

	<p style="text-align: center;">ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER 22 February 2017</p>
<p style="text-align: center;">Title</p>	<p style="text-align: center;">Adopting a formal approach to crowdfunding in Barnet</p>
<p style="text-align: center;">Report of</p>	<p>Cath Shaw – Commissioning Director, Growth and Development</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Enclosures</p>	<p>Annex A, Equalities Impact Assessment</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Hannah Chillingworth, Strategy Officer (hannah.chillingworth@barnet.gov.uk / 020 8359 3598) Jamie Robinson, Barnet Innovation Lab Manager (jamie.robinson@barnet.gov.uk)</p>

<h2>Summary</h2>
<p>Civic crowdfunding enables communities to pitch ideas to the public, or ‘crowd’, and to leverage money towards projects that benefit their local area. In the case of match funding schemes, whereby government agrees to add to funds raised by the public, crowdfunding has the additional advantage of helping the council make smarter spending decisions through crowd-selection, and increasing community ownership and participation in civic projects. In addition, the opportunity to pitch ideas to the crowd could help increase the diversity and potential for innovation in public projects by reaching a wider section of the community than would ordinarily be involved in community-led projects.</p>
<p>Discussions around Barnet adopting a more formal approach to crowdfunding began within the council in July 2015. At the same time, Barnet’s joint venture with Capita for development and regulatory services, Re, expressed an interest in enhancing the borough’s regeneration offer to communities through crowdfunding. This project now brings these strands of activity together through the Barnet Innovation Lab (BIL), a new ‘capability’ developed by the council and Capita aiming to create sustainable innovation in order to deliver better outcomes for residents and reduce costs to the council and partners at a time when funding is being decreased.</p>
<p>The challenge that this project seeks to address is set out in the Corporate Plan: how to support more resilient communities by working with residents to increase self-sufficiency,</p>

reduce reliance on statutory services and tailor services to their needs.

Spacehive is a crowdfunding platform for civic projects that allows anyone to propose and fund ideas for changing the spaces they live in. To date, the platform has supported the successful funding of 234 projects with a value of £6.1m across the country. Through the BIL, the council will work closely with colleagues in different service areas and Capita to create a funding pledge pot to be put forward for the soft launch of this project. Spacehive will work with a wide range of council, community, business and other partners to promote the initiative, build capacity, and support the development of successful civic projects. Following the soft launch, the aim is to draw on the learning to scale the project up and roll it out across the borough.

In keeping with the Barnet Innovation Lab's methodology, this is a soft launch of the project and all learning will be used to inform development of LBB's future crowdfunding activity. At an early stage, the project team will develop evaluation criteria and success measures, which will be used to determine whether and how the project will be continued in the future.

Decisions

- 1. That Barnet Council enter into a one-year agreement with Spacehive via a single tender action to deliver a crowdfunding platform for the borough.**
- 2. That a £20,000 activation fee and £10,000 licence fee be paid by the council from the Growth & Development budget and be recharged in full to Capita. Capita has agreed to release funds for this purpose from the Community Development Fund.**
- 3. Through engagement with different service areas, including Re, Public Health, Growth and Development, and Parks and Open Spaces, the council offers a minimum £50,000 'pledge pot' that can be used to fund community-led projects that align with corporate objectives. The funds represent an outline commitment but not a guarantee of disbursement. A project board comprised of relevant service areas will determine criteria and actual funding.**

1. WHY THIS REPORT IS NEEDED

1.1 This project seeks to address the following questions:

- How could residents and businesses be supported to improve their local areas, either through physical regeneration or civic activities/initiatives that tackle local issues?
- How can crowdfunding help the council learn more from communities about how best to use scarce resources to enhance Barnet?
- How could Barnet Council reach more people and save money by aligning public resources with crowdfunding?

1.2 In preparation for the soft launch, we have engaged with colleagues from Parks and Open Spaces, Sports and Physical Activity, Public Health, Growth

and Development, Children's Services, and Re to raise awareness and create a minimum target of a £50,000 pledge pot to invest in helping people to transform their communities. The aim is for Barnet's crowdfunding offer to go beyond physical regeneration and also support projects that are aimed at improving the local area in a broader sense, through better health and employment outcomes, for example.

- 1.3 As the pledge pot is composed of a variety of funding streams, there will be different criteria around each of the funds. When projects appear on the platform, they will be automatically routed to the appropriate funding stream through the Spacehive grantmaker app. A Board consisting of relevant stakeholders will also be convened to ensure that projects are accessing appropriate funding streams and that they align to the service area's priorities. The public offer will be that the council has earmarked £x (depending on the total of the final pledge pot) to help contribute towards community-led projects that align with council aims and priorities. An overarching set of funding criteria and guidelines will be developed with input from Spacehive and stakeholders across the council. However, it is not anticipated that the council will fund every project and part of this project is to increase self-sufficiency and provide a platform to the community where they can pitch ideas and raise funds independently.
- 1.4 The pledge pot will be open to all Barnet residents and business owners and is deliberately very broad, to enable a wide variety of areas of active community engagement. Spacehive's focus is on improving civic spaces, therefore projects are expected to focus on improving local areas, including high streets, parks and open spaces, and residential neighbourhoods. However, this does not limit projects to infrastructure, one off events or activities that enhance community and civic life for residents and businesses more generally are also welcomed.
- 1.5 Through the soft launch of the project, the outcomes we aim to achieve are:
 - providing a platform for the community to pitch their ideas to the crowd;
 - supporting the successful development of up to ten community led initiatives that enable communities to make a positive impact on their local area;
 - using both Barnet Council and Capita resources to leverage funding from other levels of government, organisations such as private businesses, and from the community;
 - using Spacehive's crowdfunding platform to reach a wider section of the community and achieve greater impact through empowering and equipping communities to do more.
- 1.6 The project will commence in February 2017 as a soft launch and is anticipated to run for approximately three to six months before the full launch. In keeping with the Barnet Innovation Lab's methodology, the soft launch is a pilot project and all learning will be used to inform the development of the council's future approach to crowdfunding.

- 1.7 The intention is that if successful, the project will tie in to existing council funding streams such as Area Committee grants, however, this remains out of scope whilst the project is in the soft launch phase. This phase is designed to demonstrate that crowdfunding can add value, build on our learning, and develop some case studies to support the case for wider roll out.
- 1.8 Spacehive will provide a dedicated and branded Barnet 'hive' (website) to host projects with back-end technology 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 Barnet 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 buy-in and ownership from the wider community
 - building resources from interested organisations to amplify the impact of the initiative.
- 1.9 All projects will be reviewed and vetted by Spacehive partner, Locality, to carry out due diligence and ensure that projects are viable and that those receiving funding are eligible. Council stakeholders whose service areas have contributed funding to the pledge pot will then review projects to select those that align with their strategic aims and priorities to contribute funding. Those projects that will be funded, and the level of funding will be decided at a Board consisting of all council stakeholders.
- 1.10 There is a one-time activation fee of £20,000 and an annual licence fee of £10,000 for a Spacehive Premium Account associated with this project. CSG will cover these costs from the Community Development Fund and this has been agreed by the council.

2. SINGLE TENDER ACTION

- 2.1 In accordance with Contract Procurement Rules, a single tender action is deemed appropriate in this instance because the works, supplies or services can be supplied only by a particular supplier because competition is absent for technical reasons.
- 2.2 The UK market for crowdfunding platforms is small and there are very few providers that specialise in community or civic projects (as opposed to crowdfunding for commercial businesses). The council carried out a review of

the only two appropriate providers – Spacehive and Crowdfunder – to assess their suitability for delivering the council’s crowdfunding platform.

2.3 Following discussion with and quotes from both platforms, it was decided that Spacehive was uniquely positioned to meet the council’s requirements for the following reasons:

- Spacehive is the only crowdfunding platform solely dedicated to civic projects;
- There is a high fundraising success rate for supported projects – 82% for local authority partnerships;
- Spacehive has extensive experience of working with local authorities in London – currently working with 17 London LAs;
- Because of its relationships with other London government, Spacehive offers strong potential to leverage additional funds;
- Spacehive is unique in the extent of ‘activation’ with communities and its ability to target key populations within the borough;
- Spacehive provides reporting tools supporting impact measurement; and
- The Spacehive ‘grant-maker app’ is unique in its ability to support multiple funding streams across the council, a key requirement of the project.

3. REASONS FOR DECISIONS

3.1 The council has decided to take a more formal approach to crowdfunding in recognition of its role in building more resilient communities and the ability to make smarter spending decisions at a time when funding is being reduced. It also supports the council’s new relationship with the community, where we will facilitate and support residents to take greater responsibility and have more of a say in the future of their local areas.

3.2 This project is being delivered through the BIL, and in line with BIL methodology, the project will be ‘piloted’ before scaling up. This ensures that we are able to take the learning from the soft launch and apply this when rolling the initiative out more broadly.

4. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4.1 The council could choose not to adopt a formal crowdfunding approach and accept that crowdfunding will happen organically in the borough through alternative crowdfunding initiatives such as the Mayor’s Civic Crowdfunding Programme or partner organisation’s platforms, for example, GLL. However, crowdfunding aligns with the council’s priority of building a more resilient community and adopting a formal approach allows us to directly support worthy civic projects and foster a sense of responsibility for local areas amongst the community. It also gives us the opportunity to learn what is important to the community which will help us make smarter spending decisions and allow the community to help shape the future of the borough.

4.2 The council could go ahead with the platform but decide not to put forward a pledge pot, however, Spacehive’s statistics show that there is an 82%

success rate for projects where the council is providing funding (compared to the 42% national average for project success).

- 4.3 An alternative crowdfunding platform could be chosen, however, following market analysis, it was decided that Spacehive would provide the best fit for Barnet for the reasons outlined in paragraph 2.3.
- 4.4 The council could decide not to do a soft launch of the project, however, this goes against the BIL's methodology and means that the council would miss out on a valuable opportunity to gain learning and demonstrate how the project adds value.

5. POST DECISION IMPLEMENTATION

- 5.1 The council will sign a contract with Spacehive and begin work to launch the project in February 2017.
- 5.2 In order to keep track of the money pledged, a summary DPR will be filled out each time council funding is contributed to a project.

6. IMPLICATIONS OF DECISION

6.1 Corporate Priorities and Performance

6.1.1 This project directly contributes to the corporate priority of more involved and resilient communities through provision of a platform for the community to pitch their ideas, raise awareness and funds, and for the council to contribute towards projects that align with service area aims and outcomes.

6.1.2 This project also directly aligns with a number of other service priorities including:

- Joint Health and Wellbeing Strategy through promoting independence – empowering residents to do more for themselves and supporting residents and communities to become equal partners with public services.
- Community Participation Strategy – encourages local people to become more active, involved and engaged in their communities; LBB staff members could use employer-supported volunteer days to support projects funded through Spacehive.
- Parks and Open Spaces Strategy – initiatives such as 'Adopt a Space' encourage community-led activities to animate parks and open spaces.
- LBB town centre offer – particularly focused on smaller town centres that do not receive support from LBB (23 out of total of 30 town centres)
- This activity directly supports regeneration work as well as contributing to the successful delivery of Re KPIs and Super KPIs, including:
- Re KPIs – e.g. responding to business needs and ensuring an active business community that takes responsibility for its own success and engages in civic activities.

6.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

6.2.1 In terms of resource, the London Borough of Barnet will enter into a contract with Spacehive and pay the one-off sum of £30,000 (£10,000 licence and £20,000 activation fee). Barnet Council will therefore hold the licence for the account, however, the £30,000 will be recharged to Capita who have agreed to fund this from the Community Development Fund.

6.2.2 The pledge pot will be comprised of existing funding streams, and may or may not all be spent. Spend will always be in line with existing service area priorities. Following the soft launch, there will be a review of how successful the project has been and analysis of the value added to the council against the total spend which will be used to inform future contributions to projects.

6.2.3 Staff costs will be met within existing resources.

6.3 Legal and Constitutional References

6.3.1 Under the schemes of delegation, the Commissioning Director for Growth and Development has the authority to commission services for regeneration, skills and employment; this project therefore falls under this remit.

6.3.2 Under the council's Contract Procedure Rules, the Commercial and Customer Services Director can approve a single tender action under exceptional circumstances.

6.4 Risk Management

6.4.1 A summary of associated risks is set out below.

- Poor take-up by community – this will be mitigated by connecting Spacehive to key local stakeholders to increase engagement and create awareness. The aim of the soft launch is to produce a series of case studies that can be used to demonstrate the value added and encourage further community participation
- Managing expectations and demand for limited funding – clear communication of the process, guidelines on how to access funding and how much funding is available will be made clear from the outset
- Difficulty fitting the approach into existing council processes – early engagement with key stakeholders such as Finance is vital following the soft launch once we are able to demonstrate value added
- Those likely to engage with crowdfunding are likely to be more skilled and experienced at fundraising; these groups will therefore have an increased influence in determining what the funds are delivered for even if they don't represent the preferences of less experienced, networked or digitally able parts of the community – 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 borough

- Those who engage with crowdfunding platforms tend to be those who are online and engaged with public services, and who understand how crowdfunding works; crowdfunding the development of resource may not always be a fair option that delivers the most value and accessibility to the community – 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
- Limited staff resource – the aim is that following the soft launch, we will work to ensure that this is a sustainable community resource and that the council will provide a signposting role rather than a handholding role. Resource will be intensive following the launch and this will be managed within existing team resource, with a focus on producing guidance and empowering successful community groups to act as ‘champions’ to ensure future sustainability.
- The contractor, Spacehive, absconds with council or community funds – funds are pledged to projects on the Spacehive platform through one of two secure payment platforms; Paypal or GoCardless. Paypal is the world’s most used online payment platform and GoCardless is Europe’s largest online direct debit service and was developed with RBS. When pledges are made, pre-approved payments are set up with Paypal or GoCardless. Once the campaign target has been reached, Paypal and GoCardless process the payments, sending the payment directly to the Project Delivery Manager. Spacehive does not hold any of the money that the Project Delivery Manager collects.

6.5 Equalities and Diversity

- 6.5.1 A full Equalities Impact Assessment has been completed for this project and can be found at Annex A – no negative differential impact has been found on any of the protected characteristics and the assessment is that there will be a positive overall impact.

6.6 Consultation and Engagement

- 6.6.1 There has been no specific formal consultation with regards to this project, although there has been engagement with service areas across the council – specifically Growth and Development, Re, Parks and Open Spaces, Sports and Physical Activity, Public Health, Children and Young People – and with Spacehive to help develop the approach.

7. BACKGROUND PAPERS

- 7.1 None

8. DECISION TAKER’S STATEMENT

- 8.1 *I have the required powers to make the decision documented in this report. I am responsible for the report’s content and am satisfied that all relevant*

advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.

9. OFFICER'S DECISION

I authorise the following action

Signed



**Deputy Chief Executive
Commissioning Director, Growth & Development**

Date

22.02.2017
