

Report for: ACTION



Contains Confidential or Exempt Information	NO - Part I
Title	Civic Crowdfunding
Responsible Officer(s)	Kevin Mist, Head of Communities & Economic Development
Contact officer, job title and phone number	Harjit Hunjan, Community and Business Partnerships Manager, 01628 796947; Michaela Rizou, Cabinet Policy Assistant, 01628 796030
Member reporting	Cllr George Bathurst, Principal Member for Policy Cllr Claire Stretton, Principal Member for Culture and Communities Cllr Jack Rankin, Deputy Lead Member - Customer Service Performance
For Consideration By	Policy Committee
Date to be Considered	18 April 2016
Implementation Date if Not Called In	Immediately
Affected Wards	All Wards

REPORT SUMMARY

1. The report outlines the potential of 'crowdfunding' as an approach to raising funds or in kind support for civic projects.
2. The paper presents a synopsis of online Crowdfunding platforms relevant to the not for profit sector (Appendix A) and a fuller listing of platforms who are members of crowdfunding Association (UK) (Appendix B).
3. It recommends that members approve exploratory work with Spacehive, or another crowdfunding website, as appropriate, and request a report on progress to the Policy Committee in September 2016.
4. Using an existing crowdfunding platform would not incur any direct costs to the council in the first instance but could provide an opportunity for the council to match fund local projects, where feasible and appropriate.

If recommendations are adopted, how will residents benefit?	
Benefits to residents and reasons why they will benefit	Dates by which they can expect to notice a difference
The Council seeks to explore all available funding opportunities to deliver projects and services to the benefit of local residents. Exploring crowdfunding platforms which encourage civic participation can better position the Council to work collaboratively with their local communities in realising their aspirations.	30 July 2016

1. DETAILS OF RECOMMENDATIONS

RECOMMENDATION: That the Policy Committee:

- i. Consider the various crowdfunding platforms as detailed in Appendix A and B;**
- ii. Approve exploratory work with Spacehive, or another crowdfunding website as appropriate, in respect of establishing an online funding platform for delivering civic projects in the Royal Borough;**
- iii. Delegate responsibility for developing and promoting a funding platform to the Community and Business Partnerships Manager in consultation with the Principal Member for Culture and Communities and the Deputy Lead Member for Customer Service Performance; and**
- iv. Request a report on progress to the Policy Committee in September 2016.**

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Crowdfunding is the practice of funding a project or venture by raising monetary contributions from a large number of people. Online platforms enable anyone to post a project online and anyone to fund it. The aim is to tap the widest possible source of ideas and funding, democratising the way we shape our civic environment. Crowdfunding seeks to empower communities and encourage civic participation and provide an opportunity to promote and encourage active citizenship by enabling residents to contribute to, or participate in, projects which benefit the local community, in line with the national and local Big Society Agenda.
- 2.2 Crowdfunding is an increasingly popular route for raising funds. The success of platforms such as 'Spacehive' demonstrates the huge potential of combining the community, businesses, institutions, and government to transform community spaces. The amount raised through online Crowdfunding platforms in the UK in 2016 is estimated to be in the region of £150 Million.
- 2.3 Traditionally financing a business, project or venture involved asking investors for large sums of money. Crowdfunding seeks to turn this idea on itself by using an on line platform to ask a large number of potential funders for small amounts of money, in-kind donations or volunteer time for a new civic business or project.
- 2.4 Typically, those seeking funds will set up a profile of their project through a crowdfunding platform and encourage people, through social media and personal and professional networks of friends, family and work colleagues, to raise money.

Running an online crowdfunding campaign allows creators of projects to decide how much funding they wish to raise and set a fixed deadline to achieve this

2.5 There are generally three categories crowdfunding can fall into:

- Equity-based crowdfunding: asking a crowd to donate to a business or project in exchange for equity.
- Debt-based crowdfunding: asking a crowd to donate to a business or project in exchange for financial return and/or interest at a future date.
- Donation-based crowdfunding: asking a crowd to donate to a project in exchange for tangible, non-monetary rewards such as an ecard, t-shirt, pre-released CD, or just a 'thank you'. This includes Charity Crowdfunding when an individual, company or organisation accepts charitable donations.

2.6 Crowdfunding organisations generally make a charge for using their platforms although some (e.g. Indiegogo) are free to use. Fee charging models include:

- All or nothing campaigns: project creators must hit the goal set in order to keep the funds that are raised. Typically the platform takes a 5% of funds raised if successful.
- Keep what you raise campaigns: project creators can keep the amount of funds raised, even if the target funding has not been reached by the end of the fundraising duration. A fee is charged on the amount raised; typically between 5-10%

In addition, a payment processing fee is also charged by most crowdfunding platforms, typically about 3%, though it varies from provider to provider.

Spacehive

2.7 The report recommends that Members should approve exploratory work with Spacehive. Spacehive claims to be the world's first funding platform for civic projects. The platform works through the principle of civic crowdfunding – letting anyone raise money to improve or transform public spaces, for example rejuvenating sport facilities, playgrounds, high streets, street festivals, pop up markets, green spaces or improving a publicly used building such as a pubs or cafes. Spacehive is used by the Mayor of London, over 25 councils across the UK and a growing number of brands including Barclays and Greenwich Leisure Limited that are collaborating to back local improvement projects.

2.8 Spacehive provides an on line platform for people to create community projects or 'Hives'. Hives are incubators for projects and can be created to support a group of related themed project ideas in a local area. They work by connecting project creators with communities of likeminded supporters from local people to companies and councils. There is a charge made of between 1.4% - 3.4% and 20p per pledge when a project hits its funding goal.

2.9 The platform is a social business funded partly by private investors and partly by the Big Lottery Fund. Spacehive's contractual framework, which protects the various actors involved in funding and delivering projects, was co-designed by Deloitte.

2.10 Projects have a 50% success rate. 70% of projects that raise more than 10% of their target are successful. As part of their offer, Spacehive run local Crowdfunding workshops to teach people how to run a crowdfunding campaign to improve a space or place and how to harness the power of community cooperation for turning local ideas into realities.

2.11 Example of success include:

- in Liverpool, 347 backers pledged nearly £45,000 for the first phase of an ambitious project led by a local businesswoman to convert a city centre flyover into a 'park in the sky', mimicking the famous High Line in New York;
- in Bristol more than £5,500 was raised by 537 funders to create a giant water slide running down the city's main shopping street;
- in Tottenham, north London, 96 funders raised £11,000 for a project to turn the grounds of an abandoned school into urban farmland;
- in Mansfield, near Nottingham, 27 funders pledged £37,000 to create a free public wi-fi network to support local businesses and attract people back to the high street

2.12 Examples of other 'Hives created' include:

- Mayor of London: to match-fund projects that improve high streets.
- Croydon Live: to provide a platform for Croydon's communities to develop, fund and launch their own projects to create and enliven fantastic new public spaces.
- Ealing Hive: created by Ealing Council to enable people to shape Ealing through crowd funded projects.
- York Hive: to create inspirational projects, which the whole city can help fund and then benefit from.
- Islington Hive: created by London Borough of Islington for inspirational projects in the local community.

2.13 Using an existing Crowd funding platform would not incur any direct costs to the council in the first instance but could provide an opportunity for the council to match fund local projects, where feasible and appropriate. Other Council's have used crowdfunding to boost Community Infrastructure Levy monies available for a particular project. The Royal Borough could explore such opportunities as well as possibility of maximizing its participatory budgeting investment via crowdfunding.

2.14 Options table

Option	Comments
The council would create a bespoke crowdfunding website.	This option would incur an initial developmental cost and ongoing resource to administer. It also risks a missed opportunity to work with a well-established and community driven crowdfunding platform already known

Option	Comments
This is not recommended.	and used by many.
Explore the use of Spacehive, or another crowdfunding website as appropriate, in respect of establishing an online funding platform for delivering civic projects in the Royal Borough. This is the recommend option	This option would benefit from the success and experience of existing nationally recognised platforms and minimises administrative burdens. In addition, as part of the their offer, Spacehive run local Crowdfunding workshops to assist users on how to run a crowdfunding campaign to improve a space or place and how to harness community participation. There are no direct costs to the council.

3 KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Spacehive funding platform for the Royal Borough of Windsor and Maidenhead launched and promoted by:	Post 31/07/16	31/07/16	30/06/16	31/05/2016	30/07/2016

4. FINANCIAL DETAILS

Financial impact on the budget

	2015/16	2016/17	2017/18
	Revenue £'000	Revenue £'000	Revenue £'000
Addition	£0	£0	£0
Reduction	£0	£0	£0

	2015/16	2016/17	2017/18
	Capital £'000	Capital £'000	Capital £'000
Addition	£0	£0	£0
Reduction	£0	£0	£0

- 4.1 Using an existing Crowd funding platform would not incur any direct costs to the council in the first instance but could provide an opportunity for the council to match fund local projects in the future, where feasible and appropriate.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal issues arising from this report.

6. VALUE FOR MONEY

- 6.1 Crowdfunding offers an efficient, innovative and sustainable way to raise funds for civic projects; encouraging civic participation and enabling the council to maximise investment, from example CIL funds, through match funding options.

7. SUSTAINABILITY IMPACT APPRAISAL

- 7.1 Not applicable.

8. RISK MANAGEMENT

8.1

Risks	Uncontrolled Risk	Controls	Controlled Risk
<ul style="list-style-type: none"> Residents do not participate or contribute to local projects through the Spacehive crowdfunding platform. Failure to generate projects that capture the imagination of local investors. 	High	The council uses its communication channels to ensure residents, community groups and businesses to raise awareness of Spacehive and encourage support of, and participation in, civic projects.	Low

9. LINKS TO STRATEGIC OBJECTIVES

9.1 Residents First

- Support Children and Young People
- Improve the Environment, Economy and Transport
- Work for safer and stronger communities

Value for Money

- Deliver Economic Services
- Improve the use of technology

Delivering Together

- Deliver Effective Services
- Strengthen Partnerships

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

10.1 None.

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

11.1 None.

12. PROPERTY AND ASSETS

12.1 None

13. ANY OTHER IMPLICATIONS

13.1 None.

14. CONSULTATION

14.1 None.

15. TIMETABLE FOR IMPLEMENTATION

Stages	Timescale
Exploration of platform with Spacehive or other crowdfunding website	From 18/04/2016
Progress report to Policy Committee	September 2016

16. APPENDICES

16.1 APPENDIX A: A Summary of other non-profit crowdfunding platforms:

16.2 APPENDIX B: Crowdfunding platforms who are Members of Crowdfunding Association UK

17. BACKGROUND INFORMATION

17.1 None

18. CONSULTATION

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr Bathurst	Principal Member for Policy	04/04/16	07/04/16	
Cllr Stretton	Principal Member for Culture and Communities	04/04/16	07/04/16	
Cllr Rankin	Deputy Lead Member - Customer Service Performance	04/04/16	05/04/16	
Cllr John Story	Ward Councillor	04/04/16		

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
	Sunninghill & South Ascot		07/04/16	
David Scott	Head of Governance, Partnerships, Performance and Policy	06/04/16	07/04/16	
External				

19. REPORT HISTORY

Decision type:	Urgency item?
Non-key decision	No.

Full name of report authors	Job title	Full contact no:
Harjit Hunjan &	Community and Business Partnerships Manager	01628 796947
Michaela Rizou	Cabinet Policy Assistant	01628 796030

APPENDIX A: A Summary of other non-profit crowdfunding platforms:

1. **Buzzbnk** is an on-line crowd-funding platform that aims to bring social ventures looking for start-up or growth capital together with like-minded people keen to participate in a new way of funding social change.

Social enterprises or charities can raise funding for a wide range of projects in a variety of ways, from offering fun and engaging benefits in return for goods or services, or as a donation. The platform also enables the crowdfund of in-kind items and volunteer time to support projects.

Examples of Crowdfunding projects include:

- Talent Unlimited MK: seeking charitable status to support and employ autistic adults in Milton Keynes.
- Agriculture Network UK: seeking to promote community supported agriculture.
- Spark and Mettle: seeking to help a disadvantaged young people launch their dream careers through a 12 month development placement.
- Volunteer Centres Southwark's 'Give the Gift of Christmas Campaign' which encourages people to buy a christmas meal for a person in need.

2. **Crowdfunder** is the UK's largest crowdfunding platform and aims to raise funds to turn ideas created by a community group, a business, a charity, a social enterprise, a sports club, or a person into reality. In return, project owners can 'thank' their backers with rewards that reflect the money contributed.

Crowdfunder also seeks to partner with councils to support local innovation and amplify community and council spends. Crowdfund Plymouth is a Crowdfunder local campaign to support ideas from businesses, communities and charities. Plymouth Council has committed £60,000 of its Community Infrastructure Levy (CIL) fund to the scheme to match support raised from crowdfunders for community projects, social enterprises and businesses.

To date, 22 projects have been backed with £54,650 CIL match funding secured.

3. **JustGiving** is a social platform for giving having a stated mission to ensure no great cause goes unfunded. The Platform has helped people in 164 countries raise over \$3.3 billion for good causes since it was founded in 2001.

The platform enables people to create a crowdfund to promote their idea and have 30 days to raise the funds sought; after which all the money donated less a 5% fee is forwarded to the project creator. Just Giving also allow people to make donations to 8000 registered charities and grass roots organisations.

4. **Crowdpatch** is a free online crowdfunding platform, that works to 'patch' together local communities with likeminded people who want to raise funds for projects. Crowd Patch provides the digital space for people to connect as well as the support of a 'Patch Leader' to assist with the fundraising process. Patches can be geographical areas, groups of similar projects or communities.

Examples of existing patches include;

- Birmingham Patch: community projects to bring about positive change in Birmingham.
- Westminster Crowd Funding Forum based in the Houses of Parliament.
- Sporting Chance Reading: improving life, health and inclusivity opportunities for children and teenagers from social housing areas in Reading

APPENDIX B: Crowdfunding platforms who are Members of Crowdfunding Association UK

Abundance Generation

The first FCA-regulated community finance platform allowing investors to invest directly in UK renewable energy projects from as little as £5. It offers a regular cash return based on the energy produced.

Website: www.abundancegeneration.com.

Angellist

A platform for startups to raise money and find talent. Website: www.anegellist.co

Angels Den

Angels Den is an established angel-led crowdfunding platform, matching pre-vetted businesses with experienced business people and active angel investors to invest alongside the crowd and provide ongoing mentorship to ensure success. Website: www.angelsden.com.

CoFunder (NI) Ltd

CoFunder is a peer-to-business crowdfunding lending platform, focused on providing high quality investment opportunities for Funders and a fast, flexible and fair service for Borrowers. CoFunder is the only crowdfunding lending platform in Northern Ireland to be regulated by the Financial Conduct Authority (FCA) and also operates in the Republic of Ireland. Website: www.cofunder.co.uk.

Crowd2Fund

Is an alternative solution to traditional financial systems, and the only FCA regulated crowdfunding platform to offer 5 models of finance, across debt and equity investments. It seeks to provide great investment opportunities and simple finance, ensuring businesses get access to funds at competitive rates and investors get generous returns on their investments.

Website: www.crowd2fund.com.

Crowd for Angels

Crowd for Angels, the first crowdfunding platform to provide equity and debt funding for both private and public companies. It seeks to fund companies from seed to listed and we are regulated by the FCA.

Website: crowdforangels.com.

Crowdbnk

CrowdBnk is an equity crowdfunding platform offering investors the opportunity to invest in exciting, rigorously vetted early-stage and established businesses.

Website: www.crowdbnk.com.

Crowdcube

Crowdcube helps startups and growing businesses to raise business finance by letting people invest via their equity crowdfunding platform. Website: www.crowdcube.com.

Crowdfunder

Crowdfunder is a rewards crowdfunding platform for businesses, communities, charities and individuals, connecting them with their community to change the world around

them. Projects can raise money and ask for peoples' time and skills. Website: www.crowdfunder.co.uk.

CrowdPatch

Crowdfunding and Volunteering for Social Entrepreneurs, Philanthropists and Communities.

Website: www.crowdpatch.co.uk.

CrowdProperty

CrowdProperty is a peer-to-peer lending platform designed to facilitate loans between private individuals and professional property businesses. All loans are secured by a registered first legal charge against property in the UK.

Website: www.crowdproperty.com.

CrowdShed

CrowdShed is a funding platform and physical hub bridging the divide between the web and the real world. We help businesses, charities and project leaders raise the funds they need.

Website: www.crowdshed.com

Emerging Crowd

Emerging Crowd is a full-service investment platform showcasing direct investment opportunities in the debt and equity of SMEs in frontier and emerging markets. The platform provides institutional-quality due diligence and is open to a wide range of retail and professional investors from Europe and other select markets. Emerging Crowd targets fast-growing, scalable businesses with credible growth and liquidity prospects in consumer-driven sectors such as technology, media and telecommunications. Deal sizes range from £250,000 to £3,500,000 and are governed by English law.

Website: www.emergingcrowd.com

Ethex

is a not-for-profit ethical investment intermediary based in Oxford, UK. Our directors offer a wealth of expertise in social investment. Website: www.ethex.org.uk

Funding Empire

Seeks to connect individuals that want to lend money, with businesses that want to borrow money.

Website: <https://www.fundingempire.com/>

FundingKnight

FundingKnight is a peer-to-business crowdlending platform. We match businesses seeking finance with a wide range of investors seeking an attractive return from a diversified portfolio of loans.

Website: <https://www.fundingknight.com/>

FundingSecure

FundingSecure is a peer-to-peer lending platform that offers short term loans to individuals and businesses secured against their personal assets, including arts, antiques, classic cars, boats and property. Loan sizes range from £500 to £1 million.

Website: <https://www.fundingsecure.com/>

Funding Tree

Funding Tree is the UK's first fully regulated loan and equity crowdfunding platform, enabling investors to support businesses through their entire lifecycle. Website: <https://www.fundingtree.co.uk/>

Fundsurfer

Fundsurfer is a crowdfunding and commercial funding platform and community providing access to a range of funding options and support to help amazing projects and companies get funded.

Website: <https://www.fundsurfer.com/>

FutSci

FutSci is designed by scientists to complement funding for Life Sciences – accredited researchers can post any project in need of funding, at any stage supporting knowledge, engaging the public and making research personal.

Website: <https://www.FutSci.com/>

Gambitious

Support independent game developers in attracting the funding they need to complete the project and bring it to market. Website: www.gambitious.com

Growthdeck

Growthdeck helps people invest in quality UK companies the right way and provide thorough, transparent and credible investment information and give you dedicated support from a team of genuine professionals. It is focused on providing tax-efficient investment opportunities across a wide range of growth industries, adopting a robust appraisal approach and proactive post-investment management of each company.

Website: <https://www.growthdeck.com/>

GrowthFundors

GrowthFundors is an online equity-based crowdfunding and co-investment platform matching entrepreneurs, who have great ideas and potential, with investors who are looking to build strong investment portfolios. It also has professional partners who work alongside entrepreneurs to ensure that their businesses are investor-ready. Website:

www.growthfundors.com

Hubbub

Hubbub powers crowdfunding for non-profits and educational institutions by providing whitelabel crowdfunding platforms. Website: <https://hubbub.net>

Invesdor

Invesdor is the first fully EEA-regulated crowdfunding platform that operates a pan-EEA debt and equity platform. Through its online investment matching service, Invesdor.com, entrepreneurs looking to raise equity or debt financing can easily connect with international investors seeking new investment opportunities from the European Economic Area. Website: www.invesdor.com

investUP

investUP is the world's only FCA regulated crowdfunding brokerage. We are on a mission to make investing an everyday thing, starting with the brand new crowdISA®

Website: www.investup.co

Crowdfunding

Supports people who may want to help a friend in need or fund an established project, JustGiving Crowdfunding helps people support the causes they care about. The platform has a community of over 13 million people raising money to make good things happen. Website: <http://crowdfunding.justgiving.com>

Lending Crowd

LendingCrowd is Scotland's leading peer-to-peer lending platform connecting growing and vibrant SME's seeking small business loans with investors looking for a better return on their investment.

Website: <https://www.lendingcrowd.com>

Microgenius

Microgenius is a dedicated web platform for community share offers, supporting the sale of shares in enterprises serving a community purpose. Website: <http://www.microgenius.org.uk>

Money & Co.

Money & Co will operate its business through its website. Lenders will be able to lend money to companies that the Money & Co credit analysts have carefully vetted. Website: <http://moneyandco.com/>

Property Crowd

focuses on UK property crowdfunding investments and seeks to distinguish itself through the quality of our underlying property assets. Property Crowd was the first UK real estate crowdfunder to operate under FCA regulations. Website: <https://www.propertycrowd.com>

Property Moose

Property Moose is a crowdfunding platform dedicated to property investment fully integrated online platform allows people to self select their own investments from a wide range of properties and invest from £500. Website: <http://www.propertymoose.co.uk>

Property Partner is a property crowdfunding platform and trading exchange to enable people to invest in residential property from as little as £50, earn returns and exit on platform. Website: <http://www.propertypartner.co>

QuidCycle

Helping hard working Britain escape the debt cycle via our bespoke Peer to Peer platform and a Debt Elimination programme. Website: <https://www.quidcycle.com/>

Rebuilding Society

Rebuildingsociety.com is a peer-to-business lending platform that connects creditworthy UK businesses looking for a loan with individuals prepared to lend their own money for returns that outstrip retail savings products. Website: <https://www.rebuildingsociety.com/>

Seedrs

Seedrs is a leading online platform for investing in startups and is open throughout Europe to allow investors to invest as much or as little as they like in startups they choose, and handle all the paperwork and manage the shares as nominee on their behalf. Seedrs is authorised and regulated by the Financial Conduct Authority. Website: www.seedrs.com

ShareIn

The UK's experts in equity crowdfunding technology and solutions allowing people to:

- Directly crowdfund from their website
- Run a crowdfunding platform
- Become an appointed representative
- Raise capital Call us to learn more: +44 (0)131 641 0018 Website: www.sharein.com

Simple Backing

Simple Backing connects Investors and Borrowers through property projects and smart business ideas. We are a crowdfunding and peer to peer lending platform that is authorised and regulated by the FCA.

Website: www.simplebacking.co.uk

Trillion Fund

A new source of funding for renewable energy projects worldwide, connecting today's Internet-enabled investor directly to project developers. It's goal is to accelerate the growth in supply of low carbon energy. Website: www.trillionfund.com

VentureFounders

VentureFounders is a UK-based equity crowdfunding platform backed by a wealth of investment and start-up experience. VentureFounders opens up venture capital and angel-style opportunities to investors in an entirely new way. it offers a holistic approach throughout the investment process looks to match the requirements of both investors and entrepreneurs. Website: www.venturefounders.co.uk