

CROWD FUNDING
Councillor Mrs Ward
Cabinet Member for Civic Amenities

1 Purpose

- 1.1 To gain agreement to establish an Aylesbury Vale crowdfunding platform to enable local groups to secure capital funding for their local projects.

2 Recommendations

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| 2.1 To agree to appoint Spacehive Ltd. to provide and operate a local crowdfunding platform on behalf of Aylesbury Vale District Council for an initial period of up to three years. |
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3 Executive summary

- 3.1 Crowdfunding is a relatively well-established and recognised method of raising funds for large projects. Funding is achieved by raising relatively small contributions from a large number of people to reach an overall set target. Spacehive Ltd. were established in 2012 and have developed significant experience in assisting local authorities with crowdfunding initiatives.
- 3.2 Spacehive provides a single portal where people with project ideas can build support from their community, ensure their plans are viable, pitch for funding from residents and partners at the same time, and share the impact created.
- 3.3 Spacehive will provide training for council staff and local good causes, provide marketing support and help leverage funding from external organisations for crowdfunding projects.
- 3.4 According to a recent report from Future Cities Catapult, 10% of councils across the UK are now using civic crowdfunding to shape their civic spaces.
- 3.5 As budget pressures continue to grow on all aspects of the council's work the development of a local crowdfunding platform will allow further activity for the council in an enabling role and complement the Vale Lottery scheme.
- 3.6 Crowdfunding is not just about money, it is much more than that. Crowdfunding helps build more cohesive, resilient and sustainable communities with tools to actively shape their local area.
- 3.7 It is proposed that the platform is funded from the Vale Lottery's community fund.

4 Reasons for recommendation

- 4.1 AVDC continues to explore opportunities that can achieve savings and efficiencies, ultimately ensuring public services achieve good outcomes for local communities. Following the success of the Vale Lottery scheme the development of a crowdfunding platform will create a mechanism which sits alongside the lottery and allow groups to raise funds for community projects which are distinct and largely capital-based. It will help the community to help themselves through support from the local authority.
- 4.2 A crowdfunding offer helps to develop a citizen-led culture which strengthens the role of individuals and community groups in creating, funding and developing civic projects which improve Aylesbury Vale. Essentially this is an opportunity to help make more use of AVDC resources by attracting and leveraging external funding.

- 4.3 Complementing the Vale Lottery, a Vale crowdfunding platform will
- focus on civic projects only in Aylesbury Vale, although funding can be attracted from national sources such as businesses with a particular interest to donate e.g. environmental projects;
 - maximise benefits to the community – projects will be lead by the community with support from Spacehive and the council;
 - minimise costs – buying into a specialised platform provider will require minimal time and resource from the council;
 - facilitate a wider benefit – a locally-promoted platform will enable local projects to come to fruition, providing training and support to secure funding and project delivery; and
 - help to shift residents' perceptions of what AVDC can do - therefore falling in line with the council's commercial approach taking the authority from provider to enabler.
- 4.4 To take a formal approach to crowdfunding to enable the building of more resilient communities and enable council funds to contribute to community led projects. There has been no specific formal consultation with regards to this project, although there has been engagement with service areas across the council including Community Spaces team and the Communities Team.

5 How crowdfunding works

- 5.1 When a project is identified and applies to the platform, a 'Project Delivery Manager' is identified and the project is assessed for suitability by Spacehive's partners, Locality. They check that any necessary permissions are in place and the project has the ability to be delivered if funds are achieved.
- 5.2 When a project has been verified and added to the Spacehive platform the Project Delivery Manager enters into a legal contract, meaning that if they hit their fundraising target they are required by law to deliver the project. If a project is not delivered after money has been paid then this money will be refunded on a pro-rata basis to funders. The project belongs to the individual or group and they take legal responsibility in delivering it. AVDC will not be held responsible by association or otherwise if the project is not delivered.
- 5.3 Crowdfunding for a project normally lasts up to 70 days and can typically expect to lever 3.5 times an initial investment.
- 5.4 Funds are pledged to projects through one of two secure payment platforms; PayPal or GoCardless. When pledges are made, pre-approved payments are set up with PayPal or GoCardless and once the campaign target has been reached the payments are processed, sending the payment directly to the Project Delivery Manager. Spacehive does not hold any of the money that the Project Delivery Manager collects.
- 5.5 Pledges can be as little as £2.
- 5.6 Spacehive earn what is an industry standard 5% thus a project costing £10,000 would have to set and meet a target of £10,500 before pledges are called in.
- 5.7 The UK market for crowdfunding platforms is quite small and there are very few providers that specialise in community or civic projects (as opposed to crowdfunding for commercial businesses). The council has explored only two

appropriate providers – Spacehive and Crowdfunder – to assess their suitability for delivering a council crowdfunding platform.

5.8 Following discussion with both platforms, it is concluded that Spacehive is uniquely positioned to meet the council's requirements for the following reasons:

- Spacehive is the only crowdfunding platform solely dedicated to civic projects with 400 successful projects.
- Local authorities have a fundraising success rate average of 82% for supported projects.
- Spacehive has extensive experience of working with local government having helped 30 councils with their crowdfunding efforts including Manchester City Council and Lewisham .
- Because of its relationships with other organisations, Spacehive offers strong potential to leverage additional funds, including Veolia, BT and Barclays. There is currently £600,000 available from external organisations for various project specifications.
- Spacehive is unique in the extent of 'activation' with communities and its ability to target key populations within the district.
- Spacehive provides reporting tools supporting impact measurement.
- Similarly to our lottery partner they are offering an upselling deal arrangement which the commercial team can offer professional services around once the model is proven in Aylesbury Vale.

6. The Spacehive model

6.1 Spacehive will provide a dedicated and branded Aylesbury Vale webpage to host projects with access to administer the funding, along with consultancy expertise and other support to promote the success and raise awareness of the project. Spacehive's support to Aylesbury Vale will include:

- awareness-raising to create initial excitement around the initiative;
- showcasing early-stage success of publically driven campaigns to encourage others;
- capacity building for community and voluntary sector groups to run crowdfunding campaigns;
- stimulating interest from relevant stakeholders to create a sustainable initiative which has both buy-in and ownership from the wider community; and
- building resources from interested organisations to amplify the impact of the initiative.

6.2 All projects are reviewed and vetted by Spacehive's partner, Locality, to carry out due diligence and ensure that projects are viable and that those receiving funding are eligible. Launched in 2015, Locality are a national network of over 500 community-led organisations, working together to help neighbourhoods thrive.

6.3 Locality members are diverse, united by an ambition to see local neighbourhoods thrive and its experienced team specialise in providing support tailored to the unique needs of community organisations.

6.4 The verification process takes on average two-five days. Verifying projects helps to protect potential funders, makes it more likely projects will succeed, and maintains confidence in the system.

7. Delivery timeline

7.1 Following agreement by Cabinet key milestones in the delivery of the lottery are set out below:

- March 6 – Cabinet Decision
- March 14 – Raise awareness at the Funding Fair
- Late March / Early April – First training meeting delivered by Spacehive
- May – Public launch
- June - First workshop

8. Options considered

8.1 Do nothing.

The council could choose not to adopt a formal crowdfunding approach and accept that crowdfunding will happen organically through alternative crowdfunding initiatives such as happened with the David Bowie statue in Aylesbury.

This leaves the development of civic projects to an organic approach and therefore risks the council to be seen as not actively supporting the community.

8.2 Develop a crowdfunding platform directly.

This is not core business of the council and would require significant time and investment as well as ongoing management for the technology. It also moves away from the council as the enabler role.

8.3 Develop a crowdfunding platform with Spacehive Ltd.

Investment in a proven and replicable business model specifically aimed at civic spaces carries few risks and current statistics from Spacehive demonstrate 82% success rate for projects.

8.4 Develop a crowdfunding platform with an alternative supplier.

Whilst there are a number of other platform providers it has been concluded that Spacehive would provide the best solution for the reason set out at 5.8 above.

9. Risk management

9.1 Poor take-up by community. This will be mitigated by connecting Spacehive to key local stakeholders to increase engagement and create awareness. Specific events will be held to engage the community in identifying their projects and aspirations.

9.2 Managing expectations and demand for limited funding. The current projects within the council would be the priority for council funding and enable funds to go further if the community leads projects on the platform.

9.3 Disproportionality in geography of projects. Those likely to engage with crowdfunding are likely to be more skilled and experienced at fundraising. Through the Spacehive model we will ensure targeting of groups in areas with lower community engagement and poorer outcomes as well as more engaged areas to ensure that the projects hosted on the platform represent a range of interests and needs across the district.

- 9.4 Digital-only nature of scheme excluding involvement. Clearly people who engage with crowdfunding platforms tend to be those who are online and engaged with public services and who understand how crowdfunding works. However, this will be mitigated by ensuring awareness is built not just through digital channels but through other, accessible means, for example, through holding events and pushing information through non-digital channels.
- 9.5 Limited staff resource. It is anticipated that the council will provide a signposting role rather than a handholding role. Resource will be intensive at the beginning with teams form across the council involved in delivery of civic projects. The ongoing management will sit within existing resource in the Community Fulfilment sector where they will continue producing guidance and empowering successful community groups to act as 'champions' to ensure future schemes and success for the platform.
- 9.6 To take a formal approach to crowdfunding to enable the building of more resilient communities and enable council funds to contribute to community led projects. There has been no specific formal consultation with regards to this project, although there has been engagement with service areas across the council including Community Spaces team and the Communities Team.
- 9.7 An Equalities Impact Assessment has been completed for this project which has found no negative differential impact on any of the protected characteristics and that there will be a positive overall impact.

10. Resource implications

- 10.1 The contract with Spacehive costs £30,000 in year one, reducing to £26,000 in year two and £19,500 in each year after.

It is proposed that funding will be used from the new income raised through the lottery and be topped up as necessary from existing communities budgets. Staff costs will be met within existing resources.

Contact Officer
Background Documents

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