

20/04

## Notice of Non-key Executive Decision

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|--|---|
| <b>Subject Heading:</b>                              | Crowdfunding Pilot  |
| <b>Cabinet Member:</b>                               | Councillor Viddy Persaud, Lead Member for Community Safety and Public Protection  |
| <b>SLT Lead:</b>                                     | Jane West, Chief Operation Officer  |
| <b>Report Author and contact details:</b>            | Jerry Haley, Senior Community Resilience and Development Officer  |
| <b>Policy context:</b>                               | The Voluntary and Community Sector strategic framework is very much about civic pride. Our vision is focused around the borough's communities, and places themes of the Council's vision. |
| <b>Financial summary:</b>                            | The cost of this pilot is £60k to be paid from the transformation fund. £30k would be for the services of a Crowdfunding platform provider and £30k to seed fund appropriate projects.    |
| <b>Relevant OSC:</b>                                 | Overview and Scrutiny Board   |
| <b>Is this decision exempt from being called-in?</b> | Yes. It is a non-key decision by the Lead Member  |

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**The subject matter of this report deals with the following Council Objectives**

|                               |     |
|-------------------------------|-----|
| Communities making Havering   | [x] |
| Places making Havering        | [x] |
| Opportunities making Havering | [x] |
| Connections making Havering   | [x] |

## Part A – Report seeking decision

### DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To fund the costs of a crowd funding provider in the sum of £30k and to grant fund £30k for the specific project as seed funding.

### AUTHORITY UNDER WHICH DECISION IS MADE

The Cabinet Meeting of 8 May 2019 delegated decisions on agreement to specific projects to the Lead Member as follows:

AGREED in principle, the use of funding held in reserve for the voluntary and community sector. Each separate spend item to be agreed by the Lead Member for Community Safety and Public Protection through the executive decision process

### STATEMENT OF THE REASONS FOR THE DECISION

The proposal is to implement a crowdfunded model in the London Borough of Havering as a one year pilot. If successful this model would be extended with no further finance expected from Council core funding.

Crowdfunding is an alternative finance model that involves raising money for a project or idea via a collective of individuals, promoted online or via local media. Put simply, people are invited to donate money towards the cause or idea, if the fundraising target is met by the crowd those donations are released to the project lead for implementing that project/idea. However, the project ideally needs seed / match funding to get it started and projects that are supported by the Council generally have more chance of success. The crowd funder platform space hive, for example (which is the preferred platform), report that 89% of projects are successful (reach predefined targets) with Council financial backing against only 52% that do not have that backing

Crowdfunding is growing in popularity as people seeking more influence and transparency about where their money goes. Furthermore, crowdfunding is by nature social and community building as local and people can become involved and engaged in projects they support financially. Also, in the absence of available funding from government and other funding institutions, crowdfunding is presenting new opportunities to obtain finance.

The benefits of Crowdfunding are as follows:

- democratic – the crowd chooses which projects succeed, any project can succeed provided it can find that support;

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- transparent – backers can see where their investment is spent;
- local – backers are typically local, and therefore motivated to see the project succeed;
- easy to do – crowdfunding is almost exclusively done online through intuitive to use platforms;
- quick – funding can be secured within a matter of weeks;
- accesses a large community of potential small investors.

Research by NESTA shows that, in the UK alone, crowdfunding is now worth £3.2billion annually. Donation-based crowdfunding was one of the fastest growing models, growing by 500% since 2014 to £12 million. The growth of the donation-based model suggests that community and voluntary sector organisations are increasingly adopting crowdfunding as a viable fundraising tool.

The GLA have pledged £1m for community projects through the crowd funder platform space hive each year. Havering would probably have a better chance of accessing these funds if we had our own platform. Havering has had only one successful bid to this in the six years the programme has been running.

Advice from Crowdfunder platforms is that the ideal time to run crowdfunding rounds is Spring and Autumn with your pledges being made in June and November.

It could be possible to run a 2020 programme as follows:

Jan/Feb: Strategy, Set up and Kick Off Meeting

March - July: Spring Round including Launch Event with announcement of pledges and next round

October/November – Decision made on whether to run a programme for a second year

July - December: Autumn round including Stakeholder and Business Briefing

Holding the launch event in mid-year will allow a platform provider to focus on kicking off a strong first round and using the momentum of that for a successful launch.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

All other external funding options such as increasing bids to the Reaching Communities Funds and other external funders and implementing a local lottery are being pursued alongside this crowdfunding platform option.

## **PRE-DECISION CONSULTATION**

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No consultation with residents have taken place. The Compact Steering Group and Compact Forum consisting of many voluntary and community organisations have been informally consulted. The Lead Member attends both these meetings.

**NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Jerry Haley

Designation: Senior Community Resilience and Development Officer

Signature: *J. Haley*

Date: 20/12/19

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

Section 1 of the Localism Act 2011 gives a local authority the power to do anything that individuals generally may do. The council's contribution to costs associated with the launch and development of the schemes within this framework is within the scope of this general power.

The Authority will need to ensure that the distribution of grants is fair and proportionate and complies with its duties under the Equality Act, set out in more detail below.

The selection of the crowd funding provider will need to comply with the relevant procurement rules.

### **FINANCIAL IMPLICATIONS AND RISKS**

The financial implications are £60k for a one year pilot from the transformation fund. This would be £30k set up and management costs for a crowdfunding provider who would give dedicated support to the project and £30k seed funding for projects that the Council wished to support

### **HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no direct human resource implications for the Council. The project management and implementation will be met by existing resources of the Council

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering

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residents in respect of socio-economics and health determinants.

Projects that are a product of this strategy will seek to advance the above. Equality Impact Assessments will be developed for projects, if and when needed.

**BACKGROUND PAPERS**

There are no background papers for this Executive decision

**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

*Delete as applicable*

~~Proposal NOT agreed because~~

**Details of decision maker**

Signed

*V. Persaud*

Name:

Cabinet Portfolio held: CABINET MEMBER FOR PUBLIC  
GMT Member title: PROTECTION AND SAFETY  
Head of Service title:  
Other manager title:

Date: 4/2/20

**Lodging this notice**

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on 7/2/2020

Signed *J. J. [Signature]*