

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD1399

### Title: High Street Fund Civic Crowdfunding (Spacehive) Round 2

#### Executive Summary:

This form sets out the proposed allocation of 'Mayoral Pledges' relating to the £285,548 budget for Round 2 of the High Street Fund Civic Crowdfunding programme, as defined and delegated to the Executive Director Development & Enterprise through MD1469. The decision seeks approval for the grant of funds to a shortlist of the 20 highest scoring projects, led by local community groups, which would receive pledges totalling £285,500 (£235,500 Capital and £50,000 Revenue) towards their crowdfunding campaigns.

#### Decision:

The Executive Director approves:

1. The grant award of up to £285,500 to make the recommended 'Mayoral Pledges', towards the 20 highest ranking applications made via the Mayor's High Street Fund crowdfunding pilot programme, using the online civic crowdfunding platform Spacehive.
2. That the 'pledges' be made on the Spacehive website to coincide with the public announcement on the basis that the 'pledges' will be ratified formally by entering into a funding agreement, subject to the projects in question reaching 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:**

15 Sep 2015

## **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 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 communities 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 this pilot programme, through the High Street Fund, as a way to encourage community-led ideas and promote local engagement to support high streets and town centres 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 their place, whilst exploring the opportunity presented by modern technology and emerging forms of collaborative civic governance.
- 1.4 The first round, in late 2014, operated very much in a way that explored the crowdsourcing of ideas and the 'granting' of funds to local groups to deliver the best. There was little engagement with the crowdfunding element of the online platform capability. As such, the GLA was the sole funder in most cases and supported 17 projects brought forward by local applicants - from town teams to business associations and charities - with funding contributions totalling £314,452. This was approved through MD1469. These projects have been delivering throughout 2015 and include ideas as diverse as;
- A community 'makerspace' in Herne Hill, allowing local people access to specialist equipment and training to support both hobbies and small business incubation;
  - The re-use of a vacant high street shop unit as a local community centre, hosting an extensive programme of events and workshops that have allowed more than 350 local people to engage with the drafting of the Queen's Park Neighbourhood Plan, a locally-led strategic vision, to be embedded into the Borough's future thinking about the area. In this project, a local community had the opportunity to work with an experienced and high quality design practice to help them shape their ideas into bold and deliverable proposals.

- 1.5 The deadline for submissions to the second round of the High Street Fund crowdfunding programme was Monday 29th June. In this round, the pilot was refined further and the offer re-framed to make it clear that the GLA would be looking to ‘pledge’ as ‘one of the crowd’ towards those projects where local groups were pro-actively running a crowdfunding campaign for their idea. The Mayor would ‘pledge’ up to £20,000 and no more than 75% of the total project cost to the best ideas that help local people to improve and support their high street
- 1.6 To be eligible for a ‘Mayoral Pledge’, groups still had to submit a request directly to the GLA, detailing their project in such a way as to allow it to be appraised against the High Street Fund criteria and supplying due diligence information to enable review internally.
- 1.7 By the June 29th deadline, 62 submissions for Mayoral Pledges had been received. They totalled just over £1m, assuming the maximum possible pledge to each project (up to 75% of the total project cost and no more than £20,000 per project). The capital / revenue split across the full list of submissions was roughly 75% capital / 25% revenue. The submissions also accounted for an additional £735,000 of secured cash match. In-kind contributions have been declared totalling over £450,000 of additional value added. This represents a total pipeline value of approximately £2.2m.
- 1.8 The Regeneration Team conducted an appraisal of all 62 projects between 6th July and 10th August. Projects were assessed against the criteria set out in the High Street Fund prospectus, proportionate to the scale of project and the nature of applicants– often those not experienced in filling out bids for public funding. The criteria for support required that projects look to: attract new visitors; improve the environment or local facilities; support local businesses; bring diverse local groups together and re-use empty or neglected buildings or spaces. Projects were assessed as follows; Project description (40%), Deliverability and risk (20%), Value for money (20%) and Wider Impact / Support (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.
- 1.9 As part of the appraisal process, a moderation panel convened to review the initial project rankings, scored solely against criteria outlined in the High Street Fund. All projects scoring over 70% were considered at moderation. These scores were then re-evaluated in the wider context of consistency, 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.
- 1.10 The budget for round 2 of the programme was approved by IPB in January 2015 and delegated to the Executive Director for Development Environment & Enterprise through MD1469 and is detailed as follows:
- £235,548 capital
  - £50,000 revenue
- 1.11 As part of the moderation process, ‘Mayoral Pledges’ were identified to support the top 20 shortlisted projects with a pledge that fits within the parameters of the available budget. These are set out in Appendix 1. This list proposes that no project receives a ‘maximum’ possible pledge, to ensure that all would need to go out and engage in meaningful crowdfunding of some kind – a key ambition of this stage in the pilot.

- 1.12 It is expected that the pledges would total £235,500 capital expenditure and £50,000 revenue. 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.
- 1.13 A full list of the unsuccessful projects which would therefore not receive a Mayoral Pledge is presented in Appendix 2.
- 1.14 A map of projects locations for the shortlisted 20 projects is presented in Appendix 3.
- 1.15 A selection of case study projects from the shortlist, describing the activities proposed, nature of applicant and budget detail, is provided in Appendix 4.

## **2. Objectives and expected outcomes**

- 2.1 The overarching objective of the High Street Fund 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 High Street Fund 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 21<sup>st</sup> century collaborative governance.
- 2.3 It is intended that the learning from this pilot will inform a future proposal for the GLA to take the lead and bring community-led civic projects or ideas, from diverse local groups across London, together as part of an ‘Open Ideas Platform’ or ‘hub’. This tool will enable citizens to attract both public and private sector funding alongside advice and support to allow them to propose, develop, fund and deliver local civic improvement projects that matter to them.
- 2.4 All projects considered for ‘Mayoral Pledges’ in this round of the programme relate to civic improvements which support local high streets in line with the ambitions set out in ‘The Mayor’s Action For High Streets’ publication (June 2014). These ambitions were first translated into the High Street Fund prospectus, which in turn, was re-phrased for a public audience - proportionate to the scale of locally-led projects - and detailed on the Spacehive web page. This ‘brief’ to attract a ‘Mayoral Pledge’ was used as the chief criteria to appraise the projects. The key ambitions were defined as follows:

The Mayor is looking to support creative and innovative ideas that:

- Attract new visitors – to increase footfall and stimulate activity in an area, through events, smartening up shops and buildings, supporting a local market, improving wayfinding or revealing and celebrating the unique character of a community;
- Improve the environment, provide new facilities and support businesses – creating a broader appeal for a place by providing new opportunities for businesses to start up and new facilities or improving the look and feel of public spaces;
- Bring local groups together – demonstrating local collaboration, inclusion and diverse responses to local issues or concerns; perhaps producing a plan or vision for the area by engaging many different groups from businesses to local residents;
- Re-use an empty shop or space – to address vacancy on the high street or re-imagine forgotten spaces which present a negative image and encourage a lack of local civic pride.

2.5 Regarding the proposal for funding this round of 20 shortlisted projects (appendix 1), these are the expected outcomes across the programme:

Type of applicant supported:

Applicants	
Residents' associations / local community groups	7
Community Interest Company (CIC)	3
Social Enterprise	3
Arts organisations	2
Charities	2
Business Improvement District	1
Town Team	1
Education partnership	1

Outputs, outcomes and achievements envisaged (estimated):

Summary of Estimated Outputs	
Buildings / Shop fronts improved	5
Vacant Buildings / Spaces brought back into use	10
Events held	100
Temporary / Part Time Jobs created or safeguarded	15
Business Supported	50
New affordable workspaces provided	3
Training Opportunities Created	25
Public Art Commissions	10
Markets supported	3
Neighbourhood Plan or Feasibility Study supported / delivered	1
Trees / New Planters	5
People engaged	>£10,000
Local groups / high street associations supported (or established)	25
Community Play Areas improved	2
Cash secured from the crowd	>£200,000
Value of In kind contributions	>£100,000

- 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, as most applicants have described their projects as qualitative public crowdfunding campaigns, rather than the quantitative bids for grant funding usually required. Specific outputs will be defined through the process of entering into grant agreement with successful projects (projects we pledge towards that go on to reach their fundraising target).
- 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 this stage.
- 2.9 Proposals were expected to demonstrate a pro-active approach to the crowdfunding opportunity, alongside in-kind or appropriate match funding and clear demonstration of why their project was such a great idea for their particular high street and why it was of benefit to the wider local community.

### **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 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**

**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 31<sup>st</sup> March 2016.

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. 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 the Regeneration team is 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. 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, comms 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 –subject to approval- that this funding is rolled over to back projects in a further round 3 and 4 of the pilot programme, to be delivered in 2016, which will be delivered principally through funds associated with the London Regeneration Fund. This underspend element would be ring-fenced exclusively for High Street projects, in line with High Street Fund objectives.

## **b) links to Mayoral strategies and priorities**

The High Street 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 MD1469 approved a total £445,590 capital and £154,410 revenue of the High Streets Fund for the Mayor's Space Hive, and approved round 1 projects totalling £260,042 capital and £54,410 revenue, leaving unallocated project budget of £185,548 capital and £100,000 revenue.
- 5.2 MD1469 also approved expenditure of £235,548 capital and £50,000 revenue for at least one further wave of Mayor's Space Hive applications.
- 5.3 Approval is now being sought to allocate up to £235,500 capital resources and up to £50,000 revenue resources in respect of individual applications (up to £20,000 per application and no more than 75% of the total project cost) as outlined in Appendix 1 (to be governed by funding agreement).
- 5.4 The costs will be funded from the High Streets Fund and the split between revenue and capital will need to be managed within the total resources available.
- 5.5 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.

## **6. Legal comments**

- 6.1 The report above indicates that:
  - 6.1.1 the decisions requested of the Executive Director (in accordance with the delegated authority granted pursuant to MD1469) 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 not<sup>1</sup>;
- 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 01-09-2015
DD Sign off	w/c 14-09-2015
Press Announcement	w/c 14-09-2015
Crowdfunding Ends (longstop date)	w/c 02-11-2015
Delivery Start Date [for project proposals] / All projects in grant	w/c 30-11-2015
Delivery End Date [for project proposals]	31-03-2016

## Appendices and supporting papers:

Summary PDF

<sup>1</sup> 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:

**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. D. Alce*

**Date**

*14. 9. 15*