

REQUEST FOR DIRECTOR DECISION – DD2015

Title: Civic Crowdfunding Programme (Spacehive) Round 3 – Projects Recommended for Funding

Executive Summary:

This DD sets out the proposed allocation of 'Mayoral Pledges' relating to the £730,000 budget for Round 3&4 of the High Street Fund Civic Crowdfunding programme, as defined and delegated to the Executive Director Development & Enterprise through the following: MD1596 (£560,000 capital), MD1561 (£140,000 revenue) and MD1618 (£30,000 revenue from 'Healthier High Streets' initiative led by the Food Team). The decision seeks approval for the grant of funds to a shortlist of the 21 highest scoring projects, led by local community groups, which would receive pledges totalling £242,000 (£220,500 Capital and £21,500 Revenue) towards their crowdfunding campaigns.

Decision:

The Executive Director approves;

- The grant award of up to £242,000 (subject to available resources) to make the recommended 'Mayoral Pledges', towards the 21 highest ranking applications made via the Mayor's Civic Crowdfunding Pilot Programme, using the online civic crowdfunding platform Spacehive.
- That the 'pledges' be made on the Spacehive website to coincide with the public announcement on June 29th, on the basis that the 'pledges' will be ratified formally by entering into a funding agreement, should the projects in question reach their crowdfunding target.


AUTHORISING DIRECTOR

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: Fiona Fletcher Smith

Position: Executive Director Development, Enterprise & Environment

Signature: 

Date: 28.6.2016

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 This Mayor's High Street Fund Civic Crowdfunding pilot programme explores the potential for the GLA to pledge to community-led civic crowdfunding projects as 'one of the crowd', working in new and more direct ways with London's citizens, and placing more power into the hands of local groups to drive projects that matter to them. This 'live trial' is an example of London leading the way to innovate with new forms of 21st century governance.
- 1.2 The pilot emerged following a piece of research (*Open Ideas Platform: Research for a web-based ideas crowdsourcing platform*) commissioned by the Regeneration Team and delivered by the Future Cities Catapult in late 2014. This work explored the potential for an 'Open Ideas Platform' at the GLA; an innovative new model of 21st century Governance that 'crowdsourced' ideas from London's citizens to be embedded into projects and programmes of work. The research discussed the potential benefits of achieving this kind of ambition, as well as a brief analysis of both the short term and longer term shift in working practice, policy and attitude within the GLA that would be required to deliver such an ambition. One of the short term recommendations presented, was to trial a small-scale 'crowdsourcing and crowdfunding' initiative using an appropriate existing online platform to discover the challenges of integrating locally-led ideas with the processes, procedures and requirements of allocating public funding for this purpose.
- 1.3 Working with civic crowdfunding website Spacehive – the world's first crowdfunding platform dedicated to civic projects, and London based tech start-up - The Regeneration Team developed a four-round pilot programme as a way to encourage community-led ideas and promote local engagement to support high streets, town centres and communities in line with GLA Regeneration objectives. This was intended as a first step to enable local people to contribute directly to the wider thinking about the future of their area, whilst exploring the opportunity presented by modern technology and emerging forms of collaborative civic governance. The learning from this trial is expected to define a future direction for the organisation on the issues of public sector involvement in crowdsourcing and crowdfunding civic improvement.
 - By running a proactive crowdfunding campaign, any local organization (with a public/social remit) can develop their ideal alongside the wider community, demonstrating enthusiasm and support.
 - Anyone, from Londoners to businesses and public organisations can all back projects with both finance and offers of resources or support.
 - The Mayor will pledge up to £20,000, and up to 75% of the total project cost, to help realise the best ideas that demonstrate local support.
 - If the group hit their crowdfunding target, the project goes ahead.

Delivery overview

- The pilot has so far delivered two rounds of funding throughout 2015 as part of a 'live trial' – an iterative design process that is intended to help us develop the optimal longer term solution.
- To date, £600,000 has been pledged by the Mayor of London to 35 local projects.
- In the second round alone, the Mayor's pledges of £260,000 towards 18 projects attracted in excess of £430,000 of match funding from over 2,200 Londoners.
- The Mayor's pledge has proved a key catalyst in legitimizing ideas and ensuring they succeed.

- Of the projects we pledged towards, 95% achieved their crowdfunding target, compared to a 47% average for Spacehive and 25% global average.
 - The Regeneration team is supporting delivery by aligning key stakeholders and advising on technical issues – crucial when dealing with projects in the built environment.
- 1.4 The Pilot will run to the end of 2016/17 and comprise four rounds in total. £730,000 of funding has been committed to deliver rounds three and four during 2016/17, and delegated to the Executive Director for Development Environment & Enterprise through the following decisions: London Regeneration Fund – MD1596 (£560,000 capital), LEP Revenue Funded Projects – MD1561 (£140,000 revenue) and Food Team ‘Healthier High Streets’ initiative – MD1618 (£30,000 revenue).
- 1.5 The Food Team will be supporting the delivery of at least three projects, to a value of £60,000, that promote access to affordable, healthy food. This is part of a trail to establish how other GLA teams could engage with the programme on the terms that were initially developed for the Regeneration Team. This insight will be invaluable for interrogating the potential to ‘scale-up’ activity across GLA programmes and areas of work.
- 1.6 Submissions for a Mayoral Pledge in Round 3 of the programme closed on 2nd May 2016. By this deadline, 64 submissions for Mayoral Pledges had been received. Of these, 48 were successfully validated by the GLA Regeneration Team as ‘eligible’ submissions. These 48 projects represent a total project value of £1.5m. They had secured £200,000 of pledges towards their crowdfunding campaigns by the 6th June, from 2610 individual backers. In addition, over £115,000 of added value had been declared, through resource or donated materials alongside 367 hours of volunteer time. If we were to fully fund all of these initiatives, with the maximum possible pledge, it would cost £737,000.
- 1.7 The Regeneration Team conducted an appraisal of all 48 projects between 23rd May and 3rd June. Projects were assessed against the criteria set out on our Spacehive page <https://www.spacehive.com/Initiatives/mayoroflondon>, which align to the objectives of the London Regeneration Fund, proportionate to the scale of project and the nature of applicants. The criteria for support required that projects be innovative and distinctive; make the local area special and build on local character; bring an economic and social benefit to the community; have strong local support and show via a vibrant crowdfunding campaign. Projects were assessed as follows; Project description (40%), Deliverability and risk (20%), Value for money (20%) and Wider Impact / Support and campaign activity (20%). This was set out clearly in public guidance on the Spacehive page. In addition, comments were received from the GLA culture team for each project and Spacehive evaluated each applicant’s crowdfunding campaign and attitude to local engagement using an agreed methodology.
- 1.8 As part of the appraisal process, a moderation panel convened to review the initial project rankings, scored against the criteria. All projects scoring over 70% were considered at moderation. These scores were then re-evaluated in the wider context of consistency across area teams, comments from GLA culture and comments from Spacehive regarding individual crowdfunding campaigns. A shortlist was then prepared which also ensured a balance of geographic spread, type of applicant / organisation, type of project and range of outputs / achievements from the proposed investment.
- 1.9 As part of the moderation process, ‘Mayoral Pledges’ were identified to support the top 21 shortlisted projects with a pledge that fit within the parameters of the available budget. These are set out in Appendix 1.
- 1.10 It is expected that the pledges would total £242,000 with the following breakdown:
- £220,500 capital expenditure

- £21,500 revenue expenditure.

It should be noted that a further, detailed analysis of the project budgets will be required to confirm this, due to the inconsistent nature of information provided through a lack of experience and knowledge by some applicants. This will be mitigated by the flexibility that crowdfunding will allow – all projects will be required to source some element of funding ‘from the crowd’ which could be attributed more flexibly to either capital or revenue expenditure. Where possible, we would aim to minimise revenue expenditure, in favour of capital.

- 1.11 A map of projects locations for the shortlisted 20 projects is presented in Appendix 2.
- 1.12 A selection of case study projects from the shortlist, describing the activities proposed, nature of applicant and budget detail, is provided in Appendix 3.

2. Objectives and expected outcomes

- 2.1 The overarching objective of the Civic Crowdfunding Pilot Programme, is to explore the potential for the GLA to embrace crowdsourcing and crowdfunding as a tool of more collaborative civic governance; to democratise decision making and allow citizens an increased role in proposing, driving and delivering projects that matter to them. The pilot will interrogate the logistics of working in new ways to allow local community groups to deliver civic improvement projects more directly and investigate the practicalities of pledging public funding to support civic crowdfunding projects as ‘one of the crowd’.
- 2.2 The Regeneration Team pilot represents a ‘live trial’ to test this interaction between local communities and public funding bodies using the medium of modern civic crowdfunding technology. This test will uncover both the strengths and limitations of attempting to align GLA processes and procedures with dynamic, web-based participatory engagement platforms. This understanding will play a crucial role in helping the organisation to modernise operations based on practical evidence of real situations and is an example of London leading the way to innovate with new forms of 21st century collaborative governance.
- 2.3 A scaling up of this kind of activity, potentially through the provision of a ‘civic crowdfunding hub for Londoners’ has many potential benefits:

Crowdsourcing & Crowdfunding opportunities for City Hall

- Londoners are full of great ideas and creativity – crowdsourcing gives us a tool to capture those ideas.
- It’s also a potential way to ask Londoners what they think about choices that must be made and for them to potentially have more direct influence over which projects City Hall funds; a process known as participatory budgeting.
- Crowdfunding is a way to explore new finance and partnership structures to support Mayoral objectives by aligning the public, private and third sector alongside citizens as powerful new local delivery agents.
- The Mayor can demonstrate leadership, both for the boroughs but also cities around the world, in how to coordinate and direct this kind of activity – something which is happening anyway – to best support strategic objectives and deliver an agglomerative impact to improve the city, for everyone.

- This could involve catalysing the growth of an accessible 'ecosystem' of support to enable citizen-led civic projects to be proposed, funded and delivered at scale across the city.
- There is an opportunity to convene the public, private and third sectors to back citizen activity, leveraging and focusing a significant amount of financial resource, skills, capacity and Corporate Social Responsibility activity towards improving the city in line with Mayoral objectives - a way for business to give back to the city and communities that enable them to flourish.
- City Hall can propose thematic 'calls' for project ideas to stimulate local responses to Mayoral priorities and pledge funding and resources as one of the crowd, alongside other Londoners and businesses.
- This will demand an innovative and dynamic approach to governance and administration, which could influence progressive change in working practices both across City Hall and in other public sector organisations.

Crowdsourcing & Crowdfunding opportunities for Londoners

- A chance for all Londoners to contribute to the future development of the city, and feel more attached to their local community.
- A sense of empowerment and responsibility which will stimulate civic pride and develop the relationship between ordinary Londoners and City Hall.
- A new way to bring local communities together and develop new connections, opportunities and networks of mutual support and collective ownership – building stronger and more resilient communities.
- The skills developed through proposing and delivering civic projects are significant and transferable, helping people in their work and personal life.
- Capacity built within local organisations to deliver future / sustained initiatives and develop a network of active, engaged and capable 'local civic leaders' for London.

2.4 Ongoing evaluation of the first two rounds of the pilot, has revealed the following insights:

Impacts of the Pilot

- A deliverable programme that demonstrates proof of concept.
- Digital exemplar for the organization and practical precedent to test, refine and innovate with internal processes.
- Cross organization working group established to explore how the initiative aligns to other teams, both in supporting their own objectives but also harnessing the skills that could compliment and develop the offer.
- Demonstrated a pipeline of small, diverse, locally-led projects, with a total value of around £7m that only require a relatively small amount of money and could deliver very quickly.
- Programme demonstrated excellent value for money. The GLA has so far invested £600,000 which resulted in £1.43m worth of locally driven projects.
- Developed new awareness of local organisations valuable to our wider, place based approach to regeneration.
- Projects are delivering successfully and no project has failed to deliver to date.

Social Impact of the Pilot

The Regeneration team are working with the Opinion Research and Statistics team within GLA Intelligence to pioneer a methodology to assess the social impact of the programme so far. The emerging conclusions can be summarised as:

- Improved and increased pride and sense of place within localities, made possible through the ownership that comes not only through managing and delivering projects at the grass roots level, but also through the staking a claim through financial backing via Spacehive.
- New and stronger relationships are forged within communities resulting in friendships and neighbourly attitudes that create a sense of belonging, improved self-worth, feelings of safety and better social lives.
- Improved knowledge of the planning and participation process is enabling more people within project groups to get involved with more formal local government processes, such as planning consultation and neighbourhood planning, signalling positive change and strengthened democracy.
- Increasing professional skills through project management and delivery and stakeholder engagement providing participants with confidence to change jobs and progress their careers.
- Potential/proposed local improvements leading to the coming together of skills, expertise, and a diversity of people that would never have come in its absence, enabling people to feel a hope for a community power that has recently felt to be slipping away with the advent of large scale development and urban change.

2.5 Expected Outcomes / Round 3 (21 projects proposed to receive a pledge)

<u>Applicants</u>	<u>Round 3</u>
Residents' associations / local community groups	2
Arts organisations	2
Charities	3
Local business groups	0
Education partnership	1
Community Interest Company (CIC)	7
Social Enterprise	5
Business Improvement District (BID)	1
Town Team / Neighbourhood Forum	

<u>Summary Outputs</u>	<u>Round 3</u>
No. Buildings / Shopfronts improved	9
No. Community Facilities created / improved	30
No. Vacant buildings brought back to use	5
Affordable workspace / studio space created (sqm)	1950
No. Local groups supported	11
No. Training / Apprenticeship opportunities	62
Volunteer Hours	2787
Value of In-Kind contributions (£)	74520
No. Public Art commissions	5
No. Events Held	31
No. Plans / Studies supported	3
No. New organisations given an opportunity	10

<u>No. Opportunities to access affordable food</u>	5
<u>Public realm improved (sqm)</u>	50

<u>Programme Totals:</u>	<u>Round 3</u>
Total number of backers (13 th Jun/6wks before end)	1889
Total project value (£)	717297
Total Mayoral Pledges (£)	242000
Additional match if all projects hit campaign target (£)	475000
Match as percentage of total project value	66%

- 2.6 It is important to note that it is currently too early in the process to be certain about the robust outputs expected across the programme. Many applicants have described their projects as qualitative public crowdfunding campaigns, rather than the quantitative bids for grant funding usually required. Specific outputs have been defined through the process of entering into grant agreement with successful projects (projects we pledge towards that go on to reach their fundraising target) but these will only be verified upon project completion and formal closure.
- 2.7 Once proposed activity has been analysed against the GLA Outputs and Outcomes framework, it is expected that the local / community nature of these projects will force a reduction in some of the more demanding outputs, such as jobs created and training / apprenticeship opportunities. There will be more confidence, at this stage, about outputs such as; buildings and spaces improved; events held; local groups, markets or businesses supported and the cash match or in-kind value added towards each project.
- 2.8 The estimates above are based heavily on experience of similar projects, delivered by more experienced organisations, but have been adjusted to present the most realistic picture possible at the time.

3. Equality comments

- 3.1 All projects 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 the following issues have been considered
- i) Project Proposals: All proposals will be open and accessible to all and community groups will be reminded that their projects are required to take appropriate steps 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
 - 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 are not typically required to observe this duty but it has been absorbed into the funding agreement that they must sign to access the Mayor's

pledge and they will be provided with guidance to ensure they meet these requirements across the full scope of their project.

4. Other considerations

a) key risks and issues

Delivery – Whilst delivery capacity has formed part of the appraisal process, and the scale of the projects reasonably modest, working with local community groups presents some risk in projects being delivered on time. Once entering into a formal funding agreement with successful project applicants, delivery timescales will be reviewed to ensure completion by 31st March 2018.

Capital and Revenue expenditure - Due to the unprecedented and experimental approach taken to solicit applications from the community and voluntary sector via the Spacehive Online platform there is a risk around the project applicant's accurate and consistent assessment of capital and revenue spend. Steps have been taken to minimise this risk, through the appraisal process looking closely at project deliverables and costs to ensure they are realistic, but each project will have provided inconsistent assessments and some will inevitably be more accurate than others. Financial information has been provided to GLA finance team to review as part of our due diligence process. Additional mitigation of this issue will come through the flexibility that crowdfunding will allow – all projects will be required to source some element of funding 'from the crowd' which could be attributed more flexibly to either capital or revenue expenditure, when the time comes to enter into a funding agreement and finalise the project costs. If a project overspends, against its initial projection, the Spacehive Project Deliver Manager contract already states that this cost must be borne by the Project Deliver Manager. This will be mirrored in the funding agreement signed with the GLA, which will associate agreed outputs directly with identified spend.

Outputs – There is some risk around the robustness of the estimates in outputs, outcomes and achievements that have been presented. It is currently too early in the process to be certain as to whether some of the outputs stated by applicants will qualify under the GLA criteria set out in the Outputs and Outcomes framework. For this programme to be a success, there must be an understanding that the groups that we are trying to engage with are not representative of the typical organisations usually funded, and there is a need to have a proportionate response to evaluating outputs. Social impact, for instance, is one key objective of the programme. However, the estimates presented are realistic and somewhat conservative estimates, based on the information supplied at this stage and experience of delivering similar ambitions. It is expected that the local / community nature of these projects will force a reduction in some of the more demanding outputs, such as jobs created and training / apprenticeship opportunities. There is more confidence, at this stage, about outputs such as; buildings and spaces improved; events held; local groups, markets or businesses supported and the cash match or in-kind value added towards each project. Successful projects will have the support of the GLA Regeneration team to accurately profile quantifiable outputs alongside more proportionate 'achievements' during the drafting of each funding agreement. The Regeneration team can also offer support in maximising the positive impact of each project and potentially deliver more outputs than envisaged at this stage.

Crowdfunding Targets and Underspend - Once pledges are made, and each project enters a period of crowdfunding, the nature of crowdfunding means that some projects may not reach their funding target. Steps have been taken to anticipate the likelihood of this scenario through discussions with Spacehive, and it is estimated that there is a risk to the value of around £60,000 for projects which may struggle to hit their targets.

This risk is being mitigated by working with Spacehive to provide support to those projects most at risk. This will include guidance from Spacehive in developing and maintaining momentum for their

campaigns, but also a GLA-led press, communications and social media strategy that will give projects the best possible exposure and chance to build on that exposure to boost their campaigns.

If some projects fail to reach their crowdfunding targets, and the project no longer goes ahead, it is proposed that this funding is rolled over to back projects in a further round 4 of the pilot programme, to be delivered in 2017/18.

b) links to Mayoral strategies and priorities

The London Regeneration Fund 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.

c) impact assessments and consultations.

The Crowdfunding Pilot programme follows a recommendation in '*Open Ideas Platform: Research for a web-based ideas crowdsourcing platform*' commissioned by the Regeneration Team and delivered by the Future Cities Catapult. This work consulted key delivery teams within the GLA as to what they would find useful, and analysed the impact that this kind of tool could have on the way the GLA delivers public services.

This pilot initiative which will explore and test these ideas and recommendations as set out in this DD. Once complete, this will form the basis for further exploratory work, including evaluation, impact assessment and wider public consultation on the delivery of the programme so far and what could / should be achieved in the future. It is intended that this would inform a piece of work that will set out a vision for the future of this kind of activity in the context of GLA governance and investment programmes.

5. Financial comments

- 5.1 The total cost of this proposal is up to the value of £242,000, which is a combination of capital and revenue expenditure (£220,500 Capital; £21,500 Revenue).
- 5.2 With regards to funding; MD1596 approved expenditure of up to £560,000 capital funding for further rounds of pledges through the Mayor's crowdfunding pilot programme, which is part of the overall London Regeneration Fund. The capital element of this proposal will be funded from within this allocation.
- 5.3 With regards to the revenue funding for this proposal (£21,500); a revenue allocation of £170,000 has been set aside and formally agreed via the LEP (£140,000) as approved by MD1561 and the Food Teams Healthier Streets Initiative (£30,000) as approved by MD1618 to support this programme. It is from within this overall revenue allocation that the revenue element of this proposal (£21,500) will be funded.
- 5.4 Since the proposed funding for each project is part of a crowdfunding target, no grant agreements should be entered into without confirmation of a project's total crowdfunding target being achieved. In the event that projects fail to reach their crowdfunding targets and the project does not go ahead, it is being proposed that the funding is re-profiled into 2017-18 in order to deliver a further round of this pilot programme, which will be subject to further formal approval.

- 5.5 Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority's decision-making process. All appropriate budget adjustments will be made.

6 Legal comments

6.1 The report above indicates that:

6.1.1 the decisions requested of the director (in accordance with the delegated authority granted pursuant to MD1596, MD1561 and MD1618) fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; 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:

- pay due regard to the principle that there should be equality of opportunity for all people (further details on equalities are set out in section 3 above) and to the duty under section 149 of the 2010 Act to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not¹;
- 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
- consult with appropriate bodies.

6.2 The report above indicates that the proposed 'pledges' to the projects listed in Appendix 1 amounts to the provision of grant funding and not payment for works, supplies or services. Officers must ensure that the funding is distributed fairly, transparently, in accordance with the GLA's equalities and in manner which affords value for money in accordance with the Contracts and Funding Code.

Officers must ensure that appropriate funding agreements are put in place between and executed by the GLA and recipient before any commitment to fund is made.

7. Planned delivery approach and next steps

Activity	Timeline
Project Due Diligence signed off by Finance	w/c 27-06-2016
DD Sign off	w/c 27-06-2016
Press Announcement	29-06-2016
Crowdfunding Ends (longstop date)	01-08-2016
Delivery Start Date [for project proposals] / All projects in grant	01-08-2016
Delivery End Date [for project proposals]	31-03-2018

Appendices and supporting papers:

DD_ Appendices attached as PDF

¹ The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status.

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:

(✓)

Assistant Director/Head of Service:

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

(✓)

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

(✓)

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allen

Date

28.6.16

