

Meeting: Cabinet

Date: 4 February 2020

Wards Affected: All

Report Title: Crowdfunding Torbay

Is the decision a key decision? No

When does the decision need to be implemented? 14 February 2020

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1. Proposal and Introduction

- 1.1 Torbay Council's new administration is committed to greater engagement of, and involvement with communities. With a backdrop of an increasingly challenging financial position, crowdfunding provides the Council with a unique and exciting opportunity to invest in new projects that are citizen-led and garner support from the community according to the value that they perceive the project to have.
- 1.2 This approach can maximise the impact of the community as [1] those that get supported are those that Torbay's residents themselves deem to be most important; [2] there is transparency in the decision-making as local people are able to see the link between the Council's contributions and actual improvements happening in communities themselves; [3] by generating significant match funding by the 'crowd' Torbay Council would be able to optimise its finances for the benefit of communities.
- 1.3 Neighbouring councils have found that the use of a digital crowdfunding platform has increased the visibility and success of projects that receive funding and has engaged thousands of residents in projects. In addition, due to the huge publicity generated through social media and networks needed by projects to realise funding targets, the local authorities have received positive publicity for its match-funding role.
- 1.4 An opportunity has arisen whereby Torbay Council has joined the remainder of a 2-year Devon Crowdfund pilot (until 30/04/2020) run by Devon County Council (DCC) and Devon & Cornwall Constabulary (DCCo). This affords Torbay Council the opportunity to pilot a crowdfunding approach in a cost-effective way. The Council is able to benefit from the structural and foundation work of the crowdfunding site that is already established; and sharing costs of using the crowdfunding site with DCC and DCCo.

1.5 This report sets out the criteria for Crowdfunding Torbay and the associated decision making process.

2. Reason for Proposal

2.1 Crowdfunding is a way of raising money for an initiative or venture by getting contributions from a large and potentially diverse pool of people, who often contribute relatively small sums of money. This is primarily, but not exclusively, done online through social media and crowdfunding platforms. This provides greater reach than would otherwise be possible. While this model of fundraising has been commonly used for funding commercial projects and products, more recently it is being used by an increasing number of local authorities as a way of financing community initiatives.

2.2 A number of local authorities across Devon as well as DCCo have been piloting the crowdfunding approach since 2018, with Plymouth City Council having a longer history in this area. The aim of this approach is to support local projects that make communities stronger, more connected and more empowered by supporting those projects that matter to them.

2.3 Some of the key benefits that have been observed from the adoption of the crowdfunding approach across Devon have been:

- That it stretches public sector funding further than would otherwise have been the case:
 - There has been significant amplification of public sector funding e.g. for every £1 that the public sector bodies pledged in Plymouth, £2.54 was pledged by the crowd. For the public sector pledge of c£200,000, the matching pledge for a crowd of over 3,500 supporters was c£520,000.
 - External investment is substantial. Crowdfund Plymouth found that more than 50% of the pledgers came from outside Plymouth.
- Transparency and pace: Public body match funding has been found to accelerate funding pledges from the crowd. DCC have noted an exponential increase in pledges from supporters once the Council pledged money. Such that the typical project realises full funding 2-4 weeks from going live on the crowdfunding site.
- Added value from the crowdfunding approach:
 - 85% of projects have also received non-financial contributions 'in kind' in addition to the funding raised.
 - There has been awareness raising of the initiative or group amongst supporters that would not have otherwise been possible.
 - A significant proportion of groups had previously been unknown to partners, with 42% of prospective groups seeking investment had never applied for funding from partners previously.
 - The approach is a mechanism that will bring the public and voluntary sectors together in joint initiatives which helps develop partnerships.
 - Plymouth and Devon authorities have found that this approach generates positive messaging about the council as a result of the intense social

media promotion required by projects in generating sufficient finance from the crowd.

3. Recommendation(s) / Proposed Decision

- 3.1 That Crowdfunding Torbay be approved as per the details in Appendix 1 to this report.

Section 1: Background Information

1. What is the proposal / issue?

An opportunity has arisen whereby Torbay Council has joined the remainder of a 2-year Devon Crowdfund pilot (until 3/04/2020) run by Devon County Council (DCC) and Devon & Cornwall Constabulary (DCCo). This affords Torbay Council the opportunity to pilot a crowdfunding approach in a cost-effective way. The Council is able to benefit from the structural and foundation work of the crowdfunding site that is already established; and sharing costs of using the crowdfunding site with DCC and DCCo.

The mechanism through which the Council will determine whether to support Crowdfund Torbay projects is set out in Appendix 1.

The key principles which underpin the Crowdfunding Torbay model are:

- The aims and criteria for pledging Torbay Council monies will be informed by, and in accordance with, the aims and objectives of the Council's Community and Corporate Plan.
- Funds provided by Torbay Council are up to 50% of the required amount (to take the total pledges to 73% of the project target) with a ceiling value of £5000.
- The distribution of funds being as transparent and risk adverse as possible.
- A requirement for Council funding will be the provision of progress reports from the beneficiary project to provide clarity on outcomes achieved.
- The decision-making process being as streamlined as possible, placing minimal administrative burden on officers whilst ensuring councillors and the community are involved.

The intended outcomes of piloting the crowdfunding approach will be:

- Evaluation of the benefits, issues and value of crowdfunding as a method of developing and supporting community-led initiatives.
- Improved engagement with communities and support of projects that matter to the community.
- Maximising Torbay Council budgetary support for communities through match funding.
- Greater transparency in Torbay Council support for community-led projects.

2. What is the current situation?

There is currently a budget of £50,000 for Community Engagement. The proposals in this report would provide a mechanism for distributing that money to the community for initiatives which the community would determine were important to them.

<p>3.</p>	<p>What options have been considered?</p> <p>A steering group of officers and cabinet members have considered a range of options – including setting up a separate Crowdfund Torbay platform (rather than joining the existing Devon County Council platform), the criteria by which funds will be allocated and the terms and conditions of the grants.</p> <p>This report sets out the recommended approach.</p>
<p>4.</p>	<p>What is the relationship with the priorities within the Partnership Memorandum and the Council’s Principles?</p> <p>Torbay Council’s new administration is committed to greater engagement of, and involvement with communities. With a backdrop of an increasingly challenging financial position, crowdfunding provides the Council with a unique and exciting opportunity to invest in new projects that are citizen-led and garner support from the community according to the value that they perceive the project to have.</p> <p>The criteria to assess projects against takes account of the visions within the emerging Community and Corporate Plan.</p>
<p>5.</p>	<p>How does this proposal/issue contribute towards the Council’s responsibilities as corporate parents?</p> <p>The proposed criteria have been informed by Children’s Services and have been developed to be inclusive of projects that will benefit children and positively impact on their outcomes. In addition, there are opportunities within the contract to purchase additional packages of intervention to incentivise particular types of projects or provide bespoke support if required.</p>
<p>6.</p>	<p>How does this proposal/issue tackle poverty, deprivation and vulnerability?</p> <p>The proposed criteria have been developed to be support projects that will tackle issues of deprivation and inequalities. There are opportunities within the contract to purchase additional packages of intervention to incentivise particular types of projects or provide bespoke support if required.</p>
<p>7.</p>	<p>How does the proposal/issue impact on people with learning disabilities?</p> <p>The proposed criteria have been developed to be inclusive of projects that will benefit people with learning disabilities, autism and those living with metal health issues. In addition, there are opportunities within the contract to purchase additional packages of intervention to incentivise particular types of projects or provide bespoke support if required.</p>

8.	<p>Who will be affected by this proposal and who do you need to consult with? How will the Council engage with the community? How can the Council empower the community?</p> <p>It is not proposed to consult on this decision. However, the operation of Crowdfund Torbay will be reviewed and feedback sought. This project will be run as a pilot in the first instance.</p>
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Section 2: Implications and Impact Assessment	
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9.	<p>What are the financial and legal implications?</p> <p>It is recommended that this pilot is funded from the Community Engagement budget in 2019/2020. The current available budget will be up to £50,000 (in totality, not per submission). The</p> <p>The terms and conditions of Crowdfunding Torbay are included in Appendix 1.</p>
10.	<p>What are the risks?</p> <p>There are minimal risks associated with the proposal. Governance arrangements are included in Appendix 1 which show how decisions will be reached, the criteria which will be used to assess projects and the monitoring that will take place once projects are funded.</p> <p>While there are potential benefits, there are also limitations, which mean that crowdfunding should not be viewed as a single approach</p> <ul style="list-style-type: none"> • While crowdfunding is potentially effective in fundraising for a one-off cost, it is unlikely to be effective in generating year-on-year sustainable income for a community group. • There will be a ceiling in the amount that can realistically be raised from crowdfunding. • The more unpopular the theme of project with the wider public, the less likely it will be that the funding target is achieved.
11.	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable.</p>
12.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Views have been sought from other Devon authorities and from Crowdfund on how the Crowdfund Torbay scheme would operate. These have been taken into account in drawing up the proposals in Appendix 1.</p>

13.	What are key findings from the consultation you have carried out? Not applicable.
14.	Amendments to Proposal / Mitigating Actions Not applicable

Equality Impacts

15.	Identify the potential positive and negative impacts on specific groups			
	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact	
Older or younger people	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.			
People with caring Responsibilities	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.			
People with a disability	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.			
Women or men	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.			
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.			
Religion or belief (including lack of belief)	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.			
People who are lesbian, gay or bisexual	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.			

	People who are transgendered	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.		
	People who are in a marriage or civil partnership	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.		
	Women who are pregnant / on maternity leave	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.		
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.		
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	It is hoped that the projects funded through Crowdfund Torbay have a positive impact.		
16.	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	Crowdfund Torbay is one element of the new approach to community engagement and empowerment.		
17.	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	Crowdfund Torbay will run alongside other Crowdfund initiatives including one run by Devon and Cornwall Constabulary.		