certain levels of social capital" in order to be possible.

Social capital

- Social capital consists of the networks, norms, relationships, values and informal sanctions that shape the quantity and co-operative quality of a society's social interactions
- Three main types of social capital can be distinguished: bonding social capital (e.g. among family members or ethnic groups), bridging social capital (e.g. across ethnic groups) and linking social capital (between different social classes)
- Social capital can be measured using a range of indicators but the most commonly used measure is trust in other people.

Directly quoted from Aldridge and Halpern 2002.

Increased social capital is seen as able to act as a buffer against socio-economic disadvantage by reducing the effects of lack of economic resources (Campbell 1999), can improve self-reported health outcomes and reduce health inequalities (Cooper 1999; HEMS 2000), and help create "high levels of growth in GDP, more efficiently functioning labour markets, higher education attainment, lower levels of crime, better health and more effective levels of government" (Aldridge and Halpern 2002).

The ONS review (2001, 20) adds improved longevity, income equality and less corruption, as well as arguing that "social capital may act to buffer the effects of social stress and that its presence might generate a sense of well-being and belonging". Rogers and Robinson (2005) agree with Aldridge and Halpern (2002) and the ONS (2001) about the benefits of social capital for economic growth, and add reducing fear of crime (as well as actual crime), increased employment, as well as increased trust in public institutions as one of the proven benefits of participation.

However, social capital is not without contention. As Rydin and Pennington (2000, 161) point out "the claims made for social capital vary greatly", and Servon (2002, 2 and 3) points out that "it remains very difficult to operationalise social capital for the purpose of quantitative analysis" and that "it has come to mean different things to different people".

Social capital has been described in numerous ways (in addition to the definition taken in this study and cited in the box above. It has been defined as 'social energy', 'community networks', 'social resources', 'social glue' (ONS 2001, 6) and also as a "web of co-operative relationships between citizens that facilitates resolution of collective action problems" (Veenstra 2000, 619).

The latter definition hints at the assumed economic effects of social capital. According to the ONS literature review on social capital (2001, 7) social capital can enhance "economic achievement through increased trust and lower transaction costs". The view that the primary economic

effect of social capital comes from reducing transaction costs is shared by, among others, Weinburger and Jütting (2001).

In terms of its role in assessing participation, it is worth noting that social capital differs from other forms of capital in a number of ways, and there appears to be a certain amount of consensus in the literature about the following differences:

- Social capital is non-rivalous (Servon 2002): one person's use of social capital (trust etc.) does not hinder anyone else from using it. This quality makes social capital a public good (ONS 2001) and it is therefore subject to the risk of free riding.
- Social capital does not deplete with use like other forms of capital (Servon 2002).
- "Despite some ambiguity, social capital is generally understood as the property of the group rather than the property of the individual. Hence the most common measures of social capital examine participation, e.g. membership of voluntary organisations" (ONS 2001, 14), although this measure has been seen by some (ibid) as limited and one-dimensional. The analysis of social capital as a collective asset is supported by Servon (2002).

There are also some negative findings on the social capital outcomes of participation. Social capital can be destroyed as well as created by a badly run participatory process that might result in reduced trust, anger and resentment, dividing communities and leading to greater conflict (ONS 2001). In addition, a participatory process might lead to increased social capital among already highly-experienced groups to the detriment of those who are unable to participate on equal terms. The claim is sometimes made that participation is actually creating a new elite of well-networked 'professional' participants. More seriously, undesirable 'communities' (e.g. criminal organisations) also rely on high levels of internal trust and can benefit from the development of social capital among their members (ONS 2001).

There are also studies that argue that there are no significant correlations between social capital (as measured by social engagement in voluntary associations) and health outcomes (Veenstra 2000). In addition, Knack and Keefer (1997) studied the effects of social capital on economic performance using international data on trust and social norms and found that membership in formal groups, one of the more popular measures of social capital, was neither correlated to trust or economic development.

2.5.3 Costs of Participation

There is far less literature on the costs of participation, although there is material on the dangers, risks etc. Against the tide of a generally positive view of participation, political commentators are beginning to criticise participation as an expensive waste of time and money and as increasing the risk of pressure from specific interest groups operating from selfish and uninformed positions (e.g. Parris 2005 and Taverne 2005). The backlash against NIMBYs, when they 'participate' to oppose something seen as 'for the public good' (e.g. wind farms and other new developments) has become vociferous (e.g. Lock 2005).

In addition, one of the main reasons for participation initiatives not matching up to the expectations of those seeking greater effectiveness and efficiency is the rhetoric/practice gap (Cooke and Kothari 2001), in which the fanfare that accompanies a participative process is not matched by the actual opportunities to participate or the eventual influence of the process. There are three dominant factors underlying the rhetoric-practice gap, often symptomatic of an inexperienced or naïve approach to participation:

- The focus on involving large numbers of people can drive an over-enthusiastic marketing of the process (e.g. "your opportunity to save the world", when in reality you may be simply informing a local policy); or
- The will and commitment to promote participation being greater than the individual and organisational capacity to make it effective; or
- The interest in participation not being matched by a willingness to actually change anything as a result.

Other issues identified around badly-run participative processes include:

- The cumulative effects on multiple forms of participation can be a cost, in the form of 'over-consulting' and 'engagement fatigue' (Newburn and Jones 2002, 52).
- Poor reliability in one project can grow into a general lack of trust (Collier and Orr 2003, 4)
- A weakness in many participative programmes is that they rely on short-term funding and depend on the will and enthusiasm of individual champions. (ODPM 2005b, 7)
- Lack of support for participation workers has been identified as a constraint that can jeopardise the benefits of participation. Effects of resource constraint include:
 - Team leaders sometimes hire less expensive staff or consultants.

- Complex projects are given the same budget as those that are simple.
- Sometimes technical specialists are excluded; social scientists may be the first to get cut.

An additional problem is the amount of time required of staff to find the additional resources required to make participation work properly (Aycrigg 1998, 18).

However, while these are dangers associated with a poor participatory process, rather than actual 'costs', there are also specific costs associated with poor processes, which are both absolute (e.g. conflict generated by a bad process which costs staff time to deal with), and relate to benefits not gained (e.g. no buy-in and ownership by local people).

Direct costs might include (InterAct 2001; Oakley 1991 and others listed below):

- Staff costs will be generated. Extra (and different) staff may be needed to support participation. Training for staff may also be needed. Participation can take up calendar time (to allow days, weeks, months for participants to come back with comments / become active); and staff time that cannot be spent on their usual work. It is a "major cost" (Jackson 1999, 8) identified by numerous sources (Countryside Agency 2004, Lilja, Ashby and Johnson 2004, Jackson 1999). Irvin & Stansbury (2004, 58) identify the "heavy time commitments that citizen-participation processes require" as the main reason why participation is "arguably more expensive than the decision making of a single agency administrator".

The staff costs are likely to be increased if external expertise is brought in to run or advise the project (Jackson 1999). Manring (1998) points out that there is a difference between time measured in man-hours and calendar days, both of which entail different costs. Participation might lead to quicker decisions, but might well require more intensive work for those directly involved.

- Event costs (rooms, refreshments, payments to participants).
- Publicity (for the process overall, special events etc).
- Exhibitions, reports, leaflets, websites etc.

Other dangers identified in the literature related to costs include:

- Shifting the burden of cost to participants, including:
 - Participation may hide the fact that less money is available by shifting the burden on to the voluntary effort of local people (Hallett 1987).

- In times of resource constraint, voluntary effort can be seen as the one infinite resource and over-exploited (Taylor 1995).
- Participation in major projects may overload local people who become expected to do for free what professionals are paid to do (Taylor 1995).
- When consulted, people may oppose the initiative (Oakley 1991, 14), which may generate costs in managing next steps of the engagement process.
- Participatory mechanisms may be unpredictable and therefore difficult and costly to manage (Oakley 1991, 14).
- Participants may prove to be emotive and irrational, or ignorant of complex situations (Burton et al. 2004) and may as a result make poor quality decisions (Irvin and Stansbury 2004). In addition, the drive to create common ground and reduce conflict may lead to outcomes which are sub-optimal (Coglianese 2001).
- Those involved in participative projects rarely reflects the population at large in spite of often being used / seen as 'representative'. Instead it may be those groups who feel the strongest and/or have the most to win or lose that get involved (Irvin and Stansbury 2004). The feeling that participants tend to act in a subjective and self-interested manner is widespread in some sources (Burton et al. 2004, Sanders 1997, Rhoades 1998, 7, Rossi 1997, 174, and Rydin and Pennington 2000, 158) warn of the frequent capture of participation efforts by special interest groups, often to the detriment of the wider community.
- According to Marshall (1999), there is a risk that participatory processes will become over complicated and retain the status quo.
- Jackson (1999) emphasises that many participatory processes are troubled by uncertainties and delays. Others have raised the issue of expectations raised by participation but which are then not fulfilled leading to cynicism and burnout (Countryside Agency 2004)
- Participatory mechanisms are seen as potentially coming into conflict with and undermining the power of existing democratic structures (NLGN 2005, 12).
- There are also other important risks, including the following:
 - **Reputations.** Everyone involved in participation is risking their reputation, whether in the design and delivery of the participatory exercise, the willingness to participate at all, and the willingness to abide by the results (if that is appropriate to the technique used);

- **Failure to deliver on promised outcomes.** Even where the desired outcomes seem clearly defined from the start, decision-makers may refuse to accept the outcomes;
- **Uncertainty.** Project managers who 'give away' a degree of management control of their project through encouraging participation have to deal with a level of uncertainty in terms of delivery of agreed products (World Bank 1994).
- **Relationships.** A poorly run process can damage relationships between all those involved - although participation can increase social capital and build capacity if designed to do so, bad participation can damage relationships and undermine confidence.

If the process is managed well, all these risks could translate into benefits rather than costs, but that depends on the quality of the process.

2.5.4 Evaluating Participation

There has been very little evaluation of the costs of participation, although this is not the only area in which this is the case. As a relatively recent study of 'what works' in evidence-based policy and practice in public services (Davies et al 2000, 3) concluded, this lack of evidence "reflects the infancy of cost-effectiveness and cost-benefit analyses in the public sector, and the relative paucity of activity in this area". Irvin and Stansbury (2004) claim that "It is a matter of concern that very significant amounts of public money are invested in community involvement with little evaluation of success or good practice having being carried out or disseminated" (Irvin and Stansbury 2004, 17).

When evaluation has been done, the drivers have usually been associated with increasing public confidence (and thus political investment), principles of openness, transparency and accountability, to learn from experience and to improve practice, to show what works when, to demonstrate the 'value' of participation, and sometimes to extend involvement through continuing participation in the evaluation process.

The number of large scale evaluations of participatory working in major UK public policy areas has grown in the last couple of years, especially in regeneration policy (e.g. ODPM /HO 2005, ODPM 2005b, ODPM 2004b). Apart from these, while the benefits of participation are increasingly articulated, the costs are still not covered in any detail at all (beyond, for example, overall investment in the programme, or funds that may be available locally).

The methodologies for evaluating participation are still in their infancy, but there are some relatively recent general social science-based evaluation methodologies that have been contributing to thinking in this area. In passing, it is worth noting that the social science perspective is now being seen as offering specific strengths in relation to the 'natural science' perspective, which leads to some

potential for considering the qualities that social science methodologies could bring to the evaluation of participation alongside a conventional economic analysis (see section 2.4 for more on economic thinking in this area).

The social science perspective explicitly recognises the particularity of context (including constantly shifting policy and political contexts and resource constraints), the complex dynamics of the social world (including human motivations as well as social institutions) and the heterogeneity of settings for decision making. Social science methodologies can bring in issues such as (GEC 2000):

- uncertainty and complexity
- recognition of a diversity of 'publics' with diverse values, knowledges, cultural identities
- creating different ways of framing environmental risks and potential strategies to resolve problems
- recognition that different sectors have different abilities to tackle problems
- recognition that trust is a vital element in public perceptions of science and institutions, and that the development of inclusionary processes can help revitalise trust in science and policy.

The *process* of evaluating participation can be as important as the *product*. Research for the local government Improvement and Development Agency (IDeA) in the UK, on poverty and social inclusion programmes, suggests that the approach to evaluation should reflect the objectives / values / criteria of the programme being assessed, e.g. participatory methods of evaluation for participatory programmes (Alcock et al 2000).

In the same way as participatory initiatives may be instrumental or transformative, so evaluations of participation can have similarly divergent outcomes. Hunt and Szerszynski (1999) suggest some of the tensions that can result between instrumental and transformative objectives for evaluations, including between problem-solving and relationship building approaches, cultural empowerment and structural change, digestibility and authenticity (i.e. between preserving the authenticity of participants' own words and creating outputs which can be digested by institutions in the form of reports and recommendations, requiring 'translation'), ambivalence and consistency (recognising shifting policy and political contexts while also coming to some general conclusions which can be meaningful to decision makers). Such tensions need to be addressed in designing appropriate evaluation processes, to avoid overloading exercises with multiple objectives and outcomes that they cannot deliver.

There is clearly a distinction between evaluating participation and participatory evaluation (the latter potentially done of a non-participatory programme). But even when a participatory approach to evaluation is considered appropriate, further tensions arise. Firstly, it has been suggested that all evaluations are participatory, because they need to at least take into account the views of users, beneficiaries, stakeholders etc (Rebien 1996), but the degree to which they are participatory varies. Arnstein's ladder of levels of participation (Arnstein 1971)

can be used to analyse the levels of participation in participatory evaluation, as well as in participatory exercises themselves, as Arnstein's analysis addresses the issues of power and control. In evaluation of participation, the key questions are around value and judgements (Alcock et al 2000), and the issues of power and control arise in addressing whose assessment of the work is valued and why and how that value is measured: what Robert Chambers summarised in the question 'whose reality counts?' (Chambers 1997).

There are four approaches to evaluating participation that are currently much in evidence:

- **Fourth generation evaluation.** First generation evaluation is seen to be about measurement by a 'technical' evaluator; second generation about describing patterns of strengths and weaknesses by an evaluator operating as a 'describer' (and covering technical aspects); the third generation about judgement, with the evaluator operating as a 'judge' (as well as a describer and technical). Fourth generation evaluation is 'responsive constructivist evaluation', which is essentially 'participatory evaluation' in which the evaluation's parameters and boundaries are set through an interactive negotiated process with stakeholders (Guba and Lincoln 1989).
- **The 'theory of change' approach** (which has been used in community development) is essentially a participatory planning process in which the goal is to generate a theory of change which is plausible, doable and testable and which makes explicit the pathways of change the project is expected to follow. Here, theorising happens in advance and is then tested as the process unfolds, through 'theory surfacing' rather than imposing theory on a body of data (Connell and Kubish 1996).
- **Realistic evaluation** (Pawson and Tilley 1997) is designed to deal with real problems in social policy and programmes, based on the scientific realist philosophy (i.e. goals of objectivity and detachment without taking oversimplistic positivist approaches), in order to inform realistic developments in policy-making that benefit programme participants and the public. The basic realist formula is: context + mechanism = outcome.
- **The InterAct model** (InterAct 2001), which is a simple practical framework and checklist for evaluating participatory, deliberative and co-operative ways of working, to provide some immediate support to practice, and to increase the sharing of information about methods. It provides a basic checklist covering both what needs to be examined when evaluating participatory processes, and how it should be done.

Tim O'Riordan suggests that "The best evaluation is instructive, collective, continuous and appropriately correcting" (O'Riordan 1999). And the ideal situation may be to establish a balance between instrumental and transformative objectives, clear ethics and principles, participatory and non-participatory methods, qualitative and non-qualitative indicators that are appropriate

(according to various audiences) and verifiable (i.e. numerical but also explanations of why and how), and agreement on timescales.

Even where the ideal is not possible, some kind of balance may need to be struck to ensure that achievable objectives, ethical principles, appropriate methods and learning from results can at least be aimed for in a new 'virtuous circle' of learning from experience in ways which also help to develop better methods of assessment. These evaluation activities also need to be undertaken in an appropriate way, and consideration given to the "need to support the process whilst at the same time understanding and evaluating it - evaluation should ideally be linked to building capacities" (LASALA 2001).

The complex issues raised by these types of analysis do not fit easily into a cost-benefit framework (see below). The clear suggestion from the literature here is that both qualitative criteria (that describe and interpret data) and quantitative criteria (that measure and judge data) are needed.

2.5.5 Indicators of Participation

Indicators are increasingly used as a tool for measuring participation. Gary Lawrence (1998) summarises three types of indicators:

- **Distinct indicators:** Measuring one thing in isolation with no judgement as to whether the figures are good or bad. They may take the form of an index that allows comparison over time, but the emphasis is on the quality of the data.
- **Comparative indicators:** Measuring performance in comparison with other indicators in similar circumstances. These can take the form of 'league tables' and help to show where progress is being made and where performance has lagged. These measures can have the effect of encouraging mediocrity (sustaining first place can be difficult, while remaining mid-table might be 'good enough').
- **Directional indicators:** Measuring progress rather than absolutes. In these instances indicators are as much as a policy tool as they are a measure. They set interim goals that help develop strategies leading to progress. Directional indicators may incorporate distinct indicators to measure action against previously set benchmarks or targets.

Indicators for participation are highly contentious, in theory and practice: in theory because it is argued that complex processes of social change cannot (and should not) be reduced to simple headline measures; in practice because the process of defining indicators and analysing the implications of findings can be highly complex and political.

There are also practical problems in choosing the wrong indicators, especially if it results in perverse incentives - encouraging behaviour and outcomes that are not at all what was originally intended. One example of the dangers of taking data

against indicators at face value has been the use of reductions of crime rates as an indicator of the effectiveness of urban regeneration in the UK. Crime rates rise and fall partly according to rates of reporting. In areas where trust in public authorities is very low, crime reporting rates may also be very low. As trust increases, reporting of certain crimes (especially crimes such as domestic violence and racial harassment) may also increase. As a result, increased crime rates as a result of increased crime *reporting* can actually indicate growing trust and a greater sense of safety and security, rather than increased crime.

Essentially, indicators can be used to structure the collection of data. Thinking through what the indicators of change might be in a particular exercise can be a very useful method of exploring some of the complex social outcomes / benefits sought by participation (e.g. social capital / capacity building).

The New Economics Foundation (NEF 2000) has developed a simple method for choosing effective indicators - AIMS:

- **Action focused**. If there is no action that can be taken as a result of collecting data on a particular indicator, it probably is not worth using that indicator.
- **Important**. Indicators must be chosen to be meaningful and important to stakeholders as well as evaluators.
- **Measurable**. It must be possible to allocate data to the indicator.
- **Simple**. So that collecting the data is relatively easy, and so that whatever data is collected can be widely understood.

The process of choosing indicators changes in different processes. Obviously, indicators will need to reflect the purposes of the exercise, and so each participation initiative will have different indicators depending on whether the exercise is intended, for example, to change policy, develop trust and social capital, build capacity, or promote democratic engagement. Indicators may be used to focus the collection of quantitative and qualitative data. Finally, the involvement of stakeholders in choosing indicators will depend on the extent to which the evaluation is designed to create a sense of ownership of the results, and simply the importance of the findings being meaningful to participants.

Research for this review has identified a lot of indicators relevant to participation, and some of the most relevant are outlined below. Some are only appropriate to local community exercises: some are designed for local contexts but could be adapted to national exercises. For this review, it was felt that simply collating existing indicators would be a useful starting point.

Table 1. InterAct Indicators
(InterAct 2001, adapted)

ISSUE	INDICATORS	DATA SOURCES
INPUTS: time spent	e.g. staff days, participant days, consultant / adviser days, volunteer time	Performance reports, timesheets, diaries, interviews
INPUTS: money spent	e.g. staff numbers and grades, venues, publicity, catering, exhibitions, reports, expenses / fees for participants, child care	Accounts, interviews
OUTPUTS: e.g. leaflets, exhibitions, meetings, surveys	e.g. quantities of leaflets produced / distributed, numbers of people attending events, feedback on quality of events, numbers of normally excluded groups attending	Statistics collected, interviews, questionnaires
OUTCOMES: information, learning, understanding	e.g. individuals learning about the topic, willingness to represent the process / issues to others	Initial benchmarking surveys with follow ups, interviews, questionnaires
OUTCOMES: trust	e.g. increased willingness to participate / participate again, increased working among those involved	as above
OUTCOMES: ownership	e.g. increased willingness to take responsibility for action as a result, willingness to 'represent' the process to others	as above
OUTCOMES: capacity building	e.g. skills learned, confidence built, new qualifications, willingness to take on new tasks / responsibilities, willingness to do more / bigger projects	as above
OUTCOMES: networking	e.g. strengthened relationships, access to new networks, new or strengthened partnerships / coalitions / networks	as above
OUTCOMES: changes to attitudes, values, behaviour of organisations and individuals	e.g. changes to the aims and objectives of organisations, structural changes to organisations, views changed, new activities started, activities stopped	as above

The Community Development Foundation (CDF) has been developing a set of indicators for community involvement over the past three years, and these have been increasingly linked to the Audit Commission's first national suite of Quality of Life indicators. In August 2005, CDF published the final report of its research

(Humm et al 2005) to pilot the initial set of indicators, which resulted in a set of core indicators on community involvement, which are:

Community Influence

- A) Percentage of adults who feel they can influence decisions affecting their local area.

Community Cohesion

- B) Percentage of people who feel that their local area is a place where people from different backgrounds can get on well together

Social Capital

- C) Percentage of people who have helped or been helped by others (unpaid and not relatives)
- i) over the past year and
 - ii) once a month or more over the past year

Condition of the community and voluntary sector

- D) Extent and influence of the voluntary and community sector in the locality. D consists of a cluster of six points as follows;
- D (a) Number of voluntary and community organisations functioning in the specified locality
 - D (b) Percentage of those that are community organisations
 - D (c) Percentage of local people who volunteered or played an active role in a community or voluntary organisation at least three times in the past year
 - D (d) Range and volume of the services provided by the voluntary and community sector in the past year
 - D (e) Percentage of professionally-led voluntary organisations who feel they have adequate access to local decision making
 - D (f) Percentage of community organisations who feel they have adequate access to local decision making.

In July 2005, the Audit Commission published its new set of 45 Quality of Life indicators (Audit Commission 2005), four of which related to public participation. The close links to the CDF indicator set are clear:

- Indicator 34. Percentage of adults surveyed who feel they can influence decisions affecting their local area
- Indicator 35. Extent and influence of the voluntary and community sector in the locality
- Indicator 36. Percentage of people surveyed who feel that their local area is a place where people from different backgrounds get on well together
- Indicator 37. The extent of informal volunteering.

These indicators are intended to particularly help local authorities with required work on Comprehensive Performance Assessment (CPA), local area agreements and joint area reviews.

Other examples of indicators of participation at community level include the sets summarised in the following table, from a variety of national and local sources.

Table 2. Community level indicators

SOURCE	INDICATORS	COMMENT
Barclays Site Savers core indicators (NEF 2000)	<ul style="list-style-type: none"> • 'I feel I could help change attitudes and improve things around here' • 'I have learned new skills on the project in the last 6 months' • Percentage of respondents saying: within the last 6 months I have enjoyed several conversations with a new person from a different age and/or background • Percentage of respondents saying: Neighbours around here look out for each other. • Percentage of respondents saying: I think the project/facility will survive. • How many new friends have people made through the project? • Percentage of respondents saying: I know who to contact to help me change locally • Percentage of respondents saying: I have benefited from being involved with Groundwork • Number of people (previously unknown to Groundwork/the lead agency) involved in the project over the last 6 months • Number of agencies working with Groundwork (or working together) on the project 	National programme of urban regeneration, run by Groundwork UK

<p>Rural Action for the Environment (Warburton 1998)</p>	<ul style="list-style-type: none"> • Total funding from the programme, compared to match funding from elsewhere, to show levels of leverage • Types and numbers of projects funded, to assess breadth of work undertaken • Types of groups receiving support, to assess 'reach' and inclusiveness of the scheme, and the extent to which the scheme reached 'new audiences' for environmental work • Capacity building, assessed by examining: <ul style="list-style-type: none"> • the amount of training and advice provided, and learning achieved • the extent to which groups have developed from their initial projects • the number of new groups supported by the scheme • the extent of participation amongst groups supported, calculated by assessing: <ul style="list-style-type: none"> • number of groups involved in the scheme • types of groups involved in the scheme • numbers of people involved in those groups • voluntary action person days • extent and quality of participation for those involved • personal testimony from those involved. • Extent of Rural Action influence on others, assessed by examining: <ul style="list-style-type: none"> • examples of how mechanisms pioneered by Rural Action were taken up by others • examples of how certain organisations and institutions had changed priorities over the time Rural Action had been running (e.g. parish 	<p>National programme of support for community action / involvement in environmental projects</p>
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	<p>councils), with statements</p> <ul style="list-style-type: none"> • examples of how local authorities had changes practices over the time the scheme had been running • examples of change to individuals who had been involved 	
LITMUS Project (<i>ref</i>)	<p>Evaluation of outcomes: qualitative criteria</p> <ul style="list-style-type: none"> • level of understanding about LITMUS • level of trust / faith in LITMUS approach and consultation process • involvement perceived as useful • level of encouragement / facilitation • level of ownership regarding LITMUS • empowerment of the people / groups involved <p>Evaluation of outcomes: quantitative criteria</p> <ul style="list-style-type: none"> • number of individuals / organisations participating in LITMUS • number volunteers engaged • number of volunteer hours/days spend • continuity of involvement • number of independent actions • number of individuals / organisations acting as facilitators for LITMUS. 	Local project in Southwark, south London, to engage local people in planning.
Comedia (Comedia 1997)	<p>Since becoming involved, I have ...</p> <ul style="list-style-type: none"> .. become interested in something new been to new places .. tried things I haven't done before .. become more confident about what I can do .. decided to do some training or course .. felt healthier or better .. become keen to help in local projects .. been happier <p>Has taking part had any bad effects on you?</p> <p>Do you feel differently about the place where you live?</p> <p>Has taking part encouraged you to</p>	National programme to test the impacts of participation in the arts

	try anything else? Have you learnt any skills by being involved? Could you do it better than you could have before? Was doing something creative important to you?	
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A number of surveys have addressed 'social capital' in various ways, ranging from the nature / quality of the local neighbourhood to volunteering. Examples include those outlined in the following table. Some are described as criteria, some as indicators and some appear as questions. The first five of these were summarised in a Health Development Agency study of the links between social capital and health (Mohan et al 2004).

SOURCE	INDICATORS	COMMENT
General Household Survey	<ul style="list-style-type: none"> • Have you done any voluntary work in the last 12 months? • Do you do any voluntary work for a group or organisation that is not a trade union or political party? • What type of voluntary work in the last 12 months (e.g. collecting money, doing something else to raise money, visiting people in institutions, teaching, coaching or training, etc) <p>Plus other questions about numbers of days, time spent etc).</p>	These questions were asked in the GHS that was conducted among over 18,000 adults in 1992 across 27 regions.
Survey of English Housing	<ul style="list-style-type: none"> • Would you say that there is a lot of community spirit in this area? • Would you describe the people who live in this area as friendly or not? • Do you get on with all or most / some / none / no contact with neighbours? • Have you done any unpaid voluntary work (apart from political parties) in the last 12 months? • Did the work aim to improve your local area or neighbourhood and the people who live there in any way? 	
British Household Panel Survey	<ul style="list-style-type: none"> • Active in a political party, trade union or environmental group • Active in two or more of seven 'social' activities (parents' association, tenants' group, religious group, voluntary group, other community group, social group or sports club, women's institute) • Active in two or more of five 'altruistic' social activities in the list above (tenants group, religious group, voluntary group, other community group, women's institute) 	Covers 10,000 residents in 5,000 households in various local authority areas

	<ul style="list-style-type: none"> • Feels belongs to neighbourhood • Local friends are important • Willing to work with others to improve neighbourhood • Talks regularly to neighbours • Frequently meets people locally • Voted in last general election 	
Citizen Audit (Pattie et al 2004)	<ul style="list-style-type: none"> • Belongs to neighbourhood • Voting in general election • Core volunteering • Volunteering • Political activity • Social activity • Altruistic activity • Frequency meeting friends and neighbours • Friendly area 	
Neighbourhood social cohesion and health (Stafford 2004)	<p>Proportion of people reporting</p> <ul style="list-style-type: none"> • 'community spirit' • a sense of 'belonging to neighbourhood' • seeing friends who live locally in past week • seeing friends who live locally in past month • feeling very comfortable / comfortable borrowing money from neighbour • considering their neighbour to be a friend • being in a political party, trade union etc 	Survey by University College London
Health Education Monitoring Survey (HEMS 1998)	<ul style="list-style-type: none"> • Satisfaction with the amount of control over decisions affecting life • Perceived ability to influence neighbourhood decisions • Neighbourhood social capital score (summarising views and feelings about the neighbourhood such as feeling safe, neighbours looking after each other, good facilities for children, good public transport) • Personal support group (the number of people who could be called on at a time of serious personal crisis) • Community activity (participation in the last two weeks in adult education, 	Investigating links between social inequalities and health

	voluntary or community groups or religious activities).	
Health Development Agency (Mohan et al 2004)	<ul style="list-style-type: none"> • voluntary activity • core volunteering • social activity • altruistic activity • political activity • voted in last election • local friends important • belong to local neighbourhood • work to improve local neighbourhood • talk to neighbours • frequently meets locals • feels local area friendly • blood donation 	Creating small-area indicators related to social capital, place and health
Home Office Citizenship Survey 2001 (Attwood et al 2003)	<ul style="list-style-type: none"> • Concepts of rights and responsibilities • People feeling they can influence political decisions made in Britain and their local area • People trusting local and national public institutions • Perceptions about levels of racial prejudice • Whether theirs is a neighbourhood in which they enjoy living • How many people in their neighbourhood they know • How many people in the neighbourhood can be trusted • Whether their neighbourhood is a place where neighbours look out for each other • How likely is it that a wallet or purse would be returned intact if you lost it in your neighbourhood • What people did the last time they saw someone drop litter in the street • How often people socialise informally • Participation in voluntary and community activities at least one a month /at least once in the last twelve months (categorised by civic 	Comprises a nationally representative sample of 10,015 people in England and Wales, with an additional sample of 5,460 people from minority ethnic groups

	participation, social participation, informal volunteering, formal volunteering, employer-supported volunteering).	
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These social capital-related indicators illustrate the broader issue with indicators - there is a wide range of different indicators measuring similar issues, and although correlations may be shown, it is very difficult to show cause and effect. As the Health Development Agency (Mohan et al 2004) research says, "it is just as plausible to suggest that people who trust get involved in associational activity as it is to say that associational activity produces trust".

2.6 Limitations, Strengths and Gaps

The point that comes across most strongly from the literature is that the economic assessment of participation is an area that is not well understood but which attracts a lot of attention. Numerous sources have pointed out that it is an area where further work is needed. The main strengths, limitations and gaps in the literature on current approaches are outlined below.

2.6.1 Strengths of Current Approaches

There are actually remarkably few existing strengths within current economic approaches to assessing the financial costs and benefits of participation that can be identified from the literature. The evidence on the economics is very patchy, with some work taking place sporadically in different sectors. However, there are some characteristics of some economic methods that may be of use in developing future thinking, including:

- The 'life satisfaction' approach, and the use of concepts of 'happiness', 'contentment', 'curiosity, and 'well-being' from cost-utility analysis.
- Stakeholder engagement in setting indicators from NEF's Social Return on Investment (SROI) approach (a form of cost-savings analysis).
- The inclusion of savings as a result of investment, from NEF's Social Return on Investment (SROI) approach.
- The use of participants' views in cost-effectiveness analysis.
- The approach to non-monetarising benefits from cost-effectiveness and cost-consequences approaches.
- Within cost-consequences analysis, the identification of direct and indirect benefits.

Perhaps the greatest strength to emerge from the research is the growing realisation that it is important to try to measure the costs and impacts of participation as the field grows. Without measurement, wild estimates and guesswork guide assessments of costs and benefits before and after participatory exercises take place (e.g. El Ansari and Phillips' 2004 research showing the difference between real and perceived costs and benefits). Such gaps between perceptions and the reality of costs are unlikely to help strengthen the credibility and professional reputation of developing practice in this field.

The illustrative examples used in this study shows how some organisations are already grappling with these issues, and their developmental thinking has been crucial to the accessibility of that data.

The development of happiness and well-being measures has created an interesting alternative to the complicated and expensive methods of putting a monetary value to costs and benefits, and there may be lessons there for an appropriate framework for measuring participation in future.

In addition, there is a growing body of theory and practice in qualitative evaluations of participation. Future work to link this experience with some of the useful elements of economic assessment may prove fruitful.

2.6.2 Limitations

Much of the literature makes strong claims about the actual and potential benefits and costs of participation but, while this is often based on experience, there is very rarely detailed qualitative and quantitative analysis, and costs are almost never described in any detail.

In many cases where examples are given, they can seem very anecdotal. It is often not clear why a specific case has been chosen, nor if it is a representative example. Where processes are described they are often not in sufficient detail to gather financial information. Comparisons are very rare, and there are almost no examples that show how the resources might have been otherwise used.

However, it would be wrong to paint too bleak a picture. A number of studies do discuss issues of value and cost-effectiveness, albeit usually not using economic methods or terminology. (For examples see Faulkland Associates 2004, Momenta 2003, Greenstreet Berman 2002 etc.)

The majority of the studies that do contain financial data are limited to the benefits and costs that accrue to the delivering agency. Participant time and other costs are not usually included. On the benefits side it is more common to consider the impacts on participants, but this is by no means universal. Studies that consider the benefits and costs to non-participants and society as a whole are non-existent.

Most studies that do attempt to measure participation limit their analysis to those factors that lend themselves easily to measurement, which creates concerns among participation practitioners that "what gets measured, counts" (NEF 2000), and that all the main but intangible benefits are ignored. Measuring the expected intangible benefits of participatory processes is a complicated process, especially as some benefits, such as 'social capital', are concepts with no universally accepted definitions or measurement methods.

Given the difficulties of establishing cause and effect in participatory initiatives, and the fact that they are almost always part of a whole suite of other approaches all designed to achieve the same objectives, it is perhaps not surprising that no-one has attempted to monetarise the benefits.

With this in mind it seems fair to say that there has not been a true cost-benefit analysis of a participative process. Without placing a monetary value on *all* relevant costs and benefits the analysis would be incomplete. Even a cost-effectiveness analysis of the effects a process had on social capital would probably result in widely differing results depending on the measure of social capital used. There will need to be more research and development if social capital and other intangible measures are to be included into the equation in a meaningful way (if at all).

It may be that more in depth studies of the effects of public participation on social capital (and other hard to define concepts) would create a better understanding of the impacts that an individual process might have. This is important, because of the costs involved in measuring social capital. Large-scale surveys are expensive and it is unlikely that they could be carried out for all (or indeed most) cases. It may be that economic evaluators could make use of existing studies in order to perform a benefits transfer, but benefits transfers are contentious and care needs to be taken that inappropriate comparisons are not made, so further consideration of this approach will be needed.

Broad concepts such as 'social capital' may not be suitable at all for measuring the impacts of a single participatory project or process because a single project is unlikely to significantly affect social capital (or, for example, community cohesion). Although cumulative effects of participatory initiatives may create significant change over time, problems of cause and effect arise again, and econometric models are usually not able to single out the effects of a single participation exercise from the pooled effects of multiple projects. Econometric models have been used to see what effects direct democratic structures have had on house prices and economic growth in general; it is hard to see how the same model could be used to measure the effects of a single participatory process.

It therefore seems that many of the current economic assessment tools are too large-scale to be useful on individual projects. This does not mean that meta-studies of the large-scale effects of participation are unimportant; they can play a key part in developing benefits transfers, and also answer important questions about the bigger picture. However, it does mean that there is a methodological

vacuum to fill before complete in-depth studies of individual projects can be done.

2.6.3 Gaps in the Evidence

Reasons for lack of data

There are four basic reasons why there is such a lack of data on the costs (and benefits) of participation - lack of effective recording, complexity, scepticism and novelty:

- **Lack of recording.** Many project managers do not have detailed data on participation costs available in forms that make it easily accessible for research or assessment purposes. Some may not have had a separate budget for participation activities, because it was just part of what were seen as overall project management costs. Some may have decided the project needed more participation than expected by others in their organisation, so actual costs were hidden under other project costs. In other cases, contractors / consultants may see their costs as commercially confidential, and not been willing to allow the information to be shared more widely by their clients. Also, costs may be incurred at various different points in the project management process, by different parts or levels of the organisation, so the data is very dispersed.

Finally, lack of data in the past means that project managers have no benchmark for their own expenditure on participation, and may fear that their costs are too high or too low - in this way, lack of cost data becomes a vicious circle. As more data becomes available, it is to be hoped that more practitioners may be willing to share their own data more openly.

- **Complexity.** Participative processes tend to be highly complex often with large groups of participants, long time scales, multiple (often intangible) outcomes and complex, multi-layered contexts in which the participation activity is only one of many related initiatives. Cause and effect, as in most social initiatives, can be very difficult to identify and attribute to one specific set of activities. Areas where economic evaluation is more common (e.g. infrastructure and planning projects and, to a lesser degree, health care) tend to have more concrete costs and benefits, and also have a sizeable body of research on cause and effect relationships.

This complexity can make it a daunting task to devise an economic model that accurately captures all major costs and benefits. The cost of the evaluation also becomes an issue, especially in cases where specialist skills are needed, where large amounts of data need to be gathered, and/or where the timeframe is long.

- **Scepticism.** The principles of economics and of participation do not sit easily together. On one hand, some economists have spoken out against what they view as naïve assumptions underlying much public participation. On the other hand there are those involved in participation who resist economic evaluations of participation on the grounds that cost-benefit analysis and other related techniques would tend to ignore the intangible benefits of participation, oversimplify the issues and potentially reduce the space for innovation and experiment by concentrating effort on those activities that can easily be measured. It is therefore not entirely surprising that there has been limited interaction between participation practitioners and economists, and that economic evaluations of participation have been few.
- **Novelty.** Some forms of public participation have a long history and are well established. However, the last decade has seen a remarkable increase in both the scale and the variety of methods used and it is therefore not entirely surprising that there is little information on the costs and benefits of these new methods at the current time.

Filling the main gaps

There are so many gaps in the literature that a significant investment in research is needed to gather and analyse data. At this stage, the following may help start that process:

- **Disaggregating intangible benefits.** Further research is needed to disaggregate and define the component elements of concepts such as social capital, community cohesion, strong and resilient communities etc, so that it may become possible to assess what types of participation activity, in what circumstances, may lead to specific skills, personal connections etc. From an economic perspective a more detailed understanding of the intangible benefits would hopefully make it easier to do benefits transfers in economic analyses (if appropriate - see above).
- **Finding a practical starting point.** As full economic evaluations are likely to be beyond the budgets of most participatory projects, a starting point is needed that allows for the collection and analysis of the most common, useful and important data (e.g. staff and time costs). This will not allow for the collection of complete data on all cost and benefits, but at present the pursuit of such perfection is creating a real theoretical barrier to the collection of any useful data at all. A simple framework is needed to overcome the lack of recording of basic financial data on participatory processes; anything complicated or lengthy would be unlikely to be widely used.
- **Widening the boundaries of assessment.** Most financial analyses of participation that have been done to date have been to assess the implications for the sponsoring body, while the cost implications for the participants, for example, are almost never considered (and certainly not measured). It may be that all those involved would view participation

initiatives differently if the investment of time by participants was costed (and also therefore possibly 'valued' more highly) and taken into account (possibly as a financial contribution to the project).

- **Economic appraisals of flagship projects.** While a simple framework is needed to enable many more projects to record and assess financial costs and benefits, it may be very useful to have a small number of highly detailed studies of what are considered to be successful participatory initiatives. This would enable the identification of a wide range of benefits, and allow for the detailed analysis of all the costs, which could contribute to the development of criteria of 'potential' costs and benefits for other projects.
- **Comparative studies** could be particularly valuable, especially comparing a participatory process with a less participatory approach within as similar circumstances as possible (assuming all projects have some level of participation). Comparisons could also be made between participatory projects using different processes in similar circumstances, and between geographical areas. It is in theory possible to use modelled comparison studies instead of actual empirical examples, but it is likely to be more effective to use real life examples.
- **Prospective studies** seem a particularly promising focus for research at the present time. Being able to collect cost and benefit information as the project develops gives a high level of control over the quality of the information, while a retrospective study would probably not give as much useful information due to the common lack of cost recording.
- **Distributional factors.** A number of sources have found attendance at participative events to be selective. Stoker (2004) claims that "the higher the socio-economic status of the residents of a locality, the more likely they can engage in participation", whereas Weinburger and Jütting (2001, 1401) in their study of participative projects in Africa and Asia found that "the opportunity costs for the poor to join group-based projects are high. (...) In the described cases, this has led to a 'middle-class effect', meaning that both for the wealthier and the poorest part of the population the expected costs-benefit ratio of participation is negative". Economic evaluation assesses the balance of costs and outcomes for society as a whole, but it is not always normal practice look at who gains and who loses.

Even when participatory projects have been deemed highly successful, little analysis has been done to assess the extent to which costs and benefits are unequally shared. An oft-repeated fear is that participants will be given false expectations of what their participation will be able to produce and, as a result, the benefits will accrue to the organiser of the project whereas a disproportionate amount of costs (in the form of time spent) will end up with the participants. Future research may be able to explore in more detail what the distributional effects of participation are, alongside more traditional economic evaluations.

2.7 Conclusions and Ways Forward

There can be little doubt from the findings of this literature review that there is a real need to undertake further research on the costs and benefits of participation, and to find a practical approach that will appeal to potential users. The review strongly suggests that:

- Conventional cost-benefit analysis is unworkable at present as a method of assessing the financial performance of participation. There is currently no universally accepted way of putting a monetary value on the intangible benefits of participation, which means that any cost-benefit analysis will be incomplete.
- Cost-savings and cost-minimisation can be useful in some cases but have serious limitations that would need to be made clear when the results are presented.
- Cost-utility analysis might be an appropriate assessment method if more relevant measurement methods can be devised. However, well-being and happiness would not capture all the benefits that participation delivers.
- Cost-effectiveness and especially cost-consequence analysis seem the most directly useful for measuring the economics of participation. They avoid the problem of having to value the benefits in monetary terms, which makes them less resource intensive to carry out.

It therefore seems that the way forward should incorporate the following principles:

- At the very least an economic evaluation should try to capture all significant costs and benefits to the organisation delivering the participation and to the direct participants. Where possible this should be extended to other groups affected by, but not directly part of the participation exercise. Care should also be taken to include all costs of a particular decision-making process, irrespective of which budget it has come from.
- Regardless of the type of economic valuation carried out, there will be a need for improved ways of recording costs and benefits as part of day to day project work. Interviews, diaries, surveys and other research methods are potentially useful methods of accessing this data of research purposes but, at present, in many cases the data simply does not exist in any usable form. The case studies being undertaken as part of this research has started to establish the kinds of costs and benefits currently being recorded, and where problems are arising.
- Care must be taken not to impose a rigid structure for economic evaluation of participation. Each use of participation is unique and needs to be assessed to see which are likely to be the most important benefits

and costs in that particular case. There is however a trade-off between individualised studies of each case with high cost implications for the evaluations, and using benefits-transfers and other approximations, which may lower the costs of the evaluation itself.

- Since participation has received a lot of attention from the Government and others, and because the economics of it are largely unknown, there is likely to be a lot of interest in the first few detailed economic evaluations of participatory processes. Care needs to be taken to ensure that these first studies are undertaken carefully and sensitively in ways that contribute to the development of the methodology of economic assessment of participation. The results of these initial studies also need to be handled carefully as initial estimates may not be accurate or representative (which will not be clear until a number of studies have been completed).
- Distributional effects matter to participation, especially since so much of it is undertaken for purposes of reaching out to marginalised groups, or for civil renewal purposes. Alongside the total costs and benefits, an assessment of the distribution of these costs and benefits should be made.

3. Case Studies Summary

In order to get an understanding of the current state of practice in recording and thinking on the economics of participation we undertook an analysis of 15 actual participation projects (15 in brief then four in more detail). Full details of the methodology and findings from the case study element of the research can be found in Annex 2.

This section provides a brief summary of the key findings from the case study work (see Table 3). Please note:

- The costs and benefits data is reported as provided by the initiatives themselves, usually from the project manager. The points in the 'issues' column come from comments made by interviewees.
- Some case study data comes from just one interviewee (the project manager); in the first four cases, further interviews were held with (usually two) participants and a decision-maker / senior manager as well: these projects were the Camden Mystery Shopper project, the Cancer Information Support project, the Humber Estuary Designation Project, and the Clarence Corner Partnership.
- Although there is data on costs in most cases, these need to be viewed very cautiously. The data is almost all estimated, and the confidence of the interviewee in the accuracy of the data was very varied.
- The interviewees had no difficulty identifying benefits but were, in many cases, unwilling to quantify these in any way - especially resisting putting monetary values on them.
- The one concept from economic theory that the team attempted to apply here was that of 'replacement costs' (i.e. the costs of achieving the same benefit through other means). In many cases, the interviewees were not able to say what the 'replacement costs' might be (e.g. using market research or advertising). The most common response was that it was impossible to compare as the results would have been so different.

Table 3. Summarised Case Studies

PROJECT	COSTS	BENEFITS	ISSUES
<p>Humber Estuary Designation Project</p> <ul style="list-style-type: none"> • Run by English Nature 2001-4 • Aim: to review and possibly extend the legal protection for wildlife in the area • 450 stakeholders, including local landowners, statutory bodies, voluntary organisations, MPs and pressure groups • The engagement went beyond the statutory requirements for this sort of project; previous English Nature plans to extend designation met with hostility and plans were withdrawn. 	<ul style="list-style-type: none"> • Staff time (about £50,000 p.a.) • Displays and PR (about £8,000) • Admin (about £5,000) • Postage (about £2,000) • Travel (about £1,200) • Press briefings (about £1,000) • Participants' time - very varied input: local authorities and professional stakeholder put in most time. One stakeholder reported putting in 100 - 200 days over the period. 	<ul style="list-style-type: none"> • Successful completion of the designation process • Greater understanding / awareness of the environmental issues, and of English Nature (EN) position, by stakeholders • Reduced conflict between EN and several powerful stakeholders, with benefits to both sides • Positive press coverage of the process • Improved relationships led to some new groups and partnerships including the Humber Industry and Nature Conservation Association (with nature conservationists, local authorities and local industry), and the Humber Management Scheme (with 35 statutory bodies) • Easier work in future is predicted because of improved relationships • Time and cost savings anticipated in future because of increased trust • Credibility for stakeholders that participated • Reputation / image of EN improved • Probably saved legal costs (e.g. an example given of similar context that resulted in legal costs of about £75,000 because of conflicts). 	<ul style="list-style-type: none"> • Difficult to identify stakeholders' time on this because it was one of several initiatives involving the same people • Seen to have resulted overall in a positive 'legacy' of improved relationships for all involved • Difficulties were found in justifying the upfront expenditure when the expected benefits were intangible • Difficulties in increasing the depth of engagement from statutory requirements because of time constraints - the formal consultation period very limited.

PROJECT	COSTS	BENEFITS	ISSUES
<p>Cancer Information Support</p> <ul style="list-style-type: none"> • Run by Easington Primary Care Trust (PCT) and Macmillan Cancer Relief • Aim: Support service staffed by volunteers in a new centre in a local shopping centre • Just starting; only 8 volunteers in a core group (although 50 have offered to participate) 	<ul style="list-style-type: none"> • Staff time • Training for participants / volunteers (including developing special briefing packs) • Participants' time: 20 - 30 hours over the 8 weeks so far 	<ul style="list-style-type: none"> • Reputation of the PCT improved • Feedback on health services provided • Opportunity for participants to contribute and 'pay back' for help they have received themselves in the past • Opportunity to help others, and as alternative to professional advisers • Increased knowledge among volunteers about the health service and cancer treatments available • Increased ability for volunteers to influence services • Volunteers made new friends. 	<ul style="list-style-type: none"> • Too early to have detailed costs (initiative only just starting) • Budget pieced together from various part of the PCT, so difficult to get an overview • Volunteers did not want to put monetary value on their time - said it had a different sort of value • Volunteers frustrated by delays in getting the project going.
<p>Clarence Corner Project, Torfaen</p> <ul style="list-style-type: none"> • Run by Torfaen council and the developer • Aim: to disseminate information about a regeneration project • Two one-off events (one for residents, one for politicians / landowners), held in March 2005; 1 hour each event; about 50 participants in total, mostly local • Presentations then questions and answers 	<ul style="list-style-type: none"> • Leaflets (about £5,500) • Staff time (about £2,000) • Facilitator (£900) • Admin (£600) • Venues etc (about £500) <p>Total, about £8,000</p>	<ul style="list-style-type: none"> • Knowledge / awareness of the planned development; feedback from participants showed they did know more after the events • Reduction in opposition / conflict because people understood the plans • Avoided delays that could have been caused by conflict • Staff skills / experience • Time savings, compared to approaching stakeholders individually. 	<ul style="list-style-type: none"> • Costs shared between the local authority and the developer • Feedback from participants about the value of the exercise varied as to the extent to which conflict had / would be reduced as a result.

PROJECT	COSTS	BENEFITS	ISSUES
<p>Camden Mystery Shopper</p> <ul style="list-style-type: none"> • Run by London Borough of Camden council • Aim: To explore the level of service people with disabilities received at council offices • Each participant visited council offices and reported back • 30 participant / researchers with various forms of disability; recruited from Camden citizens panel 	<ul style="list-style-type: none"> • 60 days of staff time, from across three council teams • Incentives (M & S vouchers - £600) • Catering (about £100) • Print (about £100) • Carer (£15) • Participant time - about 7 hours each - half day briefing, 2-hour debriefing, plus time for visit • No participant travel costs because they either had passes or access to free transport. 	<ul style="list-style-type: none"> • Obtained the information required on current access • Dealt proactively with the council's duties under the Disability Discrimination Act • Learning for staff in working with people with disabilities as co-workers • Improvements to staff awareness of issues, and willingness to hear what changes were needed (because direct from users themselves) • Improvement to reception points to improve access at council offices • Increased transparency and openness of council ways of working • Better understanding of public needs • Service improvement • Less risk of conflict and litigation • Improved council reputation • Greater knowledge / awareness among participants of how the council works • Sense of ownership / empowerment on the project among participants • Feedback on the results of the involvement (among participants) • Interpersonal skills (among participants) 	<ul style="list-style-type: none"> • Half day training was not really considered enough • Although all interviewees agreed on the success of the initiative, they came to different conclusions about whether they would do it again - participants would, so would the project manager, but the senior manager felt it could be less trouble simply to contract the work out to a consultancy (even though probably more expensive) • Costs were saved by recruiting through the citizens' panel • Only one participant claimed carer support although it was offered to all • Experience of one staff member kept costs down • Increased costs to other council departments as a result of the exercise (e.g. disability awareness training, changes to reception areas); but these costs could be seen as benefits • Calculated that if the same task had been done through a focus group, it would have cost about £7,500

PROJECT	COSTS	BENEFITS	ISSUES
<p>London 2012 Engagement Programme</p> <ul style="list-style-type: none"> • Run by London Civic Forum • Aim: To engage with groups not involved in the Olympic bid e.g. Chinese and Somali communities • 10 events held so these groups could put questions to the 2012 team; November 2004 - July 2005 • 300 organisations involved 	<ul style="list-style-type: none"> • Staff time 70% • Admin 10% • Catering, venues, evaluation etc 20% • Participants' time - 1 day on average 	<ul style="list-style-type: none"> • Created the enthusiasm for continuing involvement in the initiative • Groups were involved that would not otherwise have been associated with the 2012 bid • Policy recommendations were made on engagement and consultation • Direct links were established between the groups and the London 2012 team 	<ul style="list-style-type: none"> • Could not disclose budget because of confidentiality • Short term funding and one-off projects such as this contributes to high staff turnover, and knowledge and skills are lost to the organisation • Delays to the process were caused by lack of resources among participant groups • Could not compare this process to advertising as that would not have worked
<p>Cannock Chase Primary Care Trust, Staffordshire</p> <ul style="list-style-type: none"> • Health Partnership Unit run by Cannock Chase PCT; parts of the work are outsourced to the council for voluntary service (CVS) • Aim: public involvement strategy to provide patients and public with information, get feedback on service delivery, influence policy 	<ul style="list-style-type: none"> • 3 staff across 4 PCTs • Core budget is £10 - 15,000,, excluding staff • Admin (about £15,000) • Training (about £5,000) • Travel (about £1,000) • Advertising (about £1,700) • Participants' time - couple of hours each, but very varied 	<ul style="list-style-type: none"> • Reached group beyond those usually heard in health consultations • Learned that those who shout loudest are not necessarily those that resources should be focused on • Moved participants on from 'wish lists' to thinking about those issues the PCT could do something about • Could pass on information / suggestions beyond PCT remit to other service providers • Independence of the process gained by outsourcing the work to the CVS, that made the process more 'legitimate' and people more willing to give their views 	<ul style="list-style-type: none"> • Problem with staff leaving and taking skills, knowledge and experience with them • Budget has remained the same over a few years, which makes it increasingly difficult to manage

PROJECT	COSTS	BENEFITS	ISSUES
<p>Bristol City Council Corporate Consultation team</p> <ul style="list-style-type: none"> • Aim: Runs various research and consultation activities including market research, surveys and citizen empowerment - one-off events and structures such as forums 	<ul style="list-style-type: none"> • Staff costs (3 posts - about £100,000 p.a.) • Project funding / consultant fees (about £500,000 to £1 million) • Training (about £3,500 p.a.) • Admin (about £10 - 15,000 p.a.) 	<ul style="list-style-type: none"> • Worked with 10 - 20,000 participants overall • Better information to inform decisions and more informed democratic representatives • Saved costs that can be incurred in putting bad decisions tight (example, not local, of costs of dealing with high rise council housing) • Consultation earlier rather than later leads to much lower levels of conflict; even if people are not happy with the decision, the fact that they have been acknowledged 'takes the sting out'. 	<ul style="list-style-type: none"> • Good results from consultation did not always get implemented because other parts of the council could not respond; this has led to some disillusionment • Staff costs supplemented by funding for special projects, so there is no clear overall data on spend • Share consultation costs with others (e.g. PCTs, the universities and regional NGOs); reckon that has saved the council around £40 - 50,000 over past 6 months. But relationship building and co-ordination is needed for partnership working and that takes extra time • Offers to pay participants (including expenses) often not taken up; offered as sign of goodwill • Properly considering what people say does take time; shortcuts undermine the quality of the participation. These costs will increase as more people get involved • Information only gains value when used in practice - which can be months or years later. But gaining the information in other ways (e.g. traditional research) could be much more expensive.

PROJECT	COSTS	BENEFITS	ISSUES
<p>Carers Involvement Framework, Devon</p> <ul style="list-style-type: none"> • Run and funded by various statutory bodies (PCTs, local authorities) • Aim: To secure and support the work of carers in Devon; and particularly to get the opinions of carers into mainstream decision-making processes of statutory bodies • Quarterly local forums, and quarterly central forum meetings 	<ul style="list-style-type: none"> • Staff time • Substitute carers so carers can attend the forum • Travel (about £7,000) • Admin (about £15,000) • Venues and catering (about £5,000) • Advertising (about £3,000) 	<ul style="list-style-type: none"> • Improvement of services to carers because of better information on their needs, which means better use of council resources • New avenues of communication opened up • Increased mutual understanding • More informed dialogue 	<ul style="list-style-type: none"> • Considering paying carers who take on specific roles / tasks • Most participants do not claim expenses
<p>Hammersmith and Fulham council, London</p> <ul style="list-style-type: none"> • Aim: Updating the community strategy • Events from February to November 2004; revised plan out June 2005 • Questionnaires to the citizens' panel, 12 focus groups (average of 12 people in each, especially 'hard to reach' groups), standing advisory forum, and the borough 	<ul style="list-style-type: none"> • Staff time (2 officers; about £80,000 p.a.) • Focus groups etc (about £20,000) • Incentives to participants (£2,460) • Postage (about £500) • Venues (about £360) • Training (about £200) 	<ul style="list-style-type: none"> • Changes in people's perceptions of the council • Identifying the concerns of the public - leading in the long term to better services 	<ul style="list-style-type: none"> • Budget divided between different departments, and citizens' panel contracted out, and no detailed costs data available
<p>Harlow Community Services</p> <ul style="list-style-type: none"> • Run by the council • Aim: Supports a youth council, residents organisations and grants for community action • Activities include traditional consultation, Youth Bank (for young people to fund youth activities), etc 	<ul style="list-style-type: none"> • Staff (about £140,000 p.a.) • Venues and catering (£10,000) • PR and ads (about £6,000) • Admin ((about £5,000) • Travel and subs (about £3,000) • Training (about £2,500) <p>Total about £171,000 p.a.</p>	<ul style="list-style-type: none"> • Building capacity of participants • Awareness-raising among participants • Community development skills of staff increased 	<ul style="list-style-type: none"> • Some costs shared with Essex county council • Ongoing costs reduce as community organisations become more self-sufficient • 'Advertising would have cost twice as much to raise awareness to similar levels'

PROJECT	COSTS	BENEFITS	ISSUES
<p>Women's Resource Centre Policy Forum</p> <ul style="list-style-type: none"> • Aim: To build capacity of women's organisations in London to contribute to policy development; with aim of increasing proactive working (not just responding to consultations) • The forum has 16 organisations as members 	<p>Total budget £240,000 over 3 years</p> <ul style="list-style-type: none"> • Staff costs (2 staff; £120,000) • Consultancy (£6,000) • Recruitment (£2,000) • Training (£3,000) • Admin (£70,000) • Travel (£1,200) • Events (£19,000) • Printing (£7,000) • Participants support (£2,000) • Photos (£250) <ul style="list-style-type: none"> • Participants' time - 4 days per year for forum • Fees for participants (£15 - 25, depending on the budget of the group represented) 	<ul style="list-style-type: none"> • Clearer and more joined up policy • Opportunity to network (for participants) • Centre is more in touch with the aims and opinions of their member organisations • Uncovering useful knowledge • Enables groups to take part in consultations that they do not usually engage with 	<ul style="list-style-type: none"> • Offers travel and child care support but most participants do not use this • Gaining learning through training rather than experience has been calculated as a saving of £4,200
<p>Ymbarel project</p> <ul style="list-style-type: none"> • Run by Barnardos Wales in Blaenau Ffestiniog • Aim: Community development work to tackle poverty and deprivation 	<ul style="list-style-type: none"> • Staff (5 full-time; about £120,000 p.a.) • Training for participants and staff (about £9,000 p.a.) • Travel / subs costs for participants and staff (about £7,000 p.a.) • Food (about £2,000 p.a.) • Events (about £2,000 per large event; £500 for small ones) • Copying (about £1,500 p.a.) <p>Annual turnover about £180,000 p.a.</p>	<ul style="list-style-type: none"> • Surveys showed that large proportion of local people knew and approved of the project, and that improved Barnardos reputation • Changes in participant behaviour • New information that could improve Barnardos work in the area • Experience of facilitation skills for the staff 	<ul style="list-style-type: none"> • Long term community development method • Unwilling to allow interviews with participants because concern that they would be exploited

PROJECT	COSTS	BENEFITS	ISSUES
<p>Citizens Jury, Halifax</p> <ul style="list-style-type: none"> • Run / funded by Greenpeace, universities of Cambridge and Newcastle, and The Guardian • Aim: To enable citizens to inform science policy development, for participants to educate themselves together, and to broaden the field of who is deliberating on research priorities • Two jury events held July - September 2005, with 15 Halifax residents: one considered a local issue and the other considered nanotechnology (mixed issues to avoid self-selecting jurors if focus on nanotechnology) • 21 meetings were held over 3 months 	<ul style="list-style-type: none"> • Time spent on organising, facilitating, by oversight panels and experts (total about £100,000) • Participants' time was about 30 hours each in formal sessions, plus preparation time outside the meetings. • Jurors paid £10 per evening session, plus travel, and creche provided • Emotional energy and stress for jurors 	<ul style="list-style-type: none"> • Voice for jurors on a local issue and on nanotechnology • Produced recommendations (on website), press briefing and video • Visibility for funders • News story for The Guardian • Research into citizens juries for Cambridge University • Experience for facilitators in linking local and national processes • Increased understanding and experience of early engagement on a science issue • Involved groups normally excluded from science debates and decisions 	<ul style="list-style-type: none"> • Formal budgets only covered some of the costs - a lot of time was put in free. The budget may reflect on 20 - 25% of the real costs • Could not have obtained the benefits in any other way (e.g. advertising or communications campaigns) • Unwilling to disclose budget / expenditure
<p>Bristol Race Forum</p> <ul style="list-style-type: none"> • Consultative body for Bristol City Council; council fund it • Aim: To involve black and minority ethnic (BME) groups in local issues • 21 advisers from different BME groups 	<ul style="list-style-type: none"> • Staff costs (part-time officer time, forum development officer, admin - about £20 - 25,000 p.a.) • Catering (about £1,000 p.a.) • Advertising (about £200 p.a.) • Participants' expenses (about £3,500 p.a.) • Participants' time (about 4 hours per month) 	<ul style="list-style-type: none"> • Council has met legal requirements on consulting with BME communities • Provided council with valuable information • Easier and less conflict-prone decisions 	<ul style="list-style-type: none"> • Concerns about participant burn-out as the same people are asked to advise on lots of other things, and they are all volunteers • It is more cost-effective to use council staff than asking consultants to do this - that is estimated to cost up to £75 - £100,000 p.a.

PROJECT	COSTS	BENEFITS	ISSUES
<p>Birmingham Partnerships</p> <ul style="list-style-type: none"> • Run by Birmingham City Council • Aim: To better understand public attitudes in order to develop better council services • Activities include an annual survey and people's panel (some work undertaken by consultants) 	<ul style="list-style-type: none"> • Council staff (£37,000 p.a.) • Annual survey (£45,000) • People's panel (£10,000) 	<ul style="list-style-type: none"> • Better understanding of public opinion • Awareness-raising 	<ul style="list-style-type: none"> • Consultants recruited the panel and conducted the survey, and no detailed costs for that • Difficulties were found integrating the information from these sources into planning processes for services • Difficulties were found over duplication with other government bodies • Traditional market research is seen as much less effective than this.

4. The Framework

How do you find out what a participation initiative has really achieved - or simply whether the benefits were really worth the time and money?

This document introduces a framework for thinking about the costs and value of participation in a structured way - to help users find a way through the complexities of the true costs and true value of engaging citizens in the decisions that affect their lives.

4.1 The Current Problem

Public participation in the UK has grown enormously in the past few years, with thousands of initiatives from the very local to national levels. The levels of activity are matched by high levels of investment: the GM Nation debate was estimated to cost £1.5 million; the Your Health, Your Care, Your Say at £1 million. Local authorities are also spending money on participation. It has been estimated that one London borough spends £1.5 million each year on specific consultation activities (not counting other communications, awareness-raising etc); and research in one Midlands authority found some 80 consultation exercises had been undertaken in a six-month period. An average of £2 million per year per local authority does not seem an excessive estimate of current expenditure on participation.

But even these figures are the exception to the rule at the moment. In most cases there is no cost data available at all: participation may never have been a separate budget; it may have been part of someone's job but there was no assessment of how much; it did not form part of conventional performance management so there is no cost-code for it. And there have been even fewer attempts to actually measure the benefits of participation.

This 'budgetary black hole' in the evidence is beginning to be exploited in growing attacks on participation. Political commentators Mathew Parris² and Dick Taverne³ have both argued that participation might waste both money and time. There is also growing concern in the academic literature that participation may not deliver all that it promises⁴. In Scotland the costs of consultation have become a national issue: a typical headline appeared in the Glasgow Evening Times on 17 August 2005: "273 consultations... but no one was any the wiser".

Without clear evidence, it remains very difficult to assess the validity of these criticisms.

² Parris, Matthew (2005) 'Don't ask my opinion; don't consult, engage or include; just lead: We should not tip bucket-loads of participation over every group and question', *The Times*, 26.2.05.

³ Taverne, Dick (2005) *The March of Unreason: Science, Democracy, and the New Fundamentalism*, Oxford University Press, Oxford.

⁴ Cooke, Bill and Kothari, Uma (eds) (2001) *Participation The New Tyranny*. Zed Books, London.

4.2 Emerging evidence on costs and benefits

Evaluation of participation processes is becoming more robust and widespread, but it still rarely includes any analysis of costs and benefits. The World Bank investigated the costs and benefits of participation in their investments in international development over ten years ago⁵, but until recently there was little else. That is beginning to change, as two recent reports for ODPM illustrate (see box below).

Knowsley neighbourhood wardens

In research on neighbourhood warden schemes, only one case study area (Knowsley) embraced a large cross-section of their community in their participatory processes: "Correspondingly, they came out highest in the residents' survey in residents reporting that the wardens helped make the area a better place to live (47%)". A sense of ownership and wide involvement strongly affected people's perceptions of their area.

The study also found that "Even assuming that only 10% of the reduction in crime rates can be attributed to wardens, there is still an overall saving". The *decline* in crime in the warden areas (nearly 28%), compared to a slight *increase* (4.7%) in comparator areas.

The involvement of stakeholders, resident involvement and active and representative steering groups were among the key factors for the success of these programmes. Participatory approaches could therefore be seen to save costs in reducing crime.

Taken from: *Neighbourhood Wardens Scheme Evaluation*. ODPM Research Report 8, 2004.

Community-based service delivery

Case study research in deprived areas has shown that the delivery of services through community-based organisations and deliberative processes cost an additional £45 - £60 per year, but there were significant benefits:

- Crime rates dropped by 50% in the first year of a Policing Priority Area (PPA) in Stoke-on-Trent which took a neighbourhood management approach with strong participation. Although attributable to a large extent to another initiative, it was also due to the work of the PPA - as evidenced by falls in the crime rate in other areas to which the PPA was extended. Also, at the beginning of the PPA, there were 19 void properties on the estate; there is now a waiting list.
- INclude, in Liverpool, was a community-based organisation that took on area management responsibility for some council services and a broader role in regeneration. Since INclude had been active in the area, housing void rates had dropped from 28% to zero; and there was a 50 - 80% reduction in four key crime indicators.

Taken from: *Improving delivery of mainstream services in deprived areas - the role of community involvement*. ODPM Research Report 16. September 2005.

⁵ World Bank (1994) *The World Bank and Participation*. World Bank Learning Group on Participatory Development, Operations Department, September 1994, Washington DC.

These sorts of examples illustrate how powerful statistical evidence of the impacts of participation can be. It may not be possible to demonstrate direct cause and effect, especially as participation is so often just one element of a larger programme (e.g. alongside investment in physical regeneration), but it feels as though some clarity is beginning to emerge.

4.3 Thinking about value

Oscar Wilde's definition of a cynic as 'someone who knows the price of everything and the value of nothing' can be taken as a caution here. It is the value rather than the cost of participation that is important, but how do we begin to ascribe 'value' to participation in a coherent and rigorous manner?

Research for Involve⁶ has been examining the potential of various economic tools for assessing the costs and benefits of participation, to find out whether such tools could contribute to thinking about 'value'. That research concludes that simple cost benefit analysis does not work in this context, nor do all the complicated spin-offs designed to take into account non-market values - tools such as contingent valuation (in which people are asked to value a non-market good or service) and hedonistic pricing (which uses existing market choices to estimate non-market values, such as house prices near motorways compared to similar houses elsewhere to estimate the costs of noise).

Although some mainstream economic analytical tools have some elements that could form part of an appropriate framework to value participation, such as involving stakeholders and the public in defining 'value', they are generally too complicated for non-economists to use, they can provide only limited conclusions, and those conclusions may have little meaning to non-economists.

The concept of 'public value' has been proposed as a step forward from these tools, offering a "rough and ready yardstick against which to gauge the performance of policies and public institutions, make decisions about allocating resources and select appropriate systems of delivery"⁷.

This approach suggests a focus on outcomes, services and trust - far beyond the simple 'efficiencies' of previous measurement regimes, and aiming to achieve the best balance of accountability, innovation and efficiency. In this model, the focus is less on simply spending more, or cutting expenditure (as previous political models would have it), but rather "how well public resources are spent". In other words, not just looking at how much it costs, but rather what is achieved with those resources, so a much closer relationship is sought between spending / investment and achievement. However, although public value is clearly a useful concept for getting beyond the previous general principles governing public

⁶ A first draft of the Involve literature review for the research behind this framework is available on www.involving.org.uk

⁷ Gavin Kelly, Geoff Mulgan and Stephen Muers (2002) *Creating public value. An analytical framework for public service reform*. Strategy Unit, Cabinet Office.

expenditure, it cannot easily be applied in practice to assessing the costs and benefits of participation.

4.4 The argument against measurement

Whatever models are used to assess the value of participation, many will still argue against any attempt to measure such things. The difficulties of actually identifying costs have already been mentioned, but there are other problems too. How do you show direct cause and effect when participation is usually part of a larger programme? When budgets are limited, may 'measurement' divert scarce resources from 'doing'? And much participation depends on the goodwill and altruism of all involved, so any measurement has to be done sensitively to avoid jeopardising some of its most useful attributes.

It has also been argued that any measurement risks over-simplifying complex processes and outcomes, and that it is simply not possible to quantify participation (and certainly not possible to put monetary values on it). How can you put a value on democracy?

Of course, democracy (and participation) will always have moral and philosophical value attached to them, which cannot be subject to such measurement. Yet evidence does already exist that can be built upon: Involve's review found research showing that Swiss cantons with more democratic rights on average had about 15% higher levels of economic performance; Robert Putnam's famous research in Italy showed how social capital (generated from social networks including those resulting from various forms of participation) affected democratic engagement and economic performance; and Nobel economics laureate Amartya Sen has shown the correlation between democracy and eradicating famine.

4.5 The argument for measurement

Numbers may not tell you everything - or even much. As David Boyle has said⁸, numbers "won't interpret. They won't inspire, and they won't tell you precisely what causes what". All that is true, but numbers will tell you *something*. It may not be conclusive, it should not be taken as more compelling than more qualitative evidence, but it does offer something that helps to illuminate the overall picture.

The danger with the anti-numbers rhetoric is that some 'good enough' evidence may be abandoned because it is not perfect. And having no data brings its own problems:

- How can you argue for innovation with no way of assessing whether it works?
- How can you argue for more resources for participation if you have no evidence on how much it costs to achieve the outcomes sought?

⁸ David Boyle (2004) *The Tyranny of Numbers: Why counting can't make us happy*. Harper Collins, London.

- How do you argue for shifting investment from end-of-pipe mechanisms for dealing with complex issues to front-end participation if you have no way of showing how costs can be saved by reducing conflict and gaining community support early on?
- How can you make the case for valuing the contribution of participants if you have no way of calculating their input?
- How can you make sure hard-to-reach, disadvantaged or excluded groups are included in participatory processes if you cannot show how much it will cost to do proper outreach and development work to reach them, and the benefits it will bring?
- How do you improve practice if it is impossible to show what has real value (especially to participants) and real impacts?

There are clearly real dangers in focusing on the measurable at the expense of the valuable. Everyone is aware that some important factors simply cannot be measured, and simplistic approaches that only focus on what can easily be measured must be avoided. Qualitative descriptive approaches will also always be needed, as will personal anecdotes and stories which provide a different sort of evidence.

However, with the developments over recent years of ways of measuring complex benefits of participation such as trust, neighbourliness, community involvement and community vibrancy (by Community Development Foundation⁹, New Economics Foundation¹⁰ and others), there is beginning to be greater understanding of how to disaggregate and identify the outcomes. At the moment the processes and their impacts are too often shrouded in mystery; costs are hidden and benefits unarticulated.

Measuring the costs and benefits of participation will always be more of an art than a science, because so many of the factors involved are intangible. But the accountability and effectiveness of participatory working can only be improved if we can find some ways of assessing the costs and benefits that go beyond either vague rhetoric or simplistic number-crunching, and we can start to provide compelling evidence that shows what works in particular circumstances to achieve particular objectives.

In summary, the arguments for measuring the costs and benefits of participation are:

- To build the evidence base on the *actual* costs and benefits of participation.
- To improve practice by identifying the most effective methods for achieving the desired outcomes.
- To avoid repeating costly mistakes.
- To improve the planning and delivery of participation (e.g. better budgeting and clearer objectives).
- To demonstrate the value of participation.

⁹ Humm, J., Jones, K. and Chanan, G. (2005) *Testing Indicators of Community Involvement. Final Report.* Community Development Foundation, London.

¹⁰ NEF (2000) *Prove it! Measuring the effect of neighbourhood renewal on local people.* New Economics Foundation, London.

In addition to these practical reasons for better measurement, there are more general ethical drivers, including:

- Accountability: much participation is funded by public money, and continuing investment needs to be justified appropriately.
- Principles of openness and transparency: this is one of the principles of good participation and essential in managing participation well.

The rest of this document aims to provide some frameworks for thinking about the costs and benefits of participation in ways that focus on 'value' as well as providing some checklists for keeping track of costs so that it becomes possible to assess the balance between costs and benefits.

4.6 A new framework

Every participation initiative will have different goals and different costs. The framework outlined below (Figs 1 and 2) is designed simply to provide the most likely *categories* of costs and benefits¹¹ to aid planning and monitoring. Every project will want to specify their own specific details in their framework. Figs 3 and 4 provide more detailed examples of the types of goals (and indicators) that might arise - again simply as an aid to future thinking and analysis.

The framework is based on the Logical Framework (LogFrame) used in international development for the planning and evaluation of participation (DFID 1997)¹². The version below differs in various ways from that original LogFrame, but uses some of the main principles. In particular, the LogFrame below includes some specific goals to aid thinking about the benefits of participation.

Table 4. A logical framework for assessing the benefits of participation

GOALS / PURPOSE	POSSIBLE INDICATORS	HOW TO GET DATA	IMPORTANT ASSUMPTIONS
Governance	<i>The change sought / indicators of achievement</i>	<i>Cost-effective methods to find the necessary information</i>	<i>What might underlie the goal / principles, and constraints / risks</i>
Social cohesion etc	<i>as above</i>	<i>as above</i>	<i>as above</i>
Quality of services / projects / programmes	<i>as above</i>	<i>as above</i>	<i>as above</i>
Capacity building / learning etc	<i>as above</i>	<i>as above</i>	<i>as above</i>

In terms of the costs, the aim is to find ways of quantifying the costs throughout, although not trying to translate all costs to a monetary value.

¹¹ The benefit categories are based on the general objectives of participation in: Involve (2005) *People and Participation. How to put citizens at the heart of decision-making*. Involve / Together We can, London.

¹² DFID (1997) *Guidelines on Humanitarian Assistance*. Department for International Development, London.

This may be possible in many cases, and many budgets for participation may want to do this (e.g. putting a monetary value on the time given by participants in grant applications, so that it can count as help in kind when fund raising etc). However, in trying to find out some sort of balance between costs and benefits, monetarising all benefits may be counter-productive in many cases.

Table 5. A logical framework for assessing the costs of participation

COSTS	POSSIBLE INDICATORS	HOW TO GET DATA	IMPORTANT ASSUMPTIONS
Monetary costs	<i>The actual costs of specific activities</i>	<i>Cost-effective methods to find the necessary information</i>	<i>Factors affecting the costs for this particular initiative</i>
Non-monetary costs	<i>Details of the non-monetary costs</i>	<i>as above</i>	<i>as above</i>
Risks	<i>Details of the specific risks</i>	<i>as above</i>	<i>Extent to which the risks are likely / important (high / medium / low)</i>

Table 6. Some of the benefits of participation

GOALS / PURPOSE	POSSIBLE INDICATORS	HOW TO GET DATA	IMPORTANT ASSUMPTIONS
GOVERNANCE: Democratic legitimacy	Has this initiative encouraged more people to vote in local elections?	Voter turnout figures over several years	<i>All these impacts may be influenced by a wide range of factors, of which citizens' experience of a particular participation exercise is only one, but these indicators can give some clues.</i>
Reputation / trust / legitimacy	Has this initiative encouraged people to think the council is doing a good job?	Opinion polls, focus groups, interviews, questionnaires following events, etc	
Active citizenship	Has this initiative encouraged people to get involved again, because they think it worth while?	As above	
Accountability	Has this initiative given people more information so they can hold the council accountable for decisions?	Interviews, questionnaires following events, etc	
SOCIAL COHESION ETC: Social cohesion	Has this initiative helped people from different backgrounds in the area to get on better together?	Questionnaires following events; interviews later, etc	<i>Although these can be broad, long term changes in relations between government and citizens, there are indicators of change that can be used to provide useful feedback</i>
Social capital	Has the initiative reached a cross-sector / representative sample of the local community?	Collecting data on the individuals involved, through questionnaires etc. As above	
Social justice	Has this enabled people to make new contacts / join new networks beyond their usual relationships? Has this initiative helped increase equality of access to decision-making or services?	As above	

Table 6, continued.

GOALS / PURPOSE	POSSIBLE INDICATORS	HOW TO GET DATA	IMPORTANT ASSUMPTIONS
QUALITY OF SERVICES PROJECTS:			
Public service improvement	Has this initiative saved money by making public services more reflective of local needs and not spending money on unwanted services?	Comparison of views expressed and changes made to policy and practice; via analysis of initiative reports and proposed changes.	<i>It should not be expected that all proposals made in public engagement exercises will be taken on; although explanations of 'why not?' will be needed if they are not taken on.</i>
Reduced management and maintenance costs	Can costs be saved by reducing vandalism because people feel protective / a sense of ownership and will look after things?	Collecting costs of maintenance of projects that used participatory methods, and comparing these with conventional project maintenance costs.	<i>Maintenance / costs of damage may not be collected in any detail currently; but these costs could be significantly reduced through good public participation.</i>
	Can the costs of damage to facilities be reduced because people use new facilities more effectively because they better understand what / who they are for as a result of involvement?	Collecting costs of damage to facilities caused by lack of knowledge / care.	<i>As above.</i>
Easier development of land and buildings, and other facilities	Has less time been taken up dealing with conflict over proposals for inappropriate development?	Collecting costs of dealing with conflict (e.g. time spent dealing with complaints, objections, campaigns etc).	<i>Most of these costs will be staff time, levels of stress and sick leave etc, which may not normally be collected in this way.</i>
	Has it been quicker to make decisions about development proposals?	As above	<i>As above</i>
Co-production of shared outcomes	Has this initiative saved costs by encouraging people to take more responsibility for their own good health / illness?	Examples of new community-led initiatives Feedback from patients and doctors	<i>Cost savings will only ever be part of the real value of increased co-production; but it will be useful to start collective evidence on this.</i>

Table 6, continued

GOALS / PURPOSE	POSSIBLE INDICATORS	HOW TO GET DATA	IMPORTANT ASSUMPTIONS
CAPACITY BUILDING / LEARNING			
Increased participant skills, abilities, confidence	Has the initiative encouraged participants to go on to do other projects with more confidence?	Interviews with participants later on in the process.	<i>The growing confidence and skills of active citizens is understood to contribute to a stronger voluntary sector, and to stronger communities.</i>
Increased staff skills	Has the initiative led to people going on to formal training / gaining qualifications?	As above.	
Stronger communities	Has the initiative enabled staff to run the next exercise without external consultants?	Collecting details of who is involved in running participatory exercises.	<i>Using external people may also be a benefit (e.g. to reassure participants of independence etc).</i>
Raised awareness	Has the initiative increased the strength of the voluntary and community sectors?	Interviews with people in the voluntary and community sectors after the event.	
	Do the participants have a better awareness / understanding of the issues involved as a result of the initiative?	Questionnaires and interviews with participants after the event.	<i>The importance of participation as a learning experience can often be underestimated.</i>

Table 7. Some of the costs of participation

COSTS	POSSIBLE INDICATORS	HOW TO GET DATA	IMPORTANT ASSUMPTIONS
MONETARY COSTS:			
Staff time (paid)	Time spent (days / hours)	Time sheets linked to data on salaries, on- costs (NI, pension etc), etc	<i>Some costs may be internal, and more difficult to identify.</i>
	Recruitment (if appropriate)	Advertising, interviewing, induction etc.	
Staff expenses	Travel, overnight stays, child care etc	Costs of expenses claimed	
External staff / consultants	Fees charged	Invoices	
Fees to participants	Amounts paid	Record of expenditure, receipts etc	
Expenses to participants	Travel, overnight stays, child care etc	Costs of expenses claimed	
Training (staff)	Costs of training courses	Invoices	
	Days taken for training	Time sheets	
Training (participants)	Costs of external trainers provided	Invoices	
	Costs of places on training courses	Invoices	
Administration	Costs of telephone calls, copying, postage etc	Records of all expenditure related to the project	
Venue hire	Costs of venue	Invoices	
Other event costs	Catering, recording equipment, AV equipment etc	Invoices	
Newsletters, leaflets etc	Time for writing, design, illustration Print costs Distribution costs	Time sheets / invoices for external support Invoices Time sheets / invoices	

Table 7, continued

COSTS	POSSIBLE INDICATORS	HOW TO GET DATA	IMPORTANT ASSUMPTIONS
MONETARY COSTS: Monitoring / evaluation	Time for designing and implementing the evaluation process Print costs for feedback sheets etc	Time sheets Invoices	
NON-MONETARY COSTS: Time contributed by participants Staff time (unpaid) Skills needed for the new approach	Days / hours spent in meetings, preparation, research, local consultations etc Unpaid overtime Time taken to learn about participatory working, in addition to planning activities	Diaries kept by participants Extended time sheets Timesheets	<i>The time given by participants is often under-valued, and planning often fails to take this contribution into account</i> <i>It may be difficult to isolate time learning about participation from general 'learning on the job', but worth keeping in mind</i>
RISKS: Reputation Uncertainty Stress Conflict	Could participatory working damage a reputation for leadership? Could poor performance in participatory working affect other projects / programmes? Could participatory working improve reputation for listening, responsiveness to local concerns? What impacts could less management have on the quality of the project? Will participatory working increase / reduce stress? Will participatory working increase / reduce conflict?	Public opinion polls, feedback from participants, etc Public opinion polls, feedback from participants, etc As above Feedback from staff Feedback from staff Review of impacts of participatory initiative; interviews etc.	<i>All risks can be assessed in terms of likelihood (how likely they are to happen), and importance.</i> <i>Both can be assessed in terms of high / medium / low risk.</i>

4.7 Health warning

The frameworks outlined above are designed only to prompt greater examination of the potential costs and benefits of participation than is currently normal practice. Thinking through the indicators and detailed rationale / purpose for a participatory initiative can be a very useful part of the planning, as well as helping to start the collection of data that can act as benchmarks for future monitoring.

However, there are various potential pitfalls which need to be addressed, including:

- **Comparing apples and oranges.** It is not possible easily to compare the monetary cost of a participation exercise with the intangible benefits that may result.

However, people do in fact look at the cost of something and decide if it is worthwhile for them in their situation every day, so it is quite possible to do. The aim of starting to develop the frameworks above is to start to provide some of the building blocks for making those comparisons - even if they are as impossible as actually comparing apples and oranges. Over time, it should be possible to begin to gain a wider shared understanding of the value of participation to all those involved by clarifying what is involved.

- **Cost savings.** The framework identifies some of the areas where costs could be saved by using participatory methods rather than conventional planning and management methods (see under Quality of services / projects - reducing management and maintenance costs, less vandalism, less misuse, easier and quicker decisions etc). The framework does not yet cover other potential cost savings from doing *good* participation - compared to not doing participation at all, or doing participation badly. This is an area for further development based on research comparing similar projects that have used different levels of participation and assessing the costs and savings that may result.
- **Evidence-based policy.** In spite of the rhetoric about evidence-based policy in government and other policy institutions, in practice policy decisions always balance evidence and political context (e.g. groundswell of public opinion, recent outrage, mood for or against cutting public expenditure).

However, even recognising the limitations of true evidence-based policy, it makes sense to begin to gather some evidence of the value of participation, to contribute to creating an appropriate political context for future policy decisions.

- **Converting activities to impacts.** Monitoring of participation has most often focused on the specific event - feedback sheets given to participants to fill in before they leave. But the interactive event, however big and glamorous - is only ever part of the participatory story. The context, what happens with the results of the discussion at the event, the changes in people's understanding and trust in institutions as a result of taking part - these are all important and are almost never considered.

Too often, participation is seen just as a set of activities and monitoring is focused on whether the activities went smoothly, or the leaflet was distributed to a certain number of people in specific social groups - but that is not enough. The value of participation will only be understood when the impacts of the exercise are fully considered, as well as the activities.

- **The nature of social capital.** Ever since Robert Putnam popularised the idea of social capital, it has been the holy grail of much participatory working. It is clearly a 'good thing' but there is a lot of confusion about what it really means in practice, and about how to 'measure' it. More particularly, social capital is a collective 'social good', but many of the measures tend to be focused on the individual experience of it.

We have attempted to get past the reduction of social capital to 'trust' or 'neighbourliness', mainly by looking at trust separately, and not getting into neighbourliness at all. This framework returns to Robert Putnam's ideas of networks and social contact under social capital, and deals with reciprocity through the idea of co-production of better quality services and facilities.

But there is a lot more to do to define and measure this elusive quality of social relationships that seems so important to strong and resilient communities.

- **Risk.** There are risks in any human interaction and not everyone has the experience to handle the difficulties that can arise in participatory working, especially given that the need for flexibility and responsiveness does not allow for rigid controls of these processes. All the benefits listed in Fig 3 are also qualities 'at risk' of bad participatory practice.

The frameworks in this document are designed to contribute to better practice, particularly by helping to achieve greater clarity about the goals of each specific participatory initiative.

- **Beyond economic valuation.** The Involve research has concluded, after extensive research, that traditional economic models are not appropriate in themselves for thinking about the value of participation. All the economic models we have examined, including the variations and extensions, require a level of reductionism that gives inadequate recognition to the richness and complexity of participatory practice.

This is not to say that numbers do not matter. They do. It will still make a difference whether 1000 or 10 people turn up to a public meeting, whether 5 or 500 people complete a questionnaire, or whether a public body consults a few people or tries to reach a much wider range of groups that may otherwise be excluded.

But the real value - and thus the 'true costs' - of participation remain located within a series of political and ethical dimensions that cannot be reduced to numbers alone.

The challenge is to find ways that respect the contribution to understanding that numbers can make, without making numbers the most important factor - and striving to find ways of describing the more qualitative impacts of participation that have practical meaning to everyone involved.

- **Involving participants.** The frameworks provided in this document provide some clues as to the 'contents' of research into the costs and benefits of participation, but 'how' that research is done can contribute to participatory practice - or may undermine it.

Ideally, participants will be invited to contribute to the formal setting of goals (and indicators of success) for any specific initiative. At the least, participants should be clearly informed about goals and indicators of success, and invited to comment on them.

Participants should also be invited to give feedback, and to comment on, conclusions from any participatory initiative (e.g. at a final closing event, or via other communications media later). They will be able to provide invaluable data (e.g. on their own input of time, and what they value about the exercise), so their contribution to the initiative can be assessed alongside other investment (and thus properly 'valued').

Involving participants in measuring the success of any participatory initiative can be made integral to the participatory process itself, so that principles of good participatory practice are followed - and so that the data collected is as complete as possible.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This research clearly shows the dearth of data on the costs and benefits of participation. One local authority Chief Executive said "we really have no idea how much we spend on participation, it tends to be cobbled together from different budgets at the end of the financial year". On some topics, the evidence is growing (e.g. participation in national regeneration programmes), but overall the evidence remains extremely patchy.

Such financial uncertainty, and lack of common understanding about what the benefits of participation could be (so achievements against that can be assessed), is seriously undermining the continued development of participation in practice. At present, belief in the benefits is providing sufficient political momentum to continue investment from the public, private and voluntary sectors - but criticism is already beginning to surface and there is too little evidence at present to counter that criticism effectively, or to change practice to make it more effective and equitable.

Without appropriate data on costs and benefits, participation managers cannot set realistic budgets for new participation initiatives, and cannot effectively identify appropriate methods to achieve the desired outcomes if there is no data on which is most cost effective (only one criterion, but an important one: Involve 2005). In particular, the real lack of analysis of the costs and benefits to participants means that the costs are often underestimated, and demands on participants continue to grow, contributing to consultation fatigue.

In addition, the research findings suggest two overarching practical points:

- **Understanding can be greatly enhanced but evidence will always be incomplete.** All economic analysis contains assumptions and can only act as a decision making guide. The costs and benefits of a process will therefore only ever be one of several factors that decision makers consider in choosing methods or in using participatory approaches in general.
- **Fixed budgets are problematic for participation practice.** Although better information on costs and benefits will help project managers budget more effectively, this research shows that fixed budgets can be incompatible with iterative and dynamic participative processes and the changing decision-making environment within which they exist. Flexibility will continue to be essential although, it is hoped, this will be within more clearly defined limits in future.

Public participation is becoming central to new approaches to governance and change management, as well as to effective project and programme management of all sorts from local to national levels. Judgements have to be

made about balancing different options and, at present, there is too little data to argue effectively for any specific participatory approach.

5.2 A way forward

5.2.1 A new framework for data gathering

There can be no single simple formula for assessing the costs and benefits of participation, but Involve has used this research to propose a new framework for considering such an assessment. This framework is designed to provide users with a practical way of thinking about measuring the costs and benefits of public participation (both monetary and non-monetary costs and benefits).

This new framework is given in section 4 of this report.

5.2.2 A new theoretical model

Participation needs to move beyond its origins within a wide range of different disciplines and develop its own theoretical base. Currently the ways in which participation is assessed is based on an amalgam of the values and principles from the different fields in which participation began. For example, social scientists tend to focus on understanding the context and the people and their interactions, development studies is sensitive to the wider cultural pressures people may face (e.g. prejudice, oppression etc.) and political science often interprets people's actions as part of wider social movements. Each one of these perspectives is equally valid and must be considered as part of any new theoretical models.

If participation is to move forward and be well understood, a broader, composite analytical set of frameworks is required which captures the richness - and unique qualities - of participation that recognises and values the different perspectives that led to its initial development.

This research on the true costs of participation has brought these different interpretations to the surface, by encouraging people to think through the absolute costs and benefits. Asking people to think through the economic value of participation may have posed a great challenge to some, but it also focussed the minds of many, surfacing the values and frameworks they currently use to interpret participation.

As a way forward, Involve proposes bringing together a small but diverse group of individuals to continue the debate around the true costs of participation with two tasks in mind:

- Taking this research forward (in particular learning from other fields such as environmental economics) to create a model for the economics of public participation;
- Scoping out the validity of creating a new composite participation theoretical model which recognises the diversity of perspectives involved to create a richer, more appropriate academic framework for understanding of this field.

5.3 Recommendations

Overall we recommend that project managers involved with participation **keep records on financial data** as far as is practicable, and we recommend our framework outlined in Section 5 is used as a starting point for this. The research process and findings has also led to the following recommendations for **future research**:

- **Disaggregating intangible benefits.** In order to understand the value that participation may add, a deeper understanding is needed of the intangible benefits that have been linked to participation (e.g. trust, social capital, community cohesion etc.)
- **Comparative studies.** Researching the effects of participation in specific settings will further the development of best practice and contribute to the development of analytical frameworks. Possible future studies might include:
 - Comparisons of spending on participation, and expected benefits, in different areas and regions (e.g. nationally across OECD countries, in UK local authorities or LSPs).
 - Comparative studies of different levels of participation in similar circumstances (e.g. very minimal consultation required by legislation compared to more in-depth engagement in similar circumstances, to compare costs and benefits).
 - Comparative studies of similar participation in different areas and contexts, to test the importance of context in these exercises - a major gap in current data.
- **Distributional effects.** Who the beneficiaries of participatory working are can be as important as how large the benefits are. More research is needed into how the costs and benefits are distributed between groups and the impacts of these on the processes, institutions and individuals.
- **New analytical models.** Development of frameworks which draw on the rich pedigree of established disciplines but have the breadth to account for participation's wide ranging effects.
- **The link between actual and perceived costs and benefits.** Research has shown that the perception of the costs and benefits can have a large impact on people's willingness to take part. It may be useful to further examine these incentives and barriers in more detail.

There is clearly considerably more research needed in this field. This current research project was intended to contribute to opening up this debate on the costs and benefits of participation, and start to provide some initial frameworks

for the future development of both theory and practice. Involve will continue to develop these ideas with its network in the immediate future.

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Annex 1. Summary of Participatory Research Process

The research for this document has involved a programme of short interviews, desk research and a workshop carried out in September 2005. Involve would like to thank all individuals who contributed to the research in various ways. All these individuals are listed below under the relevant headings.

The Involve research team was Edward Andersson (researcher), Diane Warburton (Involve research adviser) and Richard Wilson (Involve Director). The research also draws on previous literature reviews in this area by Diane Warburton for the Environment Agency and Countryside Agency, and her experience of evaluating participatory programmes. Adefemi Adekunle, Edward Andersson and Nicola Berkeley carried out the primary research for the case studies.

A1.1 Advisory Group

To assist with the research an advisory group was set up, consisting of the following individuals who commented on the research at an advisory group meeting and/or by phone:

Table 8 – Advisory Group

Individual	Organisation
Walid El-Ansari	Oxford Brookes University
Archon Fung	Assistant Professor of Public Policy, Harvard University
Jeremy Nicholls	AccountAbility
Duncan Prime	Home Office, Civil Renewal Unit
Frances Truscott	Future Perspectives Ltd.

A1.2 Initial Interviews

10 people were interviewed at the start of the process in order to gain an understanding of the current research around the subject, interviewees were selected to represent a wide variety of including people from the Treasury and the New Economics Foundation.

Table 9 – Initial Interviews

Individual	Organisation	Interview Date
Walid El Ansari	Oxford Brookes University	09/06/2005
Archon Fung	Harvard University	26/05/2005
Michael Jacobs	HM Treasury	24/05/2005
Nick Marks	New Economics Foundation	13/05/2005
Geoff Mulgan	Young Foundation	10/05/2005

Jeremy Nicholls	New Economics Foundation	04/05/2005
Ceri Phillips	University of Wales, Swansea	26/05/2005
Marylin Taylor	University of the West of England	07/06/2005
Perry Walker	New Economics Foundation	26/04/2005
Paul Whiteley	University of Essex	24/05/2005

A1.3 Leads from the network and other contacts

Throughout the research process a number of individuals assisted us with identifying literature and potential case studies. Some of these contacted us in response to email updates we distributed among the Involve network; others were contacted by us directly. Both types of contacts are listed below.

Table 10 – Leads and other contacts

Individual	Organisation
Rob Angell	Independent Facilitator
Giles Atkinson	London School of Economics
Eve Bevan	Shepherds Bush Healthy Living Centre
Marian Barnes	University of Birmingham
Kirsty Blackstock	The Macaulay Institute
Jeff Bishop	BDOR
Gabriel Chanan	Community Development Foundation
Lindsey Colbourne	Sustainable Development Commission
David Collier	Independent evaluator
John Colvin	Environment Agency
Chris Dabbs	PPI Monitor
Adam Davison	Newlands
Rosy Day	DCA
James Derounian	University of Gloucestershire
Shôn Devey	Barnardos, Wales
Bobby Duffy	MORI
Patrick Dunleavy	London School of Economics
Bob Earll	Coastal Management for Sustainability
Steve Evison	Resources for Change
Bruno Frey	University of Zurich
John Gaventa	Institute for Development Studies
Karen Gilbert	European Centre for Nature Conservation
Joe Goldman	AmericaSpeaks

Dafydd Gwynne	Anglesey council
Jez Hall	Community Pride Initiative
Judith Hanna	English Nature
Max Hislop	Forestry Commission
Nicole Hunter	Department of Sustainability and the Environment -Geelong
Garry Kass	DTI
Geoff King	Devon County Council
Kamal Lallian	Slough Borough Council
Linda Lennard	Commission for Patient and Public Involvement in Health
Adam Lent	Harrow Borough Council
Tom Le Quesne	WWF
Judy Ling Wong	Black Environment Network
Vivien Lowndes	De Montford University
Heather Murray	Fife council
Eric Neumayer	London School of Economics
Jennifer Nou	Oxford University
Matale Nyomi	Countryside Council for Wales
Paula Orr	Environment Agency
Riaz Patel	Home Office
Paul Rainey	Sustainable Development Unit, Defra
Caspian Richards	Scottish Environmental Protection Agency
Ben Rogers	IPPR
Graham Smith	University of Southampton
Harry Smith	School of the Build Environment, Heriot Watt University, Edinburgh University
Lucy Stone	IPPR
Joanne Tippett	University of Manchester
Perry Walker	New Economics Foundation Centre for Participation
Philip Worsfold	Neighbourhood Renewal Unit Office of the Deputy Prime Minister
Juliette Young	Centre for Ecology and Hydrology

A1.4 Workshop

During the research process we held a workshop on the draft findings on 15 September 2005 in London. 23 people attended and added their comments to the work.

Table 11 – Workshop Attendees

London, 12 th November 04	
Individual	Organisation
Tessa Brannan	Manchester University
Kevin Dykes	Southwark Council
Ruth Grier	Office for Public Management
Eddie Gibb	Demos
Graham Hadley	Westminster City Council
Alex Inman	West Countries River Trust
Asher Jacobsberg	School Councils UK
Neal Lawson	Compass
Jane Lehr	Kings College
Judy Ling Wong	Black Environment Network
Robert Lloyd	One World Trust
Stella Michael	ODPM
Robert Nurick	Development Focus Trust
Diana Pound	Dialogue Matters
Anne Radford	Bankside Residents Forum
Jo Rowlands	Oxfam UK Poverty Programme
Ruth Rush	Environment Agency
Ivor Samuels	Civic Trust
Ray Sheath	Adventure Capital Fund
Tony Smith	Birmingham City Council
Praveen Wignarajah	The Environment Council
David Wilcox	Partnerships Online
Tricia Zipfel	ODPM (Neighbourhood Renewal Unit)

A1.5 Case Study Interviews

The following individuals were kind enough to give up their time to be interviewed as part of our case studies research.

Table 12 – Case Study Interviews

Individual	Organisation	Case Study Location	Interview date
Malick Aliman	N/A (Participant)	London, England	25/08/2005
Peter Barham	Associated British Ports	Lincolnshire/Yorkshire, England	04/11/2005
Beatrice Barge	N/A (Participant)	Easington, England	10/10/2005
Jonathan Bletcher	Cannock Chase Primary Care Trust	Staffordshire, England	13/09/2005
Andy Clements	English Nature	Lincolnshire/Yorkshire, England	08/11/2005
Shôn Devey	Barnardos Wales	Blaenau Ffestiniog, Wales	06/09/2005
Angella Driscoll	N/A (Participant)	Pontypool, Wales	10/10/2005
Andrew Gray	Torfaen County Borough Council	Pontypool, Wales	08/09/2005
Stephen Hilton	Bristol City Council	Bristol, England	01/09/2005
Aileen Hopper	N/A (Participant)	Easington, England	06/09/2005
Isabel Hudson	Women's Resource Centre	London, England	24/08/2005
Kate Jennings	English Nature	Lincolnshire/Yorkshire, England	01/09/2005
Lilly Khandker	Bristol City Council	Bristol, England	08/09/2005
Geoff King	Devon County Council	Devon, England	23/08/2005
Debbie Lee Chan	London Borough of Camden	London, England	23/08/2005
Neil Lewis	Torfaen County Borough Council	Pontypool, Wales	24/10/2005
Kate Monkhouse	London Civic Forum	London, England	09/09/2005
Janet Price	Torfaen MIND	Pontypool, Wales	13/10/2005
Tee Rogers-Hayden	University of East Anglia	Halifax, England	07/09/2005
Kirin Saeed	N/A (Participant)	London, England	25/08/2005
Claire Sanderson,	Birmingham City Council	Birmingham, England	22/08/2005
Lynn Seward	Harlow Council	Harlow, England	21/08/2005
David Shepherd	Easington PCT	Easington, England	15/08/2005
Peter Smith	Hammersmith & Fulham B. Council	London, England	08/09/2005
Tony Smith	Birmingham City Council	Birmingham, England	22/08/2005
Tom Wakeford	University of Newcastle	Halifax, England	11/10/2005
Sue Wilby	London Borough of Camden	London, England	24/10/2005

Annex 2. Full Case Studies Report

A2.1 Introduction

This annex contains the full information on the case studies and the methods used in their development. The case studies form an empirical study on how costs and benefits are actually recorded on the ground to complement the more theoretical research.

This annex is structured as follows:

1. Introduction
2. Purpose
3. Selection
4. Methodology
5. Brief Case Studies
6. Detailed Case Studies
7. General Findings
8. Implications
9. Questionnaires

A2.2 Purpose

We have carried out two types of case studies: brief and detailed. The 15 brief ones were based on interviews with project managers and aimed to see what perception they had of the costs and benefits of their projects. Following the development of our framework we chose four of our brief case studies for more detailed work. To complement the interview with the project manager we developed new questionnaires for participants and senior decision makers to get a more rounded view of the projects' costs and benefits. We aimed to carry out interviews with two participants per project and one decision maker per project. In some cases this proved impossible due to time constraints and availability issues.

Health Warning

These case studies are not meant to evaluate the projects themselves, or to produce accurate or complete depictions of their 'true' costs and benefits. Their purpose has been to locate the blind spots in our understanding of the economics of participation. In many cases the financial information that we have been able to gather has been incomplete or rough estimates rather than confirmed figures. The sample has been small and may have been unrepresentative. Therefore, taking the figures at face value and using them to judge the relative worth of these projects or participation in general would be a misuse of the research.

Based on the findings of the literature review we developed hypotheses about what we expected the reality of cost recording on the ground to be like. Our expectations were that:

- Financial recording would be fragmented and infrequent,
- Financial recording would be more common for costs than benefits,
- Financial recording would be focussed on the costs and benefits to the delivering agency,
- Benefits would be measured mainly by non-monetary means.

A2.4 Selection

It is difficult to provide a truly random selection of cases. Since the aim of these case studies has not been to determine actual costs and benefits we have not felt that this would be necessary.

The projects we have studied have come from two main sources:

1. A number of leads have come from the Involve network of practitioners. Unfortunately, we were not able to follow them all up due to time constraints.
2. We also located projects through two recognition schemes. Civic Pioneers (Home Office) and BEACON (Improvement and Development Agency) provided us with a selection of local authorities with well-run participative processes. Our reasoning for choosing projects through these schemes was that the quality of data might be higher.

We have selected studies to provide a wide spectrum of participatory processes. The projects studied differ when it comes to:

- Geographical focus (Different areas and scales across the UK)
- The delivering body (Public, private, voluntary/ local, regional, national)
- The purpose of the process (from information to co-production)
- The number of participants (from under ten to over a thousand)

The focus of the study is either on an individual project or a whole organisational unit that deals with participation. This depended on what cost and benefit data the interviewee had available. Where possible we tried to study individual projects rather than whole units.

A2.5 Methodology

The interviews for the brief case studies were carried out using a structured questionnaire. The full questionnaires can be found at the end of this annex. The main interviewee was the project manager, or someone at a similar level, with an overview of the financial inputs and outputs.

The answers were noted down on a form and then analysed, both individually and as a whole, to capture general findings.

The research process for the detailed case studies was similar. Firstly we selected four of the brief case studies to develop further. The selection was partly guided by a desire to get a mix of different projects and scales and also based on which cases were able to provide the most information and which thus seemed promising. We developed special questionnaires for participants and decision makers, specially tailored towards their level of involvement in the participation. In addition to this we also reviewed the results of the brief case study and went back to the project manager to get more information if needed.

Because many people view monetary valuation as important we asked project managers to see if they thought putting a monetary value on costs and benefits was possible. We did not make use of most economic techniques to value intangibles as we did not have the resources to do so, however we made use of *replacement costs*, which are a simple method.

A2.6 Brief Case Studies

We have carried out brief case studies in the following locations (The locations do not refer to similar geographical units, but reflect the varied geographical scope of the projects studied):

- *Blaenau Ffestiniog*
- *Birmingham*
- *Bristol x 2*
- *Cannock Chase*
- *Devon*
- *Halifax*
- *Hammersmith and Fulham*
- *Harlow*
- *London x 2*

The brief case studies are structured as follows:

Name of project – This is the name of the project or unit as defined by the delivering body. (We have included whether it is a unit or a project in parenthesis)

Delivering Body – The body or bodies responsible for the delivery of the participation

Interview – Lists the name of the people we interviewed as part of the study in alphabetical order.

Area/Location – The locations listed are not comparable units. In some cases the focus was on an activity within the boundaries of a local authority or town, in other cases the focus was on a regional level.

Summary of Study – A brief summary of the project and what it tried to achieve, including the aims and the context.

Major costs identified – Recorded and unrecorded costs reported by the interviewee.

Major benefits identified - Recorded and unrecorded benefits reported by the interviewee.

Monetary values – Discussion of what costs and benefits (if any) were available in monetary units. Was it possible for the project manager to make estimates of intangibles in monetary units? How accurate were the figures given?

Detailed Costs – This is a listing of the cost figures in pounds that were given by the project manager. Please note that most of these costs are rough estimates and should not be quoted unquestioningly.

The case studies are arranged alphabetically by location.

BARNARDOS CYMRU - YMBAREL

Name of study: 'Ymbarel' (project)

Delivering Body: Barnardos Cymru

Interview: Shôn Devey

Area/Location: Blaenau Ffestiniog, Wales

Summary of Study: Ymbarel is a long-term (10+ years) community development project focussed on supporting children and their families. It aims to break the cycle of poverty and deprivation in and around Blaenau Ffestiniog by supporting individuals and building community infrastructure. Barnardos aims to work in partnership with parents and the activities are driven by local interest and priorities. The project engages between 500 and 1,000 people, this varies from year to year depending on the kind of activity taking place. An overarching goal is to create 'a culture of listening'. The project makes use of a local cultural symbol, the Carreg Ateb ('listening stone'), to symbolise the reflective and responsive service.

Major costs identified: 5 full time members of staff formed a large part of the budget. The participant-led nature of the process had costs attached to it, including support expenditure to enable participants to attend and make the most of events. A lot of money was spent on various forms of training for participants. The largely rural and isolated nature of the area also entailed large travel costs.

Community workers also experienced personal costs in the form of demands placed on their time by the community outside of their regular working hours. They were expected to function as community workers at all times.

Given the efforts made to ensure that participants had easy access to the programme the project manager thought it unlikely that participants had any major out-of-pocket expenses of their own. Compensation for the time and effort that participants put into something was seen as important in cases where there were no direct benefits to the participants themselves. For example, when participants were asked to take part in external research the project manager felt that they should receive some kind of compensation as research projects often 'mined' people for information and then never got back to them with the results.

Major benefits identified: Surveys carried out in the local community showed that a large proportion of people both knew about and approved of the Barnardos programme.

Other major benefits identified were changes in participant behaviour and new information which could improve Barnardos' work in the local area.

The project manager felt that the programme also provided experience of facilitation, skills. In his opinion skills like these can only be learned in practical work and abstract training is not a substitute.

Monetary values: The project manager had a pretty good idea of what was spent on the project overall, but was unable and unwilling to place monetary values on the benefits and believed this might have a negative effect on people's understanding of the real benefits of the project.

Detailed Costs:

Annual turnover £180,000

Five members of staff: £120,000 per year

Events large: £2,000 each

Events small: £500 each

Training for parents: £5,000-6,000 per year

Training for staff: £700 per staff member

Management/supervision: around 15% of staff costs

Staff travel: £3,000 a year

Participant travel: £3,000 a year

Staff accommodation: £1,000 a year

Food budget: £2,000 a year

Photocopying: £1,500 a year

BIRMINGHAM PARTNERSHIPS TEAM

Name of study: Birmingham Partnerships Team (unit)

Delivering Body: Birmingham City Council

Interviews: Claire Sanderson, Tony Smith

Area/Location: Birmingham, England

Summary of Study: The partnerships team runs a number of processes to develop a better understanding of public attitudes in Birmingham and ultimately to improve the service delivered by the Council. The two main activities that were the focus of this interview were the annual survey and the people's panel. Consultants are used to recruit the panel and conduct the survey in order to ensure independence. This meant that detailed costs were unavailable for these bits of work.

Challenges encountered as part of the work included integrating the information gathered into the planning process and avoiding duplication of efforts with other government bodies.

Main costs identified: The main costs mentioned by the project manager were the fees of the external consultants, and the council's own staff time.

Main benefits identified: The main benefit was identified as a better understanding of public opinion but awareness-raising was also mentioned as important. Running traditional marketing campaigns or market research was seen as being considerably less effective as an alternative to participation.

Monetary values: As the process was outsourced there was only a vague understanding of what was required of participants. The project managers had a good idea of the overall cost of the panel and other components as a whole, but less clarity on the breakdown of costs within them. There was no monetary valuation of the benefits.

Detailed costs (per year):

Annual survey: £45,000

People's Panel: £10,000

Council Staff: £37,000

BRISTOL RACE FORUM

Name of study: Bristol Race Forum (project)

Delivering Body: Bristol City Council

Interview: Lilly Khandker

Area/Location: Bristol, England

Summary of Study: The Race Forum acts as a consultative body for Bristol Council. It brings together 21 advisors representing diverse Black and Minority Ethnic groups to discuss current local issues. The forum is used as a source of information for the council's decision making. The race forum receives both funding and staff time from the council.

Main costs identified: Staff costs were the largest overall cost. Per week it came out to 7 hours of officer time, 18.5 hours of forum development worker time and 12 hours for administration. Other significant costs were expenses for participants and catering.

Time wise the requirements of participants were estimated to a minimum of 4 hours a month. The interviewee was concerned about participant burnout because the same people were frequently asked to talk to other government bodies and were doing all this work as volunteers.

Main benefits identified: The Forum enables the council to meet its legal requirements in terms of consultation with Black and Minority Ethnic communities and it also provides the council with valuable information which would otherwise have been challenging to gather. It also led to easier and less conflict-prone decisions.

Monetary values: The rough costs were understood and recorded; the benefits were not valued in money. The project manager estimated that bringing in

consultants to do the work would cost up between £75,000 to £100,000 a year. Running the forum using council staff is more cost effective than this option.

Detailed Costs:

Officer time: £20,000-£25,000 annually

Other costs: £7,000 per year

Expenses: £3,500 per year

Catering: £1,000-1,200

Advertising: £200

BRISTOL CORPORATE CONSULTATION RESEARCH TEAM

Name of study: Bristol Corporate/Consultation Research Team (unit)

Delivering Body: Bristol City Council

Interview: Stephen Hilton

Area/Location: Bristol, England

Summary of Study: The corporate/consultation research team has a number of responsibilities within the Council, including running consultation and other forms of user/citizen involvement, managing and delivering research, and providing advice to other parts of the council. The range of activities includes market research, surveys and citizen empowerment both through one-off exercises and more permanent structures like standing forums.

Implementation was identified as an occasional problem with consultation often producing good results, which sometimes did not get implemented as they should due to problems at other levels in the council. People do recognise the quality of the consultations but are a little disillusioned about the arrival of decisions.

Main costs identified: Staff costs are the primary cost for the unit. The team's core budget is small, but is supplemented by additional funding for individual projects. As there isn't a central budget it is hard to estimate overall costs rather than project by project. Without a central record, the interviewee found it hard to see if the activities were producing value for money.

By working with a number of different organisations (e.g. Primary care Trusts, Universities and regional NGOs) the Council had been able to share consultation costs. The project manager estimated these savings to be around £40,000-£50,000 in the last 6 months. The interviewee also mentioned dilemmas associated with working in partnership, as the relationship building and co-ordination requires extra work.

Over the course of a year the project manager guessed that between 10-20,000 participants were involved in projects run by his unit.

According to the interviewee a lot of people don't actually make use of reimbursement schemes if they feel that the experience is positive enough. In his opinion more often than not this is about goodwill for the council by providing the option.

Main benefits identified: For the interviewee one key benefit was better information to inform decisions and more informed democratic representatives.

He also mentioned the costs associated with putting bad decisions right. Personal experience has convinced the interviewee that doing consultation beforehand rather than later leads to considerably lower levels of conflict. Even if people aren't happy with the decision the fact that they have been acknowledged does 'take the sting out'.

He did not believe that proper consultation and engagement could lead to timesavings. Properly considering what people have said takes time. In his opinion shortcuts in the process undermine the quality of the participation. An effect following on from this according to him is that when the Council is seen to be committed when it comes to engagement more people will get involved and the process takes even more time.

The project manager also hopes that the activities are encouraging people to stand for formal office and might reinvigorate democratic accountability.

Monetary values: The project manager had a rough idea of the overall budget, but little knowledge of the financial specifics of individual projects. Benefits were not valued in monetary terms and there was only an approximation of the number of participants involved over the past year. The interviewee questioned the possibility of putting a monetary value on new information gained as a result of the process. He pointed out that this information only gains its true value once it has been used in practice, which can be several years down the line. Gaining the same information using traditional research methods might potentially cost hundreds of thousands.

According to the project manager one way to measure the value of information would be to look at comparable cases where millions are being spent on redeveloping policy solutions that had created without using consultation, like hi-rise tower blocks, thus providing a cost for badly informed decisions.

Detailed Costs:

Project funding: £500,000-£1,000,000

Internal staff costs (3 posts): £90-£100,000

Consultants: £500,000 to £1,000,000

Training costs: £3,500

Office administration: £10,000-£15,000

CANNOCK CHASE PCT - HEALTH PARTNERSHIP

Name of study: Health Partnership (unit)

Delivering Body: Cannock Chase Primary Care Trust (some aspects run by Lichfield and District Council for Voluntary Service)

Interview: Jonathan Bletcher

Area/Location: Staffordshire, England

Summary of Study: The partnership was set up to create and maintain a public involvement strategy with three components – providing patients and the public with information; gathering feedback for service development; and influencing policy.

This work is ongoing and parts of it (the Health and Social Care Liaison Team) are outsourced to Lichfield and District Council for Voluntary Service

Major costs identified: The major cost recorded was staff time. There are 3 members of staff, but the cost is shared across 4 Primary Care Trusts lessening the burden.

Another identified cost was staff frequently leaving and taking their skills, experience and knowledge with them.

The budget has remained constant over the last few years, requiring a certain degree of agility to maintain the activities within the budget despite political pressures and inflation.

The interviewee estimated that participants on average did not spend more than a couple of hours on the various activities. However, this varied widely depending on what kind of process was being run. He was unclear about how many people had been engaged with on that year.

Major benefits identified: The different processes engaged different groups, moving beyond the groups usually heard in health consultations. The participation led to the recognition that those shouting the loudest are not necessarily the ones that resources should be focussed on. Also it helped move the participants' thinking away from a 'wish-list' scenario and instead focused on issues that the PCT team could have an impact on.

Critically, information and suggestions on issues outside the PCT remit that came from the participants were passed on to other service providers. The public doesn't differentiate between things that the PCT could do and what other service users should be doing.

Having parts of the service provided by something independent made people more willing to give their views and makes the process more legitimate in the experience of the project manager.

Monetary values: The project manager had a good idea of his own budget, however having a shared budget with other Primary Care Trusts meant there were aspects that were less clear about the overall economic situation.

The benefits of the process were not quantified in money terms. The interviewee found it difficult to use advertising costs as a proxy value for awareness raising effects.

Detailed Costs:

Core budget: £10,000-£15,000

Administration: £15,000
Training: £5,000
Travel: £1,000
Advertising: £1,700
Events related costs: >£1,000

CARERS' INVOLVEMENT IN DEVON

Name of study: Carers' Involvement Framework (project)

Delivering Body: Devon County Council

Interview: Geoff King

Area/Location: Devon, England

Summary of Study: The process aims to secure and support the work of carers in Devon. The project is strategic and aspires to mainstream the opinions of carers into the decision-making of statutory agencies. It is an ongoing process, and has been running for the last 18 months. Funding is provided by a number of statutory agencies (Primary Care Trusts, District Council etc.) in conjunction with parts of the voluntary sector. Local forums are held every quarter, with more central forums taking place at similar intervals.

Major costs identified: The biggest cost to the council was staff time followed by the cost of substitute carers to enable participants to take part in the process. Payment options for the time of carers who have taken on positions of responsibility are currently being evaluated. Other significant costs included travel (largely due to the rural setting of the work), administration, and venues. The Council was ready to reimburse participant expenses on the day of events, but a large proportion of participants did not claim for this.

Major benefits identified: The main benefit identified by the project manager was improvement to the services provided to carers. Improvements were created by better information about the needs of carers leading to a better use of council resources. New avenues of communication have been opened as a result of the process and there are signs of increased mutual understanding. Areas of disagreement remain, but it is a more informed dialogue since the process started.

Monetary Values: The project manager had a fair idea of the various types of costs and benefits but had less knowledge of their exact value. He was unsure of the possibility of placing a monetary value on certain benefits.

Detailed Costs (shared by all partner funders, per year):

Admin: £15,000
Travel: £7,000
Venues and catering: £5,000
Advertising: £3,000

NANO JURY

Name of project: Nano Jury

Delivering Bodies: University of Newcastle, Greenpeace, Cambridge University and the Guardian

Interview: Tee Rogers-Hayden and Tom Wakeford

Area/Location: Halifax, England

Summary of Study: 15 citizens from Halifax were randomly selected to take part in a dual Citizens' Jury process which ran between July and September 2005.

The process incorporated two juries, one on a local issue of the participants' choosing and one on the issue of nanotechnology (which was a key interest to several of the funders). This adaptation was made due to the special nature of nanotechnology, an issue that the public is neither familiar nor worried about yet. The fear was that with just a single jury on nanotechnology the participants would be self-selecting and hard to recruit.

The jury aimed to enable citizens' to inform science policy development, for the participants to educate themselves together, and to broaden the field of who is involved in deliberating research priorities. The final outputs were the juries recommendations, delivered through a website, a press briefing and a video. There is also the potential that jury members might continue working together at the local level.

Major costs:

The biggest cost by far according to the project manager was the time people spent on planning and running the process. This was often both invisible and subsidized by other work activities. If all time spent on the process (minus jurors) were added up the project manager guessed the sum would be in excess of £100,000. It wasn't just facilitators who spent time, the oversight panels and experts contributed significantly as well.

Only some of these costs were covered in the formal budget, e.g. providing funding for certain members of the oversight panels to attend meetings while others provided their time seemingly for free.

The interviewee estimated that he spent in excess of 1,000 hours of his own time to run and plan the process, much of which was unaccounted for and unpaid.

However, the project manager felt that: "Good participation rests upon people going beyond what they are paid to do". He mentioned establishing shared values, shifting attitudes and enabling communication between different groups as examples of activities that often required more time than planned for.

There were costs for enabling the jurors to take part. Jurors were paid £10 per evening session and their travel expenses were paid, as was a crèche facility.

The project manager found it difficult to say how much people spent outside the formal sessions. The formal sessions took around 30 hours per participant (450 hours in total). An additional cost mentioned was the emotional energy that the jury process required from the participants and the stress this may have caused.

The two-jury structure of the Nanojury was a risk for the funders as it spread the money over two processes rather than concentrating on the issue of nanotechnology. But if this had not been the case the project manager fears that the participants would have been more self-selecting and less representative, as it is he had concerns that the focus of the funders were on the nanotechnology jury whereas the local aspects of the process were neglected to some degree.

Major benefits:

According to the project manager the aims varied between different groups:

- Jurors wanted a voice on the local issue and to some degree on the issue on nanotechnology.
- The Funders wanted visibility, to develop innovative consultation, also the topic of nanotechnology was appealing to them. They also had individual aims:
 - Greenpeace: impact on science policy
 - Cambridge: Look at citizens' juries as a method of engagement
 - Guardian: The news story
 - Facilitators wanted to get experience with 2 way engagement combining a local and a national process

A major benefit of the process has been increased understanding and experience of what it means to do engagement early in the science development process. The process also involved groups that are normally excluded from science debates and decisions.

For the project manager the primary benefit was demonstrating that better engagement is possible if you respect people's right to be heard on issues of their own choosing (in this case by running a two stage process, one on an issue that really mattered to participants and one on the topic that the funders really wanted explored).

This is especially important because according to the project manager 95% of participation is done in a top-down way with issues that are already specified and he hopes that the nanojury may contribute to a shift away from this way of working.

The project manager was very wary of talking about benefits to participants and pointed out that the benefits in the form of knowledge, awareness and capacity building differed between individual participants. However he felt that the fact that jurors were willing to go through such an intensive engagement process (21 meetings over 3 months) showed that they had got something out of it.

Monetary Valuation:

The project manager felt that replacement weren't useful. In the case of awareness and knowledge he felt that advertising was not a substitute. The results achieved through deliberation and active engagement can not be created using passive advertising.

The project manager was uncomfortable disclosing the audited budget as it didn't reflect the real economic costs at all. Much of the time spent was never actually recorded. He estimated that if the time spent by everyone (excluding jurors) had been accounted for the real sum would be 4-5 times higher than the stated budget.

Detailed costs:

The project manager was able to give estimates as to what each factor was as a proportion of the total costs:

Staff wages roughly 10-15%

Travel roughly 5%

Venues roughly 5%

Advertising no real expenditure (website cost perhaps 0.5%)

HAMMERSMITH AND FULHAM BOROUGH COUNCIL - UPDATING THE COMMUNITY STRATEGY

Name of study: Community Strategy Mid term Review (project)

Delivering Body: Hammersmith and Fulham Borough Partnership

Interview: Peter Smith

Area/Location: Hammersmith and Fulham, London

Summary of Study: The aim of the process was to update the community strategy (a ten year strategy document published in 2001). The process started in February 2004 and ended in November the same year, with the update published in June 2005. The engagement took place through a variety of channels, including questionnaires sent to the citizens' panel (comprising 1200 residents), 12 focus groups (with roughly 12 participants in each), standing advisory forums and the borough partnership. The focus groups were selected to reflect the views of 'hard-to-reach groups'.

Major costs identified: Officer time was the main cost to the council, two officers were primarily engaged in the process (costing a total of £80,000 a year in salary costs but their roles covered other information, research and consultation tasks outside of the Community Strategy review). Running costs for the participative forums and focus groups also had a cost.

Major benefits identified: The main benefits that the project manager identified were changes in people's perceptions of the council and identifying the concerns of the public, which in the long run could lead to better services.

Monetary Values: The project manager could account for the staff costs of his team, but not for expenses to other parts of the council. The total costs of consultation related to the mid term review were divided between different departments and across different budgets. There was no quantification (monetary or otherwise) of the benefits.

Detailed Costs:

Staff costs: £80,000 (not exclusively engaged in the review)

Focus Groups etc. £20,000

Training (for focus group facilitators): £200
Postage (citizens panel): £500
Incentives to focus group participants: £2,460
Venues: £360
Catering (for focus groups): £236-£354

HARLOW COMMUNITY SERVICES

Name of study: Harlow Community Services (unit)

Delivering Body: Harlow Council

Interview: Lynn Seward

Area/Location: Harlow, England

Summary of Study: The Council's community services runs a number of activities, including supporting a youth council, supporting resident's organisations and providing grants for community action. There is a range of methods in use. Some processes involve a high level of empowerment, such as the 'Youth Bank', which allows a group of young people a budget with which to fund youth activities. Other methods are more akin to traditional consultation.

Major costs identified: Staffing costs dominated the budget; the project manager commented that 'participation is very people intensive'. There were also some costs for development projects with the youth council, involving expenses, training and venues.

Major benefits identified: The prime motivator for the unit's work was to get local input to council decisions. In some cases costs had been shared with Essex County Council through joint consultation. Building the capacity of the participants is the main goal of many of the support projects. In these cases the ongoing running costs have often decreased over time, as community groups build their resources and rely less on the council. While the project manager believed there had been time savings as a result of the activities it was almost impossible to measure these savings. Any time gained was always used up elsewhere doing other work.

Monetary value: The project manager had an idea of the monetary value of most costs, but these were often estimates. The benefits were often estimated, but not quantified. In using replacement costs the project manager estimated that advertising would have cost twice as much as participation in order to raise awareness of local issues to similar levels. However, the project manager was unwilling to put a price on community development skills acquired by the staff, referring to them as 'priceless'.

Detailed Costs:

Total budget: £171,380

Staff: £140,000

Venues and catering: £10,000

PR and advertising: £6,000

Office admin: £4,000-£5,000

Travel and subsistence: £3,000

Training: £2,500

WOMEN'S RESOURCE CENTRE - POLICY FORUM

Name of study: Women's Policy Forum (project)

Delivering Body: Women's Resource Centre

Interview: Isabel Hudson

Area/Location: London, England

Summary of Study: The Policy Forum was set up 2 years ago to build the capacity of women's organisation in London to contribute to policy development. The long-term aim is to shift organisations away from simply reacting to government consultation and being more proactive. The forum currently has 16 members and is funded through a number of community and private sources.

Major costs identified: For the Women's Resource Centre the main costs are venues, administration and staff time. The time required by the Women's Resource Centre to maintain the relationships with forum members was also identified as a major cost.

For participants time is a major constraint, as they have multiple competing demands on their time and responding to consultations is resource intensive. The forum takes up roughly four days a year for participants. The Women's Resource Centre offers travel and child care support to enable participants to take part. Most participants did not make use of this. However, the token reimbursement for time that was provided was positively received. This amounted to between £15 and £25 depending on the budget of the organisation that the participant represented. One organisation used the £15 to fund a helpline worker for one and a half hours.

Major benefits identified: Clearer and more joined up thinking around policy was a major benefit for the Centre. The opportunity to network was also appreciated by the participants. For the Women's Resource Centre, getting more in touch with the aims and opinions of their member organisations was important, as well as uncovering useful knowledge. In addition the forum enabled groups that would normally not take part in consultations to do so.

Monetary values: The Women's Resource Centre had a good understanding of the costs of the forum, both for the Centre itself, and (to a lesser degree) the participants themselves. Two staff members were involved in running the forum (one full time and one part time). The quantification of the benefits was considerably less developed. The project manager estimated the value of the knowledge acquired was as 'potentially thousands of pounds'.

Using replacement costs the project manager was able to calculate that for the policy officers to gain their learning through training rather than experience would have cost at least £4,220

Detailed Costs (Over three years):

Totals budget: (3 years) £239,566

Under spend: £11,452-£11,743
Staff costs: £116,187
Consultants: £6,000
Recruitment: £2,000
Training: £3,000
Office admin: £68,444
Travel: £1,200
Events related costs: £18,850
Printing: £6,600
Support for participants: £1,800
Photos: £250

LONDON 2012 PROJECT

Name of study: London 2012 Engagement Programme (project)

Delivering Body: London Civic Forum

Interview: Kate Monkhouse

Area/Location: London, England

Summary of Study: Partnership work with London 2012 to engage with groups that were not involved in the Olympic bid. For example, meetings were held with the Chinese and Somali communities. A total of 10 events were held where representatives of these varied groups could ask questions to the 2012 team and then do their own outreach programme if they felt they wanted to support the bid.

In total 300 organisations were involved. The process ran from November 2004 to July 2005.

The interviewee felt that while it is possible to change perceptions through public relations and marketing work, public participation is required to actually create the enthusiasm required for sustainable change and involvement. The project was relatively short and more time for building relationship to begin with could have increased the benefits further.

Major costs identified: The major costs to the Civic Forum was staff time, Establishing relationships and meeting people face to face over an extended period of time was vital for the process to work.

Short-term funding combined with one-off projects was linked to a high rate of staff turnover by the interviewee. Accumulated knowledge and corporate memory is frequently lost as people move on.

Delays to the process were caused by the lack of resources within the participant organisations to respond quickly.

The participants (representatives from 300 organisations) spent on average a day each on the project.

Major benefits identified: The process led to groups that normally would not have been involved in the 2012 bid taking an interest. Policy recommendations were created for London 2012 about structural issues around engagement and consultation.

Many participating organisations went on to establish direct links with other organisations involved and with London 2012 directly.

Monetary values: The project manager was unable to disclose the budget due to reasons of confidentiality, but was able to provide a percentage breakdown of the costs:

70% staff costs

10% administration

Rest: evaluation costs, catering, venues etc.

The interviewee felt that replacement costs were hard to use, in her opinion advertising, as an alternative to the engagement, would not have conveyed the details of the issues discussed as well as being less effective at reaching out to people.

A2.7 Detailed Case Studies

The Detailed Case Studies were developed from the initial set of 15 case studies. We looked at certain processes in more detail in order to:

- Gain clarification,
- Gather information on costs and benefits to other groups,
- Develop the framework.

Our four detailed Case Studies are from the following locations:

- Camden
- Easington
- Lancashire/Yorkshire
- Pontypool

All of the detailed case studies are of individual projects rather than entire units. We selected the ones we did based on which brief case studies had adequate basic information. We also tried to create a balance of different geographical areas and types of engagement.

The detailed case studies are structured as follows:

Summary of Project

Name of project - This is the name of the project defined by the delivering body.

Delivering Body - The body or bodies responsible for the delivery of the participation

Interviews - Names of people interviewed as part of the study

Area/Location - The locations listed are not comparable units. In some cases the focus was on an activity within the boundaries of a local authority or town, in other cases the focus was on a regional level.

Timescale - Dates of the project activity.

Participants - The number and type of participant.

Process/aims - A brief summary of the project and what it tried to achieve, including the aims and the context.

Methods used - The type of participation involved.

Outputs/Outcomes - The results and effects of the project.

Main Findings on Costs and Benefits

Project manager

Overall balance of costs and benefits

Costs

Benefits

Recording and accuracy

Detailed costs: Please note that most of these costs are rough estimates and should not be quoted unquestioningly.

Participants

Overall balance of costs and benefits
Costs
Benefits

Decision maker

Overall balance of costs and benefits
Costs
Benefits
Recording and accuracy

Implications for framework – This section analyses the information from the case study and its implications for the feasibility of measuring costs and benefits on the project level.

MYSTERY SHOPPING OF CAMDEN'S RECEPTION POINTS

Summary of Project

Name of project: Mystery shopping of Camden's reception points

Delivering Body: London Borough of Camden

Interviews: Malick Aliman, Debbie Lee Chan, Kirin Saeed, and Sue Wilby

Area/Location: Camden, London, England

Timescale: October-November 2004

Participants: 30 participants with varied disabilities, recruited from CamdenTalks, the Camden citizens' panel (about 1300 people recruited and run by a consultancy).

Process/aims: The process aimed to explore what level of service citizens with disabilities received at reception points around the council.

Methods used: Mystery Shopping, with disabled service users working as researchers

Outputs/Outcomes: The outputs of the mystery shopper exercise were a report and an action plan, which was then presented to an existing group of reception managers within the council. Currently changes to reception points and customer care standards are being implemented as a response to the findings of the mystery shopping. The progress of this is being monitored at the reception managers' meetings. If the process had not taken place Camden Council would have eventually got round to making improvements to reception areas but these would not have been based on legal requirements rather than user experience.

Main Findings on Costs and Benefits

Project manager:

Overall balance of costs and benefits

The project manager was pleased with the results of the process and would gladly do it again. The participants similarly expressed an interest in carrying out mystery shopping on a regular basis.

The project manager felt that with the Disability Discrimination Act in mind there was a need to deal with the issue of accessibility proactively to avoid conflict and litigation costs and also to improve the council's reputation.

More resources and time would have been useful, especially for explaining what mystery shopping was and how to do it. Half a day felt like too little time for the participants to grasp the details of the mystery shopper method. The project manager also felt that the project might have been even more useful if it had been expanded to cover more reception points.

If Camden Council had been unable to rely on the citizens' panel as a source of participants, recruitment costs would have been likely to be higher.

Costs

Staff time was the main cost item (60 days in total). The staff costs were split between 3 teams within the council.

Other important costs were remuneration of participant expenses and catering. The take up of support for participants was lower than expected with only one participant claiming carer support.

According to the interviewee costs were kept low partly thanks to the experience of one of the delivering staff members.

The process led to cost increases elsewhere in the Council (adaptations to reception points, disability awareness training for staff etc.), but this hardly qualifies as a cost in this case as these amendments were the point of the whole exercise and could just as easily be seen as benefits by others.

An unexpected weeklong delay occurred due to participants not responding at the stated deadline. This was seen as unavoidable as participant research is more informal than the usual market research. Participants cannot be treated as if they were hired consultants.

The costs to participants were primarily time, roughly seven hours per participant.

This consisted of one half-day briefing on the methods, a two hour debrief and however long it took them to visit the reception point.

Other costs were covered, including postage for the report. For travel participants were able to use dial-a-taxi or use their free travel passes as disabled to no additional cost to the council.

Benefits

The most important benefits identified by the programme manger were:

- Increased transparency
- Increased openness
- Better understanding of public opinion
- Service improvement

As adapting to disability is a legal requirement she believed that the process led to less risk of conflict and, in the long run, litigation costs. She also thought that the reputation of the council had been improved among the participants, and potentially in Camden in general as well.

A possible alternative to the mystery shopper method that the project manager mentioned was focus groups, but according to her experience these are less participatory and dynamic. Participant researchers created more focussed, balanced and objective findings than focus groups had in the past.

In her opinion there was a time saving as far as the outputs went, but this is hard to substantiate.

In addition the process was a useful experience in project planning for her staff.

She reported a feeling of empowerment among the participants when given the opportunity to inspect services rather than just talk about them. For proof she pointed to the fact that the participants want to do it again.

Recording and accuracy

The project manager had a pretty good idea of monetary costs to the council, as well as some idea of replacement costs for benefits. The project manager estimated that running the same process using a consultancy would have cost around £600 per day.

The interviewee estimated the replacement cost of focus groups to £7,500 (30 people would require 3 groups at £2,500 per group). In addition the project manager had received a quote for mystery shopping by a company of £45 per visit (including set up, reporting and management).

As far as benefits quantification goes the project manager didn't feel it was possible to place a monetary value on either the knowledge or awareness created by the process.

Detailed costs:

60 days staff time in total

PO6: 15 days

PO2: 40 days

Couple days admin: SO1:

SM 3: 1 day

£600 in incentives (Marks and Spencer vouchers)

£100 in catering

£100 for mail and PR.

£100 on print costs

£15 for carers

£0 for venues (Used council buildings)

Participants:

Neither participant was in employment at the time of the interview, one was on benefits and the other was retired. Both were happy with their involvement in CamdenTalks and expressed an interest in helping the community. One of them volunteered in his spare time.

Overall balance of costs and benefits

Both participants were happy with the way in which they had been asked to take part in the mystery shopping and were enthusiastic about the method used. They would both be willing to take part in it again.

Costs

The participants reported that their involvement was roughly a day's work, including attending meetings. No other costs were reported.

When asked what they would think would be a good level of remuneration one couldn't name a price and the other suggested £200-£250 per week if part-time. This was based on education and life experience rather than the task performed.

Benefits

Both participants reported the following benefits:

- Greater knowledge and awareness of how the Council works
- A sense of ownership over the project

One participant in particular pointed out the good feedback she had received after the research was completed which she contrasted with previous experience of taking part in surveys where she never found out what happened to the results.

Both reported that the increased understanding of how the Council worked would be useful in their daily life, both in knowing whom to call for various issues and also in making them feel more able to communicate, and if need be confront, authorities. One interviewee had actually made use of this information in practice when dealing with a disturbance in his local area.

One participant reported that the opportunity to meet and interact with such a varied group built some useful interpersonal skills.

Decision maker:

The decision maker was the Assistant Director of Customer Focus and had extensive experience of running consultations, but this case was the first time she had worked specifically with disabled people. The aim she mentioned was to improve the service provided at reception points.

Overall balance of costs and benefits

Overall the decision maker was unsure whether or not she would repeat the process. While the benefits lived up to her expectation she wasn't sure that the participative mystery shopping exercise represented the best use of the council's resources.

There was no fully costed alternative, but the most obvious alternative option would have been to carry out a mystery shopper process using a commercial firm instead of participants. The monetary cost of the participant research approach is lower, but if staff time is factored in it might shift the cost-benefit ratio.

In retrospect the decision maker would probably go down the commercial route next time, being higher in cost but easier to manage. Potentially she might consider partnering with a voluntary organisation to run the process instead of turning to a professional consultancy.

Costs

In direct monetary terms the mystery shopper exercise was extremely cheap. The participant researchers were not paid (besides expenses and vouchers). However, the amount of officer time required was substantial. When staff time is factored in it is less clear that this participative way of doing research represents good value.

Working with disabled people was identified as a challenge, but this was not only a cost as it provided the staff with some useful learning experiences.

The fact that the participants were not professional researchers meant that more time was needed to brief them and explain the importance of concepts like objectivity and confidentiality.

The decision-maker doubted that participants had any significant costs as all expenses were covered and most of them were not in paid employment and thus did not lose any income as a result of taking part.

Benefits

The benefits lived up to expectations and were identified as:

- Information on how services were received and how they could be improved;
- A powerful message to the council staff on the need to improve (participants' experience harder to disregard than work by professional researchers);
- Good learning and experience for staff;

There was also an element of empowerment, as the participants enjoyed the process and learned a lot. However the group was very small so the decision maker considered this a marginal benefit.

Recording and accuracy

The decision maker did not have detailed knowledge of the costs and benefits of the top of her head. However, she did not feel that this was important information for her to have, this was something for the project manager to worry about. She also felt that measuring costs in too much detail would be resource intensive and not add much to the decision making process.

Staff time was accounted for in a separate system from direct project expenses. The budget for the process fell within one department.

Implications for framework

This project is a form of participative research, involving service users directly in the evaluation of service provision. Participants experienced feelings of empowerment as a result of their involvement, evident in their wish for a continuation of the process.

The project manager and decision maker both held similar views on the success of the project, but did not feel the same way about the usefulness of the method in the future. The decision maker felt that while the monetary costs of the participative form of mystery shopping were low, the high requirements in the form of staff time meant that mystery shopping run by consultancies was better value for money. The project manager seemed to have a different view on the relative value of the project and the trade off between monetary costs and staff time, perhaps this is due to her exposure to the enthusiasm of the participants. The case study also highlighted a paradox in that the point of the whole participation exercise was to increase costs in the short term for the Council (in the form of adjustments to reception points). Obviously care needs to be taken when recording costs in these cases, the costs are associated with rights for certain groups. Care needs to be taken when assessing costs, in some cases there are rights aspects involved.

EASINGTON PCT - CANCER INFORMATION SUPPORT

Summary of Project

Name of project: Cancer Information Support

Delivering Body: Easington PCT and Macmillan Cancer Relief

Interviews: Aileen Hopper, Beatrice Barge and David Shepherd,

Area/Location: Easington, England

Timescale: 2005- Ongoing

Participants: 8 volunteers in a core group recruited through existing patient involvement events (which are held every 6 weeks). 50 people expressed an interest at the first meeting. The group is to be expanded once the project is up and running.

Process/aims: This is a partnership project between Easington Primary Care Trust and Macmillan Cancer Relief to set up a cancer information support service in a local shopping centre, staffed with volunteers. The goal of the process is to bridge the divide between professionals and patients, and raise awareness, both of cancer facts, but also knowledge of where to go for help. The accessible location and volunteer assistants will improve the outreach by making cancer information more accessible and less intimidating. If it proves successful the model will be rolled out in other areas. Due to stringent funding requirements there have been delays to the implementation of the process and it is just getting started.

So far a small group has been trained to provide basic cancer information and to be able to refer people on to the relevant health services. The training has included visits to a number of locations.

Methods used: Volunteer service delivery

Outputs/Outcomes: Improved cancer support and information in an accessible location.

Main Findings on Costs and Benefits

Project manager:

Overall balance of costs and benefits

The project manager thought that it was difficult to say much about whether the project was worthwhile, as it had not formally started yet. He hoped that the service would be well used and provide information to groups that are hard to reach with health related information.

Costs: Besides staff time, the time invested in training has been a major cost. It proved necessary to rewrite large parts of existing cancer awareness training materials in order for it to be useful for the participants.

The project manager approximated that he had spent roughly 4 days preparing for each day the participants were involved and that administrative time so far had been 2-3 days in total.

Participants had spent 8 days so far on the work in total.

Benefits

The project manager feels that the reputation of the PCT has improved as a result of the process. The commitment of the volunteers was identified as a major benefit, as well as the feedback on the health service provided. In addition the participants had a large sense of ownership over the centre and service.

The true benefits of the process will not be apparent until the information centre is up and running.

Recording and accuracy

The budget has been pieced together from various parts of the PCT budget making an overview difficult. Only limited financial data is available. Benefits are not valued in monetary terms.

Detailed costs:

Staff: 34 days

Admin 3 days

Training: £350 per day

Travel: £150-£175

Other: £150-£175

Participants:

Both participants are retired and heard about the volunteer opportunity at meetings they attended. One of the interviewees was very active in the local community, although this was her first volunteer experience in the health sector. For the other interviewee this was her first volunteer experience, she had not had time before she retired.

Overall balance of costs and benefits

Both participants were happy with their involvement so far. While the actual centre is still being set up they felt that their involvement would be worth it once it gets started properly

For one participant with a history of cancer in her family it was "a good way to pay back for the help I got". The other participant thought that it was "a pity it has not been started a long time ago".

Costs

The only costs participants experienced were time related. Travel was organised by the PCT if required. If they hadn't been involved with this one participant guessed that she would have done other volunteer work and the other guessed that she would have done housework instead.

One participant estimated that she spent 2 to 2½ hours per meeting. For the first 8 weeks these meetings were weekly, following this they were monthly. The other participant estimated that she had spent 30 hours in total on the work so far.

Neither participant was able or willing to estimate what they might have been paid for their work. For them the fact that it was volunteer work had a value of its own.

One participant mentioned delays as a negative factor in the participation.

Benefits

For the participants the main benefit mentioned was the opportunity to make a difference to people by providing important information.

One interviewee hoped that the group would be able to help create better communication because people might be more comfortable asking questions to people who are not doctors and nurses.

Other benefits mentioned were:

- Knowledge about the health service and the cancer treatment available,
- Increased ability to influence services,
- New friends made

There were divided feelings of ownership over the project. One participant felt as if it was partly her project now while the other felt that her role was only to help in the background.

Implications for framework

This project is a form of co-production with participants providing an important service on a voluntary basis.

The discussions with the participants showed that part of what made the work worthwhile was that it was altruistic and the fact that it was voluntary actually added value to it. As a consequence they found it very difficult to place a value on the time they spent on the project.

The study also highlighted the negative costs that delays can create. The risk of delays and setbacks damaging the credibility of the project seems to have been tempered by the fact that the volunteers felt wanted and that they had a stake in the project.

ENGLISH NATURE - HUMBER ESTUARY DESIGNATION PROJECT

Summary of Project

Name of project: Humber Estuary Designation Project

Delivering Body: English Nature

Interviews: Peter Barham, Andy Clements, Kate Jennings,

Area/Location: Lancashire/Yorkshire, England

Timescale: 2001-2004

Participants: Around 450 stakeholders were involved, including local landowners, voluntary organisations, MPs and pressure groups.

Process/aims: The aim of the project was to review and possibly extend the legal protection for wildlife in the area. Limited consultation is a legal requirement, but English Nature went beyond this to provide opportunities for more information and a more informed discussion. The process was in part developed due to the failure of English Nature on previous occasions when they tried to expand the Sites of Special Scientific Interest in the Humber estuary. Previous designation plans were met with hostility from industry and other key players leading to the plans being withdrawn.

Methods used: Small meetings with individual stakeholders, large meeting at end of process to meet statutory requirements.

Outputs/Outcomes: New estuary designation

Main Findings on Costs and Benefits

Project manager:

Overall balance of costs and benefits

The project manager was pleased with the results of the project and felt it had met English Nature's goals as well as those of other stakeholders.

Due to the large number of responses the process was difficult to manage and more complicated.

Costs

Staff time was the major cost. In total 2 years of staff time were taken up by this project. In addition to this, other major costs were displays PR and postage. Throughout the process a total of between 40 and 50 meetings were held with

different stakeholders. Following the consideration of all of the views received from stakeholders, a decision on the designation proposals was discussed at a public meeting of English Nature's Council, which all stakeholders had the opportunity to attend.

The time that participants spent on the process varied hugely, with Local Authorities and professional stakeholders putting in the most time.

Benefits

The project manager mentioned that the numerous meetings created a greater degree of understanding among stakeholders, both of the environmental issues at stake and of the position of English Nature. In addition there was a reduction in conflict between English Nature and several powerful stakeholders. There was also a lot of positive press coverage around the process.

Following the successful conclusion of the process the improved relationships and increased awareness of the estuary's importance for nature has driven or contributed to the establishment of a number of groups and partnerships. These include Humber Industry and Nature Conservation Association (Bringing together nature conservation bodies, local authorities and local industry) and the Humber Management Scheme (around 35 statutory bodies who have come together to develop a management scheme for the estuary).

Recording and accuracy

The programme manager had a reasonable idea of the pound figures for costs but not for the benefits. The benefits were hard to quantify in a clear way.

Detailed costs:

Staff cost: £50,000
Displays and PR: £8,000
Admin: £5,000
Postage: £2,000
Travel: £1,170
Press briefings: £1,000

Participant:

The participant was the Environment Manager for Associated British Ports. He took part in the engagement exercise as part of his job. He has been working with English Nature around the Humber estuary since he took up post in 2001. He estimates that around 7 people from Associated British Ports have been involved in this on and off.

We were unable to make contact with any other participants, as English Nature was reluctant to burden the local stakeholders further as there were a number of engagement processes currently taking place. They feared that the added work

in the form of taking part in the case study research might cause stakeholder fatigue.

Overall balance of costs and benefits

The interviewee has had extensive experience taking part in engagement with English Nature and other public bodies. He felt that the experience in Humber compared favourably to other experiences he'd had. He put this down to good working relationships and communications with the English Nature team. He felt that other stakeholders shared his view and that English Nature had been able to create a good atmosphere of dialogue. He would definitely get involved again in a similar process.

Costs

Associated British Ports had a number of different activities going on in the Humber region simultaneously which involved liaising with English Nature, and the interviewee found it hard to distinguish between the ones that were related to this specific process.

Staff time was definitely the largest cost. He estimated that all together Associated British Port employees spent somewhere between 100 and 200 days on the various activities in total the last years. He was able to estimate an average cost per day but was unhappy to make this public as he felt that such sums were often quoted out of context.

Benefits

For the interviewee the main benefits were better relationships between the Associated British Ports and English Nature and the successful resolution of a number of issues. In his opinion English Nature and Associated British Ports had moved from an adversarial to a mutually beneficial relationship over the last years, in part as a result of processes like this. This culture change has had important effects. English Nature has withdrawn objections to port developments. The level of conflict has been significantly reduced. He anticipated easier work in the future as a result and also potentially time and cost savings as the level of trust is increased. Associated British Ports has gained a lot of credibility for taking part. The interviewee stressed that the concrete successes that the participation had led to were the main benefit with intangibles an added bonus.

Decision maker:

The interviewee was the Director for Protected Areas and formed part of the board that decided to go ahead with the in-depth engagement process in the Humber region. He has had extensive experience with more limited mandatory consultation around conservation, but less experience of more in-depth engagement like this project. He emphasised that this project was about getting

stakeholders engaged from the earliest stages in order to avoid damaging conflict.

Overall balance of costs and benefits

The interviewee was extremely happy with the results of the progress, which he compared favourably to the previous work English Nature had done in the region. In his opinion it had not only led to a successful completion of the designation process but had also developed English Nature's way of thinking leaving a positive legacy for future work. However he emphasised that it was not a model for all of English Nature's work, as in-depth engagement should be prioritised to the cases where stakeholders feel the most need for it.

Two main challenges for the decision maker were justifying the major upfront expenses for the process when many of the benefits were intangible and that there were over 450 landowners and users affected by English Nature's plans.

Legally, once plan is announced 'the clock starts ticking' and consultation must be held within a certain time. This meant that English Nature did most of their engagement before the plans were finalised.

Costs

The largest costs by far were for staff time. The interviewee was unable to give a definitive sum of the top of his head. He guessed that the total budget might have come to half a million pounds all in all. Other cost items (normally not incurred in more limited consultation) were research contracted out to universities and extra publicity costs. However these costs were small in comparison to the staff costs.

Benefits

The main benefit identified was a shift in thinking and reduction of conflict. According to the interviewee the industry's image of English Nature had shifted from being 'an obstructive nuisance' to that of 'a balanced regulator'. In previous attempts to expand the designation Sites of Special Scientific Interest in the Humber estuary the plans had been bitterly contested by industry. After this process, industry instead wrote letters in support of English Nature's proposal.

The costs after the process ended have been a lot lower than expected. In the opinion of the decision maker getting the engagement wrong leads to high legal bills and a lot of energy going into maintaining a defensive position. According to the interviewee the process, which spent money upfront on engagement rather than later on legal costs, was not only successful in that it saved money, but also in that everyone was able to focus their energy on positive change and outcomes.

The decision maker guessed that the main costs to the participants was also staff time, both to engage with English Nature and also to influence and bring onboard people within their own organisations.

Recording and accuracy

Detailed costs were kept of non-staff costs, this was less true for staff costs and was identified by the decision maker as an area for improvement. He felt that detailed costs were not very important for someone at his level, a general overview of the finances were adequate.

The decision maker has done some simple calculations on how much money in legal costs the process had saved based on previous experience of more limited engagement. In one case he mentioned a conflict led to legal fees to English Nature of £75,000 as well as the stress of a public inquiry.

This case is an example of a resource intense stakeholder based process in a high conflict environment. It illustrates how participation and engagement can create solutions where traditional methods of working have failed.

It also highlights the often hidden value of relationships, which is often hard to pin down.

While many benefits of participation are intangible and inherently hard to measure accurately this example shows that participation can also lead to measurable savings (in this case in the form of reduced legal fees). Also it is not just the amount spent, but how it is spent (e.g. spending it on positive relationship building rather than defending a position).

A problem encountered by the project staff and decision maker in this project was the difficulty of justifying the seemingly high up-front expenditure for uncertain returns, even though the status quo was not delivering.

CLARENCE CORNER PARTNERSHIP

Summary of Project

Name of project: Clarence Corner Partnership

Delivering Body: Torfaen County Borough Council and Broadhall Ltd

Interviews: Angella Driscoll, Andrew Gray, Neil Lewis, and Janet Price

Area/Location: Pontypool, Wales

Timescale: The regeneration project is currently going through the planning process, the meeting for stakeholders was held on the 3rd of March 2005.

Participants: Around 50 politicians, tenants and landowner stakeholders. Most stakeholders lived or worked in the area.

Process/aims: Two one-off information briefings held at the start of a redevelopment process of a rundown area of Pontypool run by the Council and the developers (Broadhall Ltd.). The aim of the long-term £25 million redevelopment is to create attractive offices and housing in the area which forms the 'gateway' to Pontypool. There is a need to acquire certain land for redevelopment. The two events aimed to inform politicians and landowners/tenants respectively and gain their support for the regeneration plan. There were two separate one-hour events run by a third party facilitator (40 minute audiovisual presentation followed by 20 minutes of questions from the floor), one aimed at the politicians, followed by an event with landowners and tenants.

Methods used: Presentation (including video and leaflets), followed by a questions and answers session.

Outputs/Outcomes: Increased awareness and support of the regeneration plans

Main Findings on Costs and Benefits

Project manager:

Overall balance of costs and benefits

The project manager said that he would definitely run the project again in a similar way the next time. Potentially he would carry out a more thorough stakeholder mapping in advance next time.

The costs for the engagement were shared between the local council and the developer. A complicating factor in the process was the large number of tenants

and landowners who needed to be engaged with. The separate event for politicians gave them the opportunity to speak freely and to feel comfortable asking questions around legal details that wouldn't interest the public at large.

Costs

The total budget for the briefings were £8,000

The main costs associated with the briefings identified by the project manager were:

- Audiovisual equipment and presentation;
- Staff Costs;
- Leaflets.

In the view of the project manager the participants experienced very limited costs. The event only took up one hour of their time and as it took place on the site there were only small transport costs involved in getting there. In addition they were given six weeks notice of the meeting, further lessening the opportunity costs for them.

Benefits

The prime objective of the event was information sharing. According to the feedback from the evaluation questionnaires the participants knew a great deal more about the regeneration plans after the event.

The project manager also perceived that this increased understanding of the regeneration plans had led to a reduction in conflict and a feeling of ownership in the community. Without the process higher conflict levels and delays could have been expected.

There was no capacity building or empowerment of the participants, but this was not the aim of the process. A benefit anticipated by the interviewee is easier negotiations in the future as stakeholders feel more trust towards the council.

Recording and accuracy

The project manager had a good idea of what the main costs were. The benefits were generally harder to quantify and were not understood in monetary terms.

The event also provided the staff with valuable learning opportunities. The project manager estimated that gaining skills in organising a consultation event might have cost around £600 per head if the three people involved in the project had gone to training instead.

The project manager also estimated that there had been time savings: if they had not had the one-off participative event (which took approx 60 hours to organise) they would have had to approach each stakeholder individually, which could have taken in excess of 100 hours.

An alternative to the briefings could have been to spend money on advertising, but this would not have been nearly as effective in the view of the project manager.

Detailed costs:

£5,500 Leaflets

£2,000 internal wages (approximately 60 hours)

£900 for facilitator

£600 Office Administration

£500 Venues, etc.

Participants:

The interviewees were the director of a local charity and the licensee of a pub in the Clarence Corner area. Both participants found out about the meeting through an invitation letter sent from Torfaen council. Their reason for attending the event was that they rented buildings in the area and were both concerned about the effects the regeneration efforts might have on their activities.

Overall balance of costs and benefits

Participants differed in their assessment of the overall success of the information sharing event. While their view of the level of benefit they gained by attending differed, both felt that the benefits of attending outweighed the costs. Both of them would go along to similar events again in the future.

Costs

The participants reported very low costs. Neither of them had had any out of pocket expenses linked to their involvement. The time they spent was the one-hour event itself and time spent reading the written information before and after the event. They spent time attending the event which otherwise would have been free hours so there was no lost income or productivity.

Neither of them felt that they should have been paid to attend as they had an interest in the information and the event was easy to access.

Uncertainty about the areas' future was a big cost for one participant, but this had not arisen due to the participation. Rather it was a result of the participation not delivering enough information in that participant's view.

Benefits

For both participants increased knowledge of the plans was the main benefit. This helped with long-term planning and was their main reason for attending in the first place.

They had very different opinions about how effectively this information dispelled their fears.

One participant felt very clear about what impact the regeneration would have and felt a very strong sense of ownership over the plans. She thought that the meeting had reduced the level of conflict around the regeneration by disproving rumours and providing facts to counter any 'They haven't told us' feelings. According to her everyone seemed reasonably happy. In her opinion even those whose properties were scheduled for demolition were fatalistic rather than angry.

The other participant felt that while the presentation was very professional she didn't feel that her questions had been fully answered. She felt that there was too little information and that the consultation was a mere formality with many important decisions made behind closed doors with the big property owners. According to her the messages she had gotten at the event and subsequently were 'cryptic and mixed'.

As a consequence she didn't anticipate any reduction in conflict as she predicted that some property owners would probably 'dig in to the last'.

Decision maker:

The decision maker was a Local Councillor and Executive Member for the Environment with a lot of experience of consultation. According to him there has been an increasing amount of consultation required around local planning in the council, especially since the World Heritage Site status was given to Blaenavon. The decision maker was very enthusiastic about the Clarence Corner Partnership as it might revitalise an important area of Pontypool, and which could potentially act as the 'gateway to the north of the valley'.

Overall balance of costs and benefits

The purpose of the event was to get the message across, and answer questions and deal with fears and concerns around the regeneration. He wouldn't change much in retrospect.

According to the decision maker this kind of event is the normal procedure when it comes to regeneration planning. No other engagement options were considered in this case.

Costs

The decision maker identified three major costs:

- Audiovisual presentation and equipment
- Staff Time
- Brochures

He didn't perceive that there were any real costs to the participants. The event was held at a time and place which was convenient to them and they only had to give up an hour of their time. In addition to this there was a lot of enthusiasm around the project.

Benefits

The main benefit was providing people with information and thus reducing opposition towards the development and setting the scene for a smooth process. In the decision makers view this had been achieved, and it was easier than expected.

Two reasons were suggested for this by the decision maker:

- The run-down nature of Clarence Corner combined with the appeal of the regeneration plan created excitement among participants;
- Clarence Corner has relatively few residential buildings. Participants were mainly workers in the area or business owners, people are usually more protective of their residential areas.

Recording and accuracy

The economic details of the project were not fresh in the decision maker's memory.

He felt that keeping detailed costs was unnecessary, especially in cases where the engagement played such a small part of the regeneration process and where private enterprises paid for part of the process.

Implications for framework

This is essentially an information-giving event and many people might question its inclusion here. However, this is one of the most common forms of public engagement in the UK today and we felt it was important to highlight the costs and benefits associated with this kind of process. This case is unusual in that the staff costs are not the dominant ones. In this case costs linked to the audiovisual presentation and promoting the event were the most significant costs.

An interesting finding is that while the two participants were both happy to take part in similar process again in the future they had very different views of the overall success of the event. Both felt that the costs to them were very low and that they gained enough useful information to make attending worthwhile. However one participant felt very pleased with the information provided while the other was less happy. This shows it is possible to have a process where the

costs of attending are lower than the benefits but which still fails to live up to expectations. Economic analysis on its own would not capture this.

Another interesting finding is that the fact that the costs were shared between a public and a private body meant that it was harder to gather economic information.

A2.8 General Findings

We have found some general patterns emerging from the brief and detailed case studies seen as a whole.

Original Hypotheses:

We found that the majority of our hypotheses were verified by the interview results:

- The financial recording we found was indeed often fragmented and infrequent. Basic costs were almost always available (sometimes only as rough estimates). However, there were also projects where it was evident that a lot of thinking had gone into measuring the costs and benefits.
- It is more common to record costs than benefits, although sometimes even the basic costs are only available as approximates.
- Most financial recording focuses on the costs and benefits to the delivering agency. Participant costs and/or costs to other organisations/departments remain estimates at best.
- Benefits are almost exclusively measured in non-monetary terms.

Other interesting findings include:

- With a few exceptions, staff costs were the main cost of participatory processes. Engaging with service users and the public is clearly time and staff intensive.
- The context of the individual project has a large impact on the make up of costs and benefits. For example, projects based in rural locations tend to have large travel costs.
- Costs are often only recorded on a unit-by-unit basis and getting an overview of projects run in partnership can be very challenging.
- The benefits listed are mostly based on the first-hand experience of the project manager, or anecdotal examples, only rarely is it backed up with hard evidence.

- In some cases project managers were able to estimate the value of benefits by calculating a replacement cost of providing the benefit through other means.
- A significant number of interviewees were highly sceptical of attempts to measure benefits in monetary terms. Reasons given were that the benefits were 'priceless' or otherwise beyond value, that the replacement options were not comparable and that the results of such studies would not reflect the true value of the benefits and could be misused.
- Some benefits appear to have a highly ethical value to people, often based around rights or an obligation to do something useful for society (such as volunteering). Putting a monetary value on these will be extremely difficult.
- Several interviewees were reluctant to give figures when interviewed as they had bad experiences with figures being quoted out of context.
- Cost and benefits were very difficult to measure retrospectively. Asking project managers for economic figures afterwards resulted in vague approximations.
- Senior decision makers seem to have little detailed knowledge of the costs and benefits. The obvious person to carry out economic evaluations seems to be the project manager.
- There are costs which are easy to ignore or overlook but which can have a huge impact on the outcomes of a process. These costs include personal costs to staff or participants in the form of stress or additional responsibilities and a high level of staff turnover caused by short-term project –by project funding.
- The experience of the staff can have a significant impact on the costs and benefits of a project.
- Projects where the budget is shared between several organisations are challenging when it comes to economic evaluation. This seems especially true for projects where the delivering organisations are in different sectors, e.g. a partnership between a private company and a public body.
- Often sums alone are of little help without an understanding of the context. For example a ten hour time requirement will have very different impacts on people depending on what other demands on their time are being made simultaneously. In the same way an equal sum can have very different long term effects if it is spent on proactive relationship building compared to legal fees to defend ones position on court.

- Expense schemes seem to be under-utilised by participants if our studies are to be believed. They seem to fill a symbolic role, demonstrating that the delivering body is making efforts to facilitate people's involvement.
- Measuring certain benefits may create perverse incentives. For example on project manager specifically stated that he thought measuring time savings as a result of participation creates a perception that it is possible to do participation via shortcuts, reducing the quality.
- Some processes appear to have large hidden costs in the form of overtime and unaccounted for resources that keep the process afloat.
- Different actors are often looking for different benefits. In some cases there can be conflict between different objectives. Care must be taken when setting the parameters of the evaluation so one view doesn't dominate, or at least to make sure that it is spelled out from which direction the evaluation is approaching the project.
- There are sometimes symbiotic relationships between different participative processes which allow cost savings. For example in one of our cases a citizens' panel was used to recruit people for another exercise thus reducing recruitment costs.

A2.9 Implications

Some findings of this research will not come as a surprise to those familiar with the field of participation, this research does however reinforce the widely held view that the economics of participation is an understudied and significant area.

The case studies revealed a wide range of benefits associated with participatory ways of working and the great majority of managers, decision makers and participants stated that they were happy with the project and would take part in similar events in the future. However, the benefits of participation are, as hypothesised, hard to measure. Basic information on costs are also often missing. This reaffirms the need for efforts to improve financial recording.

While there are some factors that almost always seem to be important (such as staff costs), each project has its own unique composition of costs and benefits. A rigid framework for measuring costs and benefits will not work when it comes to participation.

In some cases monetarising benefits of participation using market alternatives (such as advertising) as a replacement cost can be useful. This does not necessarily capture the full value of the benefit, but provides a useful estimate. It is important to emphasise that using replacement costs should not be taken to mean that the two goods are absolute substitutes, often participation will add unique qualities, as mentioned by numerous interviewees.

Putting a monetary value on the benefits of participation will be difficult, and may be resisted by a significant number of project managers and other actors. The high costs associated with many economic valuation methods also means that their use will probably remain limited.

Costs to participants are often neglected as they are challenging to measure. They are nonetheless important and should be considered whenever possible. This is especially important given the increasing reports of engagement fatigue and burnout among some groups. Calculating and recording the investment of participants helps ensure that their contribution will not be forgotten nor taken lightly.

Partly as a result of the above we have found that one of the biggest challenges with carrying out an economic evaluation can be to reach the participants. Many project managers are protective of their participants and their time because they realise that it is finite and should not be misused. Economic evaluation needs to be carried out in a way which minimises the time requirements of participants. Economic incentives might be necessary in some cases.

In general the results obtained were more useful the closer to project implementation the interviewee was. This indicates that recording should preferably be done by those with most direct knowledge of the initiatives.

Conducting studies retrospectively has major drawbacks, as costs and benefits are hard to recreate if they are not recorded on the spot. Ideally studies should be carried out prospectively as the project develops. This has the added benefit of making it possible to identify potential problem areas early on and correct them if necessary.

This research has also identified some costs that are easily overlooked such as personal costs of staff members who are put under a lot of pressure by their work and the costs to organisations of a high staff turnover.

One result that is important to bear in mind is that the research has also shown the limitations of a strict economic analysis. For example some costs may simultaneously be benefits, depending on whose perspective is taken. Also there are cases where the cost-benefit ratio of the participative elements of the process is positive, but where the project as a whole may be seen in a negative light. Economic figures and facts should never be the only factors considered. A broad view of projects should always be sought.

Also it is not only the absolute costs and benefits that matter, just as important are the perspectives of the costs and benefits. Some interviewees have mentioned the difficulties of getting people to commit money to participation despite their being much to gain from it. Work is needed to change the way people view and understand the costs and benefits of participation.

A2.10 Questionnaires

a) Project Manager Questionnaire:

Background

What did the project try to achieve and by what means?
What are its outcomes?
What are its outputs?
Can we get our hands on any evaluation documents?
Is the project ongoing or a single discrete project?
Why public participation? What (if any) alternatives did you consider?
When was the project set up and how long did it run for?
Did you find anything particularly challenging or unusual about this project?
Has your reputation amongst your participants been affected by public participation?
Is there any other important information you think we should know about the project?

Costs to the delivering organisation

What do you believe were the most significant costs of the process and why?
How much was the total budget for this project?
Were costs divided between different budgets?
Did the project meet the budget or did it over- or under-spend?
How much was spent on internal staff wages and other costs?
If staff members weren't involved in the project full time, how much of their time did they spend on it?
How much was spent on external staff/consultants?
Were any new staff members recruited for this project and how much did this cost?
How much was spent on training?
Was anything extra spent on managing staff or getting people used to new ways of working?
How much was spent on office administration (phone calls, mail-outs etc.)?
How much was spent on Travel and accommodation linked to the project (divided between staff and participants)?
How much was spent on venues, catering and other events related expenses?
Was anything spent on support for participants to enable them to take part?
How much was spent on PR/Advertising?
Were there any delays and how much might this have cost in terms of time and staff costs?
Have the costs incurred after the process ended been higher or lower than expected?
If so, can this be linked to the participation?
Are there any other significant costs that we haven't asked about?

Costs to participants

Were the participants charged anything to take part in the process?
Do you have any idea how much time the participants spent taking part in the process?
Do you have any information on how much participants spent on travel, accommodation and other expenses as part of your project?
Are there any other significant costs to the participants that we haven't asked about?

Benefits of the project

What do you think were the most important benefits and why?
Were you able to share costs with anyone as a result of the process?
If so, how much did you save?
Did you notice any decrease in the need for management, or in operational costs?
If so, how much staff time was saved?
Did you save any time as a result of the process?
If so, how much?
Did you gain access to volunteer workers as a result of the process?
If so, how many, how many hours and what kind of work?
Did you gain any useful knowledge through the involvement of participants?
Did this information lead to a better decision/service?
If so, how much do you estimate this was worth to you?
Did the process increase the awareness of the participants?
If so, how much you estimate it would have cost to increase awareness through other means, for example advertising?
Did the staff involved gain any skills or contacts as a result of the process?
If so, what skills and how much would you value them to?
Did the process affect the recognition, respect, and reputation of your organisation in any way?
Did you feel that the process built the capacity of the participants?
If so, in what way?
Did the participants get a greater sense of ownership over the process and its outcomes than they would have had it not been a participative process?
Did the process lower the level of conflict between participants and the commissioner or among the participants themselves?
Did you feel that the project empowered the participants and their communities?
Did you feel that the process included groups that normally would not have taken part?
Do you anticipate any benefits that have not appeared yet?
Are there any other benefits that you know of that we haven't asked about?

Other Information

Is there relevant financial information anywhere else?
Is there someone else we should talk to?

b) Participant Questionnaire:

Background

Can you tell me a bit about yourself?
Can you tell me a bit about the project you were involved in e.g.
timescale
how the participation happened
how many people were involved
what was achieved?
What did you do on the project?
How did you get involved?
Why did you get involved?

Experience of Participation

Have you ever been involved in something like this project before?
If so how does the your previous/last experience compare with your
current one?
Do you feel happy with the way you were asked to participate?
Did you discuss your experience with other participants?
How did they find participating?
Would you encourage other people to participate?
If so, for what reasons?

Costs to participant

Were you charged anything to take part in the process?
Were you compensated for your involvement in any way (e.g. expenses
paid)?
How much time did you spend on this (hours / days)?
How much do you think you would be paid if you were doing this as a
job (per hour / per day)?
What other costs did you have (e.g. travel, childcare, food, etc)?
What do you think you would have done with your time if you had not
done this?
Were there any negative consequences as a result of your involvement? If
so, what?
What were the most important costs of the whole thing as far as you are
concerned?

Benefits to the participant

Did you gain any useful knowledge from your involvement? If so, what
did you learn?
Did you gain any useful skills?
What? Could you use any of these skills in a job, or in future
participation initiatives?
Who do you think will benefit most from your involvement - you or other
members of the community?
Do you think what you did will lead to a better service?
If so, in what way?

Do you feel that you now know more about services/institutions etc. in your area/community? And how to influence them?

Do you feel you have made any useful new contacts as a result of your involvement?

Has it improved relationships with your existing network of contacts / friends?

Do you feel differently about the project than if you hadn't been so involved (e.g does it feel more like 'yours')?

If so, in what way?

Do you think that the participation in this project helped reduce the likelihood of conflict over the project? What might have happened if the participation hadn't happened? How did the participation avoid that?

Has your involvement made any difference to the rest of your life?

Did you feel that people like you normally get heard in situations like this?

Do you anticipate any benefits that have not appeared yet?

Do you think those benefits would have happened anyway?

Are there any other benefits that you know of that we haven't been asked about yet?

Do you feel that you have made a difference to the project as a result of your involvement? If so, what difference?

What do you think were the most important benefits and why?

Balance of costs and benefits

Do you think the benefits (to you, the project or more widely) were greater than the costs, or not?

On balance, would you get involved in the same way again?

What would be the biggest attraction [benefit] to persuade you to get involved again?

What would most put you off [cost]?

c) Decision-maker Questionnaire:

Background

What did the project try to achieve and by what means?

What are its outcomes?

What are its outputs?

Is the project ongoing or a single discrete project?

What was your main reason for choosing to engage with the public?

What (if any) alternatives did you consider?

When was the project set up and how long did it run for?

Did you find anything particularly challenging or unusual about this project?

What previous experience have you had with participatory processes?

Has your reputation been affected by public participation? How?

How did you/do you plan to feed the results of the participation into mainstream policy/service delivery/decision-making?

Is there any other important information you think we should know about the project?

Costs to the delivering organisation

- What were the main costs of the process?
- How much was the total budget for this project?
- What budget did the participatory work come out of (specific project budget, general costs)
- Were costs divided between different budgets?
- Did you keep detailed records of the costs of the participatory part of the project?
- How important was knowing about the detailed costs of the participatory part of the project (e.g. very, some, not at all)?
- Did the project meet the budget or did it over- or under-spend?
- Were there any unforeseen costs (e.g. staff training, consultancy support, event costs, costs of delays in implementation)?
- Do you have any idea what sort of scale these costs might be in relation to the overall project (e.g. 10%, 50%, 90%)?
- Have the costs incurred after the process ended been higher or lower than expected?
- Why might this be?
- Are there any other major costs to the participatory process that have not been covered in the above?
- What do you think were the most important costs of participatory working in this instance (e.g. easiest / most difficult to justify

Costs to participants

- What do you think were the most important costs to the participants?

Benefits of the project

- Did the actual benefits of participatory working live up to your expectations?
- Did you formally assess the benefits of participatory working in any way?
- If so, did you put any sort of quantifiable value on these benefits?
- Do you think the benefits (to you, the project or more widely) were greater than the costs, or not?
- Do you think you saved anything (costs) as a result of participatory working (e.g. reduced costs of dealing with conflict)?
- On balance, would you like to see a similar process run again?
- What would you change to gain greater benefits and reduce unnecessary costs?
- What do you see as the most important benefits to participatory working in general (e.g. for the project, for staff, for the organisation, for you personally)?
- Are there any other benefits to the participatory part of your project that we haven't discussed so far (e.g. volunteer effort increased)?

Other Information

- What did you think would be the most important benefits of the process at the start and why?