

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD391

Title: Civic Crowdfunding Pilot Programme – Development and support costs to deliver round 3 and round 4 of the pilot programme.

Executive Summary:

This decision seeks approval for expenditure to support delivery of the final two rounds of the Civic Crowdfunding pilot initiative. Expenditure would allow for software development (online platform) to streamline the process for applicants. In addition, support will be provided to engage a wider range of community groups and assist them in developing their ideas and participating successfully with the pilot. Expenditure will allow the testing of the online platform and evaluate its impact in order to inform any future procurement of crowdfunding / crowdsourcing model(s) for Londoners.

Decision:

The Assistant Director approves:

1. Expenditure, from the High Street Fund budget required for development of the Crowdfunding Pilot Programme of :
 - (a) up to £30,000 on services from Spacehive required in support of the delivery of the final two rounds of the pilot (round 3 and round 4, during 2016/17);
 - (b) up to £10,000 to deliver intensive community engagement activity for round 3 of the programme; and
 - (c) up to £10,000 to support communications and outreach activity during round 3 and round 4 of the pilot; and
2. An exemption from the requirement of section 4.1 of the GLA's Contracts and Funding Code to undertake competitive procurement activity to secure services of the nature and value of those it is proposed Spacehive will provide.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

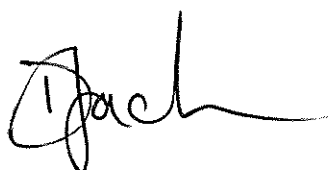
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Debbie Jackson

Position: Assistant Director, Regeneration

Signature:



Date:

24/02/16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

Programme Overview

- 1.1 The Regeneration team has been working throughout 2015 to pilot an innovative and pioneering new tool to support local investment in London's communities; The Mayor's Civic Crowdfunding Programme. The initiative enables the GLA to pledge to civic crowdfunding projects as 'one of the crowd', working in new and more direct ways with London's citizens. This is the first time a Mayor of a major European city (and perhaps any city) has funded local projects in this way. This approach places more power into the hands of local communities to drive projects that matter to them. As a result, this initiative has been highlighted by the World Government Summit as an exemplar of innovative government practice, and showcased as one of just ten handpicked projects from around the world in the Edge of Government pavilion in Dubai.
- 1.2 The Regeneration Team aligned the pilot programme to the High Street Fund, as a way to encourage community-led ideas and promote local engagement to support our ambitions for high streets and town centres. This was intended as a first step to enable local people to contribute directly to the wider thinking about their place, whilst exploring the opportunity, transparency and value presented by modern technology and emerging forms of collaborative civic governance to regeneration and development issues across the city.
- 1.3 The programme has been established as a 'live trial', on the recommendation of research carried out by the Future Cities Catapult (*Open Ideas Platform: Research for a web-based ideas crowdsourcing platform*) on behalf of a GLA-wide group led by the Regeneration team. This trial aims to discover the challenges of integrating locally-led ideas brought forward on an existing public crowdsourcing/crowdfunding platform, with the processes, procedures and requirements of allocating public funding to support this activity. The live trial element allows for potential iterative design of both the model, and our internal processes in real time; itself a modern and agile approach to tech-based innovation projects.
- 1.4 Crowdfunding is a way of raising small amounts of money from a large number of people. You can secure large sums very quickly by using online technology to access potential funders, at scale. This also allows significant reach to communicate an idea and gauge interest. Running a successful campaign can galvanise local or community participation (from endorsement to resource) in an accessible and flexible way. Crowdfunding platforms (websites) exist to allow anyone to pitch an idea and anyone to fund it. They simplify and manage the process of dealing with a large and complex pool of funders, but also allow for social media interaction that can continue throughout project delivery. The ecosystem that supports initiatives at scale (a critical mass of both project proposers and project funders) is relatively immature in the UK, but in America and parts of Europe it has been used much more extensively, from self-publishing a book to investment in new business start-ups, demonstrating the potential of this approach.
- 1.5 The pilot was established working with civic crowdfunding website Spacehive – the world's first crowdfunding platform dedicated to civic projects, and a London based tech start-up. The Future Cities Catapult report recommended we work with this platform as the most appropriate alignment for civic regeneration projects. There were few alternatives, none with a dedicated urban-intervention focus and thus the ability to screen proposals for potential issues such as planning permission requirements. In addition, as a new company, they were willing to work collaboratively and intensively with us to focus on this programme, meet our needs and help develop the required

solutions. They did this at no cost and at significant value to the GLA, on the basis that learning how a city government could interact and use money flexibly, effectively and responsibly in this way has significant implications for the future of crowdfunding and establishing that mature ecosystem in London and the rest of the UK.

- 1.6 Round 1 and Round 2 of the 'live trial' are being delivered aligned to the High Street Fund for a total £600,000 of GLA investment in 2015/16. This was approved by the Mayor under cover of MD1469. The first round of the program primarily explored the 'crowdsourcing' of ideas and the 'granting' of funds to local groups to deliver the best. We received 81 proposals, 17 of which were supported, raising 118% match funding from the crowd. In the second round, we introduced the requirement to run a crowdfunding campaign. The GLA pledged £285,000 to 20 projects, out of 62 submissions, leveraging over £450,000 of additional pledges from more than 2,300 Londoners, a 158% increase in funding. Before receiving GLA support, projects were pledged on average £60 per day. Following GLA support, the average was £200 per day – an increase of 233%. 19 of the 20 projects to receive a GLA pledge went on to complete their crowdfunding campaigns, reaching the required target to unlock the pool of pledges. None of the campaigns we did not pledge towards went on to achieve their target. The catalyst impact of the Mayor's involvement and the case for public sector intervention in promoting and enabling a mature ecosystem of this type of activity, is clear.
- 1.7 It is proposed that rounds 3 and 4 will run in 2016/17 aligned to the LEP London Regeneration fund, with a budget of £560,000 - £700,000. Capital expenditure was approved by the Mayor under cover of MD1596 and £140,000 Revenue expenditure approved by the Mayor under cover of MD1561. An additional £30,000 to support healthy and sustainable food initiatives has been proposed by the Food Team. This is subject to approval but is intended to become part of the total GLA budget supporting activity during rounds 3 and 4. This will allow us to test the integration of another team's requirements, into the pilot, and ensure we develop a prototype that would work across the organisation. The £50,000 requested via this approval was approved as revenue contingency to support the Spacehive programme by the Mayor under cover of MD1469 and remains ring-fenced in the High Street Fund budget with all Round 1 and Round 2 projects now in contract, with their budgets approved by Finance.

2. Objectives and expected outcomes

- 2.1 Whilst the programme has made significant progress during 2015, delivering well ahead of expectations in terms of participation, range of projects and engagement with crowdfunding as a concept, there remain challenges to smooth operation and delivery that must be addressed for this activity to operate at scale, across the GLA. Round 3 and Round 4 of the pilot should build on lessons learnt and look to streamline the programme for both applicant and GLA to maximise both public participation and public sector value for money.
- 2.2 Spacehive have been working pro-bono, at a significant saving to the GLA and which has allowed us to secure £800,000 in match funding for a wide range of worthwhile local projects across the city. It is accepted that continuation of this arrangement for the remainder of the pilot, is unsustainable. However, retaining Spacehive's direct support for the duration of the pilot has significant value to the GLA in understanding what is required for a successful programme to operate at scale, and to begin to stimulate interest in this activity across London, so that the appetite will be there should the GLA decide to invest further in this activity in the future.
- 2.3 We have developed a sound and collaborative working relationship with Spacehive and officers believe there to be strong justification to appoint them to refine the platform and support delivery of rounds 3 and 4 without competing the contracting opportunity. This will maximise the impact

we can have in a very short time and build on the momentum and success we have already created. This also allows the GLA to retain leadership of development and implementation of the programme, crucial to us evolving innovative working practices. It would be poor value for money to seek an alternative delivery partner and effectively start from scratch at such a crucial point in the development and momentum of the pilot. It would take time, cost a significant amount more and lead to reputational damage in from a communications perspective. Now is the time to capitalise on the momentum we have built, to meet the requirements and expectations of increasing numbers of London's citizens interested in engaging with the initiative. This will provide a strong and clear understanding of what is required, longer term, with maximum efficiency.

- 2.4 Officers acknowledge that the proposed contract with Spacehive should be procured competitively in accordance with section 4.1 of the GLA's Contracts and Funding Code (Code). However, section 5 of the Code also provides that exemptions from this requirement may be approved where a service provider has had previous involvement in a specific current project or their continuation of existing work cannot be separated from the new project/work. In light of paragraphs 2.2 and 2.2 above therefore, approval of an exemption is sought on this basis.
- 2.5 The necessary development costs are anticipated at £30,000. This would look to integrate our governance and finance requirement into the online platform and provide further delivery support through workshops and engagement with applicants. In addition, the records and information we require for audit and evaluation purposes would be captured and the resource required by the GLA to collate, review and appraise information would be dramatically reduced. Continuing to work with Spacehive affords the opportunity to evaluate all four rounds of the pilot consistently, with respect to iterative changes made to the model and process.
- 2.6 We have given consideration to a model used by the Environment team to manage small grant delivery for the Pocket Parks Programme. However, outsourcing the delivery of grants would cede some control over where funding is directed. It would also represent a lost opportunity to build knowledge and experience among GLA officers of engaging with a wider range of stakeholders and understanding the concerns of local delivery partners.
- 2.7 This decision therefore proposes that we retain this dedicated support to complete the pilot, via single source procurement of Spacehive to assist in delivery and iterative process development aligned to round 3 and round 4 during 2016/17.
- 2.8 This proposal has been presented to and has the support of the GLA Digital Board which has acknowledged the programme as a 'digital exemplar' project for the organisation.
- 2.9 Whilst round 1 and round 2 of the pilot have clearly demonstrated a potential pipeline of locally-led projects that could attract funding from the Mayor, there is a danger that the innovative nature of the programme has attract the main 'early adopters' and the opportunity is likely to be relatively unknown to many Londoners. In addition, those early adopters are likely to be the most comfortable or familiar with both the process of attracting and spending public funding and delivering projects. Finally, the exclusively 'online' requirement of utilising crowdfunding technology is a challenge of inclusivity that we must address. Communicating this opportunity to all Londoners and supporting them in establishing locally representative and constituted groups, proposing and developing projects, running successful crowdfunding campaigns and delivering high quality proposals using public money is a significant challenge, one beyond the resources of this pilot but one we propose to begin to explore and address as part of the pilot programme.

- 2.10 To address the lack of support and promotion directly to local community groups, this decision seeks approval to procure a community engagement consultancy to run an engagement programme during round 3 of the pilot. This contract will have a value of up to £10,000
- 2.11 This programme will be tailored to meet our needs and be delivered alongside our round 3 programme to achieve maximum impact in assisting with the following:
- Promotion of the opportunity to local community groups using innovative outreach and engagement tactics, specifically to attract new or 'hard to reach' groups in local communities
 - Building the capacity of local community groups to help new groups come together, form a constituted group, develop ideas, prepare a crowdfunding campaign and participate in the programme
 - Evaluating and improving the crowdfunding pilot by proposing future engagement strategies, including guidance material and the establishment of wider support networks for local groups and civic leaders.
- 2.12 Finally, this decision approves £10,000 to support communications and campaign activity. To maximise the potential impact of the programme and the engagement activity, there needs to be clear, engaging and widespread communication to support the following priorities:
- Promote awareness of the opportunity – targeted at the kind of organisations eligible to apply, but also in a way that could be picked up by wider groups who may not be quite so savvy at looking for funding opportunities, engaging with London's regeneration debate or those not so technologically savvy / established on social media.
 - Communicate what we expect from local applications – explain what a good project looks like and what any organisation would need to commit to in terms of delivery.
 - Promote wider awareness of what the Mayor is doing – set out why this opportunity represents an exciting innovation in the way the Mayor supports London's diverse local communities. Communicate the positive impact and any successes associated with the initiative (e.g. successful 1st wave bids) to an interested but non-participative audience.
- 2.13 Activity around these objectives will be required, some of which can be provided internally within the GLA, utilising Talk London, the GLA Regeneration team, Press team and Marketing team, but expenditure is required to support workshops, promotional materials and the development of guidance documents linked to the clear identity of the programme, removing confusion and ensuring maximum participation across London.

3. Equality comments

- 3.1 All activity will be developed and delivered in compliance with relevant Codes of Practice and in line with the requirements of the public sector equality duty to ensure that steps are taken to minimise disadvantages suffered by people who share a protected characteristic. Age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation. The following specific issues have been considered
- i) Community engagement activity: All proposed engagement will be open and accessible to all. Focus and attention will be placed on wide engagement with hard to reach or disadvantaged groups, especially those that would struggle to participate with an opportunity that demands online / internet access and understanding.
 - ii) Documents and publications: all documents produced will comply with Mayor of London branding guidelines, it being based on guidance from the Royal National Institute of Blind People. Where possible accessible formats will be available.

- iii) Events: all events will be open to all and, where possible, will encourage people who share a protected characteristic to participate in any activity in which their participation is disproportionately low.

3.2 Local community groups, charities or business groups working in partnership to deliver activity, will not automatically be under this duty but will be provided with guidance to ensure they meet these requirements.

4. Other considerations

a) Key risks and issues

4.1 Programme delivery risks aligned to launching round 3 and round 4:

- There is a risk that we may have exhausted the 'early adopters' leading to limited or poor quality projects.
- Awareness of the opportunity and the process or commitment required to run a successful crowdfunding campaign is still likely to be relatively unknown to many Londoners, especially the groups we are hoping to attract – new audiences unfamiliar working directly with the GLA.
- The exclusively 'online' requirement of utilising crowdfunding technology is a challenge of inclusivity and allowing all Londoners to engage with the programme.
- Groups may need support in establishing locally representative and constituted groups, proposing and developing projects, running successful crowdfunding campaigns and delivering high quality proposals

4.2 This approval contains activity intended to mitigate these risks, through improvements and streamlining of the application process, support and engagement workshops led by GLA officers, Spacehive and the appointed community engagement consultants, united by a coordinated communications strategy and promotional campaign.

4.3 Risks aligned to the scope of this approval:

- Appointed community engagement consultants deliver misleading guidance or information resulting in confusion. Mitigation proposed is that they would be working heavily to brief set by our communications strategy and monitored by the Regeneration team. A regeneration team representative at all key events
- Communications strategy is ineffectual and does not lead to increased / improved projects. We will be working closely with GLA marketing to ensure maximum impact and will include evaluation of the communications tactics employed, as part of the programme evaluation to understand how organisations heard about the opportunity and were supported to engage.
- Spacehive cannot deliver all of the software development to meet our needs. Initial discussions suggest the scope of our needs are realistic for the purpose of delivering Round 3 and Round 4 of the pilot and developing an outline prototype. The nature of the pilot acknowledges that we will need to be flexible in our approach to development of the process and some things will need to be refined as part of an iterative design process.

b) links to Mayoral strategies and priorities

- 4.4 The High Street fund programme has been developed to support London Plan policies with regard to Town Centres, Retail, Lifetime neighbourhoods, public realm and urban design. It also supports the delivery of the Mayor's Economic development strategy by supporting public and private bodies to work in partnership to support SMEs to flourish. The Civic Crowdfunding pilot programme is aligned to these ambitions.
- 4.5 The London Regeneration Fund programme is in line with Mayoral Strategies and LEP Priorities set out in Action for High Streets and the Economic Development Strategy. Round 3 and Round 4 of the Civic Crowdfunding Pilot Programme will be directly aligned to the LRF Programme.

c) impact assessments and consultations

- 4.6 The LRF prospectus was developed following consultation with the LEP SME working group, the Open Workspace Providers Group, Business Improvement Districts, and London Boroughs, through LEP engagement events and High Street Network events. A number of teams within the GLA have been involved in the appraisal and moderation of applications to the LRF, including Economics, Culture, Economic Business Policy Unit, Environment, Transport, Housing & Land, and Planning.

5. Financial comments

- 5.1 The revenue expenditure of up to £50,000 to support the development of the Crowdfunding Pilot Programme will be funded from the existing High Streets Budget. The spend is one-off in nature and any additional expenditure is subject to further approval via the decisions process.

6. Legal Comments

- 6.1 The foregoing sections of this report indicate that:

- 6.1.1 the decisions requested of the assistant director relate to expenditure for the commissioning of services which fall within the Authority's statutory powers to do things facilitative of and conducive to the discharge of its functions; and
- 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (c) consult with appropriate bodies.

- 6.2 Section 4.1 of the Authority's Contracts and Funding Code ("Code") requires that contracts with values of this level be awarded following the undertaking of some form of competitive procurement exercise. However, section 5 of the Code also provides that an exemption from this requirement may be justified where a service provider has had previous involvement in a specific

current project or their continuation of existing work cannot be separated from the new project/work to afford compatibility with an existing service. Officers have indicated in section 2 above that this is the case. Therefore, the assistant director may approve the proposed award and exemption if satisfied with the content of this report.

- 6.3 Officers must ensure that any other works, services or supplies necessary for the delivery of the 'Know Your Rights' campaign are procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the Authority's Contracts and Funding Code.
- 6.4 Officers must ensure that appropriate contract documentation is put in place and signed by the Authority, Spacehive and any other suppliers before the commencement of the provision of the services required.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of Spacehive via STA	1 st March 2016
Procurement of Community Engagement Consultant	1 st March 2016
Announcement of Round 3	1 st March 2016
Community engagement activity related to Round 3 of the programme	1 st March – 1 st May 2016
Communications activity and campaign	1 st March – 21 st March 2016
Deadline for applications	1 st May 2016
Approval of Mayoral Pledges	1 st July 2016
Delivery Start Date [for successful project proposals]	August 2016
Final evaluation start and finish (self/external) [delete as applicable]:	Q2 2017/18
Delivery End Date [for successful project proposals]	Q2 2017/18
Project Closure: [for project proposals]	Q4 2017/18

Appendices and supporting papers:

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form –NO

ORIGINATING OFFICER DECLARATION:

Drafting officer
to confirm the
following (✓)

Drafting officer:

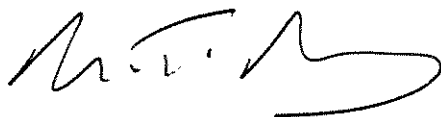
James Parkinson has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

HEAD OF GOVERNANCE AND RESILIENCE:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:



Date:

23-02-16

