

CABINET 15TH MARCH 2018

Report of the Strategic Director for Neighbourhoods & Community Wellbeing Lead Member: Councillor Brian Page

Part A

ITEM 6 DEVELOPMENT OF CHARNWOOD CROWDFUNDING SCHEME

Purpose of Report

The purpose of this report is to seek approval to the establishment of a Crowdfunding scheme to support the local voluntary and community sector and business in Charnwood.

Recommendations

1. That Charnwood Borough Council establish a Crowdfunding scheme to be introduced in 2018 to raise funds to support projects which are identified and supported by the local community in Charnwood.
2. That the costs of two years contract with Spacehive to support this scheme of £22k and £18k respectively are met from the Reinvestment Reserve.
3. That the existing partner grantfunding of £24k from Serco, currently used as part of the Community Development & Engagement grant pot be reallocated as a crowdfunding pledge pot for any potential Charnwood Borough Council supported environmental projects in the first year.
4. That delegated authority be given to the Strategic Director for Neighbourhoods & Community Wellbeing, in consultation with the Lead Member for Communities, Safety and Wellbeing to agree the criteria for the inclusion of Charnwood Borough Council supported environmental projects.

Reasons

1. To enable a crowdfunding scheme to be established in Charnwood.
- 2&3. To provide resource and leverage for the element of the Crowdfunding scheme for which Charnwood Borough Council supported projects can apply.
4. To enable a delivery mechanism to be in place and to facilitate an opportunity to further support the local voluntary and community sector to raise additional funding.

Policy Justification and Previous Decisions

The Corporate Plan sets out the Council's commitment to provide services that develop communities and neighbourhoods so that everyone feels safe and secure, to create opportunities for communities to live healthy, active and fulfilling lives and to

provide funding to support our voluntary community sector partners and associated community projects.

Implementation Timetable including Future Decisions and Scrutiny

If approved, it is anticipated that the crowdfunding development work could start in April 2018 with consultation events with local communities taking place within three months of an agreement. The web page and legal agreement can be ready to go live within 6 months. Projects will be added on an ongoing basis throughout the year.

Report Implications

The following implications have been identified for this report:

Financial Implications

It is proposed that the crowdfunding scheme is developed for two years in partnership with Spacehive to enable the transfer of expertise and knowledge and the implementation of initial schemes. Year one and two costs are £22k and £18k respectively. To cover the two year agreement, it is proposed that these costs for both years are met from the Reinvestment Reserve. These one off costs are within the definition for the use of the reinvestment reserve.

Serco have agreed to provide £20,000 per year to Charnwood Borough Council (CBC) for grants to projects that deliver environmental outcomes. They have made a commitment to provide this funding for the next two financial years (2018/19 and 2019/20). On 13 April 2017 Cabinet agreed that these monies would be allocated using the existing Charnwood Grants criteria administered using the existing Community Development and Engagement (CDE) Grants Scheme as the eligibility / assessment criteria. The decision making process for these grants is well-established, robust and proven. This report proposes that the £24,000 (includes £4000 current underspend in 2017/18) is used as a pledge pot on the crowdfunding platform to support projects that deliver environmental outcomes. This has been agreed with Serco.

Support in kind from Charnwood Grants Panel, Community Engagement officers, Committee Services and Communications officer is also anticipated as part of the Implementation and Communications Plan.

Risk Management

The risks associated with the decisions Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
Financial burden to Council from projects generated from Crowdfunding interest	Unlikely	Low	Projects need to be self-funded or through contributions through the Crowdfunding site and communications plan. There is no financial commitment from the Council nor risk to the Council should projects not attain their crowdfunding target and ultimately not proceed.
No interest/low take up from local VCS/ business –to join the scheme.	Unlikely	Low	Active local promotion to local VCS/ business groups
Any additional funding may not justify the return on investment from the set up and ongoing costs	Unlikely	Low	Spacehive estimate there is a high rate of return on projects generated and give advice about the level and cost of projects generated

Key Decision: Yes

Background Papers: None

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Part B

Crowdfunding Proposal

Background

1. The establishment of crowdfunding mechanisms is a concept being explored by a number of local authorities. At a time when there are increasing pressures on funding available to the voluntary and community sector, crowdfunding is being seen as a way of providing support to bring in additional funding. Examples of Crowdfunding schemes in other authorities are identified in Appendix A.

Crowdfunding mechanism

2. The options for running a crowdfunding scheme include running it in house; finding an alternative provider or model; or to partner with a crowdfunding team such as Spacehive. To run a crowdfunding scheme in house would require staffing, and the purchase and running of software systems. Because of the need for additional skills and access to appropriate legal agreements and a software platform, it is recommended that the Council partners with Spacehive to access these skills and resources.
3. Spacehive is the only bespoke crowdfunding agency that offers the additional consultation, legal and software platform support. This is currently not available inhouse, therefore the proposal is to contract with Spacehive for an initial two year period. Spacehive have been identified as a “Crowdfunding” supplier that has a proven track record of working with other local authorities.
4. The costs of this have been explored in detail with Spacehive and the costs over a two year scheme period would be in the region of £40k. This would include support for public consultation events, grant software, webpage design, legal and financial agreement models, expert support on business case assessment and ongoing support and training to Charnwood staff to enable the scheme to become self-sufficient after a two year period. Whilst there are other crowdfunding organisations nationwide, there are none that offer this level of support. Spacehive estimate that for every £1 pledged there is 250% return, and they identify that 80% of projects succeed in their pledge target.
5. The Neighbourhoods & Communities Team at Charnwood will seek a waiver, in accordance with the Council’s Contract Procedure Rule for a two year trial period at a cost of £40K. During the trial period the Council will establish whether Spacehive has been successful in helping with the identification of projects in Charnwood. Officers will also establish whether local communities have engaged with the process and that sufficient benefits are realised to justify the set up costs and ongoing expenditure.
6. Once a contract for the trial period has been awarded the Council will make a contract award entry in the contract register and “Contracts Finder” which will meet with Charnwood’s obligations under Public Contracts Regulations 2015

(CPR2015). At the end of the trial period the Council will either go to the market and tender a further contract using data obtained from the trial period to engage with the market or seek an extension to the “trial” period if there has been insufficient up take to establish the merits of “Crowdfunding Schemes”. Other suppliers in the market will be aware of the contract end date as this information is contained in Contract award notices and request further information at that time. Alternatively, at the end of the trial period the Council could either operate much of the support in-house (except the legal agreements/ software which is Spacehive copyright), or simply cease the scheme.

Aims of how Crowdfunding should work

7. In simple terms it is a mechanism where community generated projects are promoted via a social media platform to encourage residents and communities to pledge to support the project.
8. By placing communities at the heart of improving local places, the Council will see a difference not only in the projects delivered, but also in the process of delivering them.
9. By taking this approach, which at its heart is collaborative, transparent and empowering, it will start to make an impact on the community’s capacity to deliver projects going forward.

Create a mechanism which delivers tangible projects that improve local places in Charnwood, and reduces the burden on the Council when distributing capital funds:-

10. Allow the Council to catalyse projects to deliver against its corporate priorities and deliver a programme which stimulates popular local campaigns, and is complementary to the Council’s strategic objectives (e.g. make Charnwood an attractive place for all, encourage healthy lifestyles, celebrate the culture of the borough).
11. Develop a scalable, manageable scheme of projects securing buy-in across the council services.

Help to develop a citizen-led culture which increases the role of individuals and community groups to create, fund, and deliver civic projects that improve Charnwood.

12. Increase creativity in civic spaces by directly sourcing ideas from the public to shape the local environment.
13. Create a resilient community by empowering residents and community groups to drive and deliver their own projects.
14. Develop a sense of ownership amongst local residents over the places they live in by creating a culture where their ideas to shape those places are realised and celebrated.

The Council will become more responsive by recognising the public mood when making decisions to support projects through Crowdfunding

15. Understand the priorities of local people by securing funding for projects which have demonstrated they are wanted by local people.
16. Engage with residents on a wider scale by securing funding for projects they are supporting.
17. Allow communities to have more influence in shaping their local area by catalysing projects which are supported.

Make better use of resources within the borough by attracting and leveraging external funding.

18. Crowdfunding could allow the Council's resources to stretch further by only funding projects which have sourced contributions from the wider community.
19. Create a sustainable funding landscape by using the value of high profile, locally driven campaigns to attract more funding from the private sector, the public, and other grants.
20. Establish a culture of civic entrepreneurialism across the borough which allows projects to be funded without council funding.

Maximise internal resources by embracing an online, user-friendly platform to administer the entire programme.

21. Increase reach by using an easily accessible, online platform which allows anybody to raise and/or pledge funding to make projects happen without having to create our own.
22. Minimise inefficiencies by collecting and communicating information needed to assess and fund projects in a single online portal.
23. Demonstrate the value the Council is making in the community by showcasing projects that are being funded and their impact once delivered.

The Role of the Council

24. The Council will effectively operate as the honest broker in the process. This will mean resourcing and working with Spacehive on establishing a generic brand webpage for Charnwood projects; terms for projects' financial and legal agreements; and a programme of communication and consultation with local communities. The Council will ensure that projects align with its strategic objectives communicated through the Corporate Plan.
25. In the first instance, the Council intends to "passport" grant funding made available for environmental projects through its waste partner Serco. This will

be used as a pledge pot for relevant projects. Going forward the Council may also decide to commit some of its own resources to projects as leverage.

26. There is an expectation going forward that the Council would continue to have a quality control overview of the webpage and projects to ensure their efficient and effective delivery.
27. In its civic leadership role, the Council would need to promote and launch the crowdfunding concept to communities who may wish to sign up to create projects.
28. The Council would also need to define the eligibility criteria for projects. It is proposed that the development of these criteria be delegated to the Strategic Director of Neighbourhoods and Community Wellbeing and Head of Neighbourhood Services in consultation with the Lead Member for Communities, Safety and Wellbeing. It is anticipated that these are aligned with the eligibility criteria used for local VCS organisations that are eligible to apply for a Charnwood grant.
29. Naturally, projects other than those working with the Council can apply to the platform, as the intention is to create a culture of self-help and innovation and sustainability wider than public funding.
30. As indicated in the financial implications of this report, there would also need to be some initial officer time required to develop the required eligibility criteria and some consultation and promotion of the crowdfunding mechanism. It is anticipated that this will be undertaken by the Voluntary and Community Sector Development Officer, Community Engagement Officers, and Communications Officer.
31. The current proposal is to operate a crowdfunding scheme in Charnwood. However since there are other authorities/ organisations in Leicestershire operating this model it may be possible to work in partnership with other existing schemes to produce projects with wider impact or a greater range of community capacity.

The Role of Spacehive and their partner Locality

32. Spacehive do not initiate projects themselves – rather they provide the platform. Projects wanting to participate in a crowdfunding proposal would apply on-line. Spacehive will facilitate this through their social media crowdfunding platform for projects in the Borough. Spacehive will deal with pledges and ensure that the necessary financial security is in place. They will also be responsible for dealing with individuals and organisations who make pledges to a project in the event that it does not ultimately proceed. There is no role for the Council here and no risk.
33. Whilst there is no limit to the number of projects, in terms of capacity and support, Spacehive recommend no more than 10 Council supported projects in the first year to enable quick wins and learning. Local projects that don't meet the criteria for Council funding support will still be able to set up on the

site and support will be given to them to match to other possible funders. This service is run as part of the contract by Spacehives' partner Locality. The partnership with Spacehive allows Locality to use its expertise in supporting community development to independently verify the viability of projects, thereby empowering project creators to attract the support they need to make their ideas a reality. They support those who submit projects and vet the business cases for projects and sign off their viability before they proceed.

Charnwood Community Projects and Realisable Benefits

34. The success of Charnwood's investment in a crowdfunding scheme can be measured by the success of the communication and consultation as well as the volume of "additionality leverage" that projects generate, and projects that are successfully implemented. All of these can be measured on an ongoing basis by Spacehive as part of their contracted role.
35. Spacehive estimate for every £1 invested in crowdfunding projects, there is a 250% return and 80% of projects achieve their fundraising target.
36. As well as helping Charnwood Borough Council achieve its Corporate aims and achieve wider community engagement, the following are related benefits:-
 - a) Professionalisation of community and business organisations to improve their fundraising and business case skills.
 - b) This will help alleviate the pressures on the Council to support the community and business and create a shift away from dependency upon Council resources.
 - c) Management of the whole process with easy to use software platform – including provision of bespoke website, marketing material and ultimately the transferral of these skills to Charnwood staff and communities. Dedicated support and on hand expertise . It is recognised however in the early months there may be an additional administration burden to the Council in support through the checking of application forms in advance

Conclusions

37. It is hoped that the crowdfunding proposal will help generate additional resource and capacity in the Charnwood community. The proposed resource over a two year period should be able to create a period of development.

Crowdfunding – What Other Local Authorities Do

Cornwall Council

Environmental Growth Seed Fund - £10,000

- Aim to support small scale projects that help create more space for nature within local communities
- Up to £500 contribution or 50% of target (whichever is the lower)
- Need to be locally constituted and recognised not for profit organisation
- Need to raise at least 50% match funding before funds will be pledged
- Trigger point for pledge will be once 25% has been raised
- To fund projects such as community orchards, wildlife areas, ponds, woodlands, environmental improvements to community centre / village hall grounds, local wildlife training, initiatives to help local people connect with their environment, project that encourage people to 'grow nature'

Greater London and Watford

Veolia's Community Recycling Fund - £50,000

- Greater London Area and Watford – maximum pledge £1000
- Projects that inspire people and businesses to do the right thing with their waste
- Projects that make use of recycled, reused or reclaimed materials
- Protect and preserve resources or enhance the local environment
- Fund properly constituted not for profit organisations

Essex County Council

Community Reuse Fund - £10,000

- Maximum pledge £1000
- Supporting local communities to change their behaviour towards tired, broken or unwanted household items
- Local projects that inspire people and communities to be creative and sustainable with their waste
- Provide skills and opportunities to build an environmentally sustainable community
- Make use of recycled, reused or reclaimed materials from the household
- Reduce the amount of reusable household waste being thrown away
- Must clearly show household waste will be stopped from entering landfill through reuse, recycling, donating and repairing

Leicester City Council
City Mayor's Community Engagement Fund - £100,000

- Maximum pledge £10,000
- Support projects to help eliminate discrimination, harassment and victimisation; advance equality of opportunity; foster good relations between different groups and communities
- Fund activities, initiatives and projects that make a real difference to quality of life for some communities particularly ones that are normally considered underserved, hard to reach or difficult to engage
- Project that break down real or perceived barriers, projects that improve trust, co-operation and understanding among different groups, projects that can help make Leicester a welcoming and accepting place for new and emerging communities

Plymouth City Council
Crowdfund Plymouth - £180,000

- Maximum pledge £20,000 or 50% of funding target (whichever is lesser)
- Support great ideas from businesses, communities and charities
- Projects that are near to developments, or that reduce the impact of development (looks like it is developer contribution money – as states developers have contributed to the fund)
- Projects that help improve the city and make it a great place to live, work and play
- Helps meet the demands that development places on the need for community services and facilities in the city
- Helps improve the local environment and public spaces
- Demonstrates added benefit e.g. through using local businesses or developing skills for local people
- Once eligible project has raised 25% of their fundraising target, Plymouth City Council may pledge to fund a further 50% of the target up to max. £20k

Idverde
Growing a Greener Britain – fund currently closed

- Creating or transforming green spaces across the UK
- Charity set up by idverde to help fund community projects to improve publically accessible green spaces
- Transform green spaces
- Providing local employment opportunities through the creation of maintenance projects

- Providing training and work experience opportunities for those in the local community
- Promoting green spaces within the local community

Manchester City Council Our Manchester

- Ideas to make Manchester a better place to live, work and play
- Create and improve spaces for everyone to enjoy
- Projects that are shaped and used by local communities and businesses
- Projects must have a civic value – meaning the benefit should be felt in places we share

Green & Active Fund

- Maximum pledge £5000
- Special pot for projects that improve parks and green spaces or which get people active outdoors
- Park, canal, green space projects and outdoor activities
- Examples – obstacle course through the canals, scavenger hunt, vegetable patch, summer festival celebrating food and music, new playground, outdoor fitness area, spring clean, mini Olympics

Royal Borough of Kensington & Chelsea Westway Trust - £40,000

- Maximum pledge of £4000
- Projects which improve parks, green spaces
- Examples include planting or looking after trees and plants, growing food and encouraging natural habitats for wildlife
- Encourage residents to be active outdoors, to visit parks and green spaces and take part in healthy activities
- Eligible initiatives – creation of or improvement to, facilities which enable people to be active outdoors, special events, sporting and leisure activities, clean up and gardening projects
- Places and spaces that people can enjoy that are greener and more attractive
- Transforming un-loved pockets of the local area, or existing green spaces and natural environments

London Borough of Hammersmith & Fulham Community Infrastructure Levy - £150,000

- Maximum pledge £10,000

- Funds that are paid by developers to fund infrastructure, facilities and services to benefit the local community
- Projects which provide or enhance community facilities, for example community centres, voluntary sector meeting places and centres, public cultural facilities
- Particularly interested in projects that address social exclusion
- Projects must meet at least one of the following for residents :
- Improving community participation and ownership of community spaces
- Empowering and enabling local communities
- Addressing and reducing social exclusion including digital inclusion
- Ensuring a safer, greener borough
- Benefiting the local economy

Fast Track - £50,000

- Maximum pledge £5000
- For local 3rd sector organisations in need of small grants to start or deliver specific services or activities that benefit the local community
- Wide range of activities including one-off events, play schemes and classes, and specific short term projects that bring benefits to local communities
- Looking for projects that are new and innovative, have raised a good proportion of the overall funding target, involve local residents and /or organisations
- Projects must meet at least one of the following for residents :
- Improving community participation and ownership of community spaces
- Empowering and enabling local communities
- Addressing and reducing social exclusion including digital inclusion
- Ensuring a safer, greener borough
- Benefiting the local economy

Warwickshire County Council Warwickshire Placemaking Fund - £134,000

- Maximum pledge £20,000
- Projects which transform shared space, inspire visitors and enhance the experience in order to bring more people into our town centres, increase footfall and support the local economy
- E.g.s creating an art piece, improving the welcome signage and information, transforming a disused piece of land, improving shop fronts or even adding a mini play area
- Projects that bring town centres together
- Capital funding pot

Key outcomes

- Uplift in local economy, increase footfall, increase spend or result in fewer vacant units

- Improved visitor experience
- Improved working partnerships / networks within the town
- Creation or enhancement of civic space which encourages people to stay in town longer
- Will increase the number of events
- Improved physical appearance of the town centre

Will be assessing and scoring projects on:

- Evidence of need
- Level of community and business engagement
- Expected impact of your project on the town centre and the local economy
- Are costs reasonable and well thought through
- Sustainability – ongoing maintenance
- Project management and delivery
- How impact will be measured and monitored
- Value of pledge will depend on the projects final assessment score
- Will not fund 100%

London Borough of Barnet Barnet Together Fund - £50,000

- Maximum pledge £5000
- Partnership between Council, Re and Capita
- Ideas for improving Barnet – whether enhancing high streets, neighbourhoods or parks or simply by bringing people together.
- Projects can be focused on physical improvements that leave a lasting legacy or they can be events or activities that last for just one day or one week, but which bring people together and help build community
- Rounds – this round keen to support activities that focus on improving high streets and town centres as well as those that help people to develop or improve employment skills

Outcomes :

- Improved town centres and high streets
- Opportunities to develop skills needed to find a job
- Environmental improvements
- Improved health and well – being
- Activities that animate public spaces and bring people together
- Broad community involvement

Tower Hamlets

Innovation Fund - £120,000 – existing pot that had already been agreed

- Maximum pledge £10,000
- Innovation fund was put in place to support innovation in the VCS sector – support ‘test and learn’ new ways of working, new initiatives and delivery models that if successful could be scaled up and commissioned more formally
- Maximum 50% of target funding
- Spacehive costs - £35k per annum – met from budgets to support the VCS
- Requirement to crowdfund through Spacehive
- Not for profit organisation
- Pilot projects or activities exploring the delivery of new activities or approaches which make Tower Hamlets a greater place to live, work and play
- Innovative projects or activities that bring different sections of the community together that may not usually come together
- Projects and activities where an organisation wants to experiment something that is outside of their normal area of work
- Projects and activities that look at using new and emerging technologies including social media as a way of achieving their outcomes
- Projects and activities that involve organisations that have not previously worked together coming together
- Application process – that has been delegated to Grants Panel – applications can be submitted at any time
- Robust Council assessment process
- Monitoring arrangements

London Borough of Barking and Dagenham

Match Funding pot of £120,000 – created especially

- Maximum pledge £10,000 – up to max of 50%
- Essential criteria – project must be local to the borough and benefit people who live or work in Dagenham
- Essential criteria – must have regard to equality and diversity – inclusive and accessible to everyone
- Essential criteria – must have strong local support
- Desirable criteria – help residents into employment, or closer to employment, or brings economic benefits to the borough
- Desirable criteria – project improves the health and well-being of residents
- Desirable criteria – builds cohesion in the community or encourages civic pride
- Desirable criteria – creates volunteering opportunities for local people
- Desirable Criteria – improves equality for a particular protected characteristic
- Applications assessed by Grants panel who will ensure project has viable delivery plan
- Projects required to report back on outcomes and impacts that were delivered.