

## ABERDEEN CITY COUNCIL

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COMMITTEE	Finance, Policy and Resources
DATE	20 September 2017
REPORT TITLE	Crowdfund Aberdeen
REPORT NUMBER	CHI/17/213
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Stuart Bews

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### **1. PURPOSE OF REPORT:**

- 1.1 The purpose of this report is to outline the potential leverage and seek approval from Committee to commit £10,000 to Crowdfund Aberdeen from the existing Economic Development Service Project Development budget and also to approve the process outlined in this report to pledge this funding onto projects which are supported.

### **2. RECOMMENDATION(S)**

- 2.1 It is recommended that the Committee:
- (a) Approve the commitment of £10,000 from the existing Economic Development Service Project Development budget to Crowdfund Aberdeen. Any additional funding will be subject to the Council forecast out-turn delivering a balanced budget for the year. If this is not the case then this item may be refer to the budget process:
  - (b) Approve the proposed pledging process as outlined in this report: and
  - (c) Delegate authority to the Head of Economic Development, to approve the pledge of funding to individual projects.

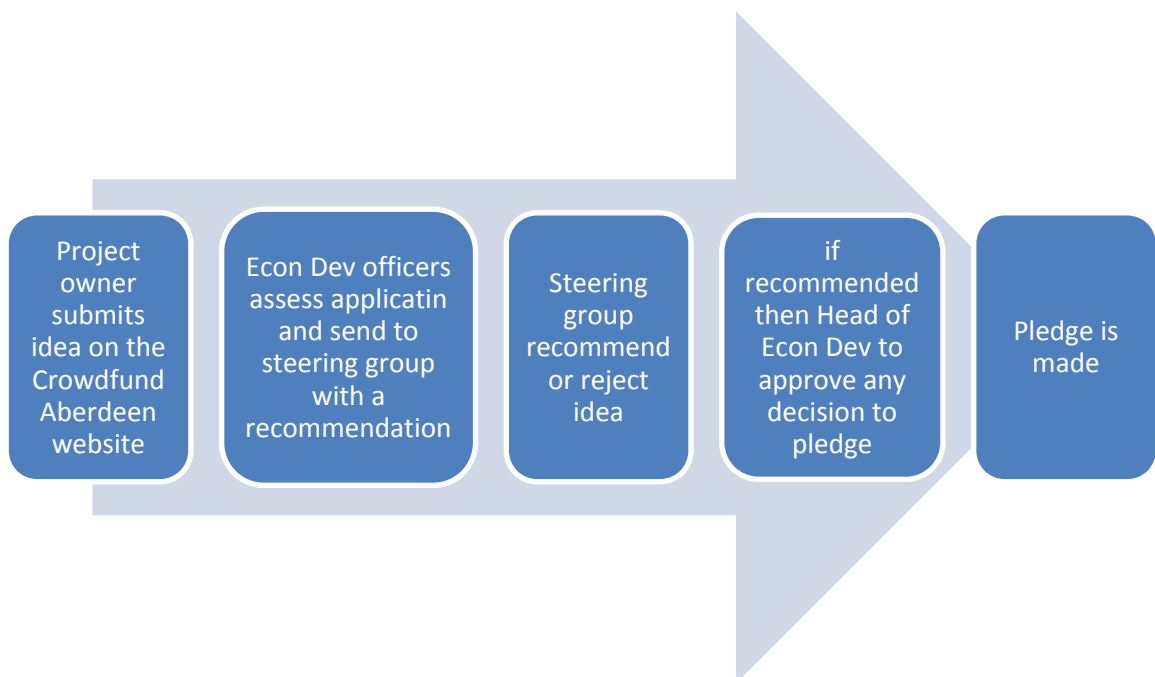
### **3. BACKGROUND**

- 3.1 Previously Committee approved the creation of a Crowdfund Aberdeen platform, which has since gone live. At present the Crowdfund Aberdeen website is operational, however there is no ability for Economic Development to pledge financial support to projects at this time. Pledges to date have been from outwith Economic Development, but primarily from the public. Without the ability to pledge on projects there is a very limited input that Economic Development can have in terms of the support which we are able to offer and the impact that the platform can have.

- 3.2 There are criteria in place which projects must satisfy in order to appear on the Crowdfund Aberdeen page. These can be found at Annex 1.
- 3.3 A Steering Group has been formed which is made up of a range of internal and external stakeholders. This group are consulted on projects brought forward to ensure that they are suitable for promotion on the Crowdfund Aberdeen platform. Before being presented to the Steering Group officers from Economic Development will work with the projects to ensure that they are clear on how they support implementation of existing Council policy
- 3.4 So far 3 campaigns have successfully overfunded:
- Tuk In – £12,300 pledged - a mobile community café established to tackle food poverty and food waste.
  - Junior Parkrun Aberdeen - £1500 pledged ( – weekly 2km timed run for children aged between 4 & 14
  - Mastrick Summer Club - £1100 pledged – a summer club for primary school age children, providing healthy meals.
- 3.4.1 Also £875 was raised to support Active Girls Committee, aimed at getting more girls in Aberdeen taking part in sport and activities.
- 3.5 To date projects have come on board without any financial incentive from ACC to do so. We have offered them support from Crowdfunder UK, and the promotion on the Crowdfund Aberdeen website. In addition, we can help raise awareness of their project to members of the Steering Group, who may be able to offer their support also.
- 3.6 However, the main benefit of a Crowdfund Aberdeen campaign would be the ability for ACC to offer small financial support to projects and that is the main purpose for this report. Small pledges from ACC would help to show support for these projects and give confidence to the Crowd to make pledges and help these projects reach their target.
- 3.7 Projects which are able to demonstrate that they will support implementation of existing policy could benefit from a pledge from Crowdfund Aberdeen. The impact of this pledge is that it will be made during the projects Crowdfunding Campaign and will be followed by a range of publicity. This will encourage more people to pledge funding to the project so that it can be delivered. In turn, this will provide a high level of leverage and impact from limited Council funds.
- 3.8 There is an innovative approach being taken here in that the Council is offering a small level of funding to projects, whilst also proving a platform from which they can secure additional funds from the crowd – a global website with 1.2 million users.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 Costs will be met from the existing Economic Development Service Project Development budget. Pledges from ACC would be made through a third party system called Mangopay. Through this system it is possible to pledge directly onto projects on the Crowdfund Aberdeen page. This is the quickest method of pledging funds, rather than ACC making payment to the organisation directly, in which case the public would have no awareness of the support being offered.
- 4.2 On the projects page this would then show that a pledge has been made from Crowdfund Aberdeen, with text to outline the role of the Council within Crowdfund Aberdeen initiative making the process much more automated and the payment much quicker.
- 4.3 Officers within economic development would provide a recommendation to the Steering group on the value of funding to be allocated. This is up to a maximum of 50% of the total project costs. Should the Steering Group approve this by a majority then the recommendation would be put to the Head of Economic Development for approval before the pledge is made.
- 4.4 The process is illustrated below:



- 4.4.1 It is intended that a report will come to Committee annually to outline impact of Crowdfund Aberdeen. This will include information about individual projects, but also consider the investment which the £10,000 has been able to lever into the area.
- 4.5 This process will meet the requirements of following the public pound, and the ability to use public funding as a mechanism to level in additional funds from the crowd will indeed demonstrate an innovative way of maximising the impact from public funds within the area.

## **5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendation of this report. State Aid is not applicable as the value of any award being offered will be less than £10,000. As such, pledges made will be classed as de minimis.

## **6. MANAGEMENT OF RISK**

- 6.1 A risk register has been developed to capture all identified potential risks and measures are also identified to mitigate these risks as far as possible.

- 6.2 A Steering Group has been formed which is made up of a number of internal officers plus external organisations across the City. The inclusion of a variety of organisations helps to assess all projects which come forward seeking support and further reduce any perceived risks with these projects.

### **6.3 Financial**

- 6.3.1 A pledge is made on a project which fails to reach its funding target. Projects will be required to state at the outset whether they can only deliver with 100% of their funding target or what they will do if a lower amount is achieved. Where a project can only deliver by reaching 100% of target, all pledges will only be taken from their respective accounts once the target has been reached. There is a requirement to set a time limit of usually 30-60 days for a campaign. This risk is therefore known prior to considering making a pledge. As such the level of risk is deemed low.

### **6.4 Employee**

- 6.4.1 No risk identified.

### **6.5 Technological**

- 6.5.1 An online Crowdfunding Platform may pose challenges to those who are not familiar with this use of technology. They can still make offline pledges, or request a friend/family member make the online pledge on their behalf. This risk is therefore considered low.

### **6.6 Legal**

- 6.6.1 A process, including delegated authority for the Head of Economic Development to approve the making of pledges to projects is necessary to ensure good governance and transparency. This report seeks committee approval of a process, and the authority to allow the Head of Economic Development to approve the expenditure of these pledges. This would reduce the risk level from high to low. At present no pledges are being made from Economic Development due to this risk.

### **6.7 Reputational**

- 6.7.1 For Economic Development to be able to provide small financial support, plus free access to an online Crowdfund Aberdeen platform to communities and organisations across the City could have a significant positive impact on the reputation of the Council and our partners in enabling and empowering others across the City.

## **7. IMPACT SECTION**

### **7.1 Economy**

- 7.1.1 Within a large organisation it is difficult to maintain knowledge and awareness of all the activity taking place. Crowdfund Aberdeen enables coordination of this, led by Economic Development team, putting us at the heart of supporting projects in the region. Other services have been consulted upon the proposal and have indicated their support to participate and use such a platform to increase their level of activity and access to funding for project delivery in the region.

### **7.2 People**

- 7.2.1 External organisations have a single point of contact with the Crowdfund Aberdeen portal. Economic Development team coordinate the support which can be offered to the bodies if their proposal fits with strategic aims and objectives of ACC. Officers share project ideas with the Steering Group to ensure applicants are offered any support available rather than having to seek it by themselves.

### **7.3 Place**

- 7.3.1 At a time where there is a great level of innovation being shown by people, communities and business across Aberdeen, it is vital that ACC respond with a mechanism which offers financial support to enable these ideas to come to life. Crowdfund Aberdeen offers this, and will maximise the ability to lever in funds to maximise the impact of ACC funds.

## **8. BACKGROUND PAPERS**

- 8.1 Crowdfund Aberdeen – CHI/16/166

## **9. APPENDICES (where applicable)**

None.

## **10. REPORT AUTHOR DETAILS**

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# Annex1

## Crowdfund Aberdeen

### Crowdfund Aberdeen fund criteria

#### 1. Meet Crowdfund Aberdeen conditions:

- You must have a bank or building society account in the name of the group/individual raising money
- Your project must be completed within a year of the grant being awarded unless otherwise agreed
- You must sign a Grant Acceptance agreement
- All applicants must be aged 18 years or over at the time of submitting your application

#### 2. Projects must benefit people in Aberdeen

- Your proposal must be in an Aberdeen area
- Helps improve the local environment and public spaces.
- Demonstrates added benefit for the city through using local businesses or developing skills of local people.

#### 3. Further Guidelines:

- Crowdfund Aberdeen will fund up to 50% of a project up to a total of £10,000 except in exceptional circumstances.
- Crowdfund Aberdeen will pledge directly onto your project and it will count towards your project target.
- Once a pledge has been applied by Crowdfund Aberdeen, your project must raise the remaining money needed to reach 100% in order for you to receive those funds, unless otherwise agreed in advance.
- You are strongly advised to contact your local Councillor to make sure they know about your project.
- The decision to pledge towards a project will be influenced by the interest that the project generates from 'the crowd', the extent to which it benefits local people and how much has already been pledged in the area.

#### 4. Crowdfund Aberdeen will not pledge towards projects that:

- interferes with Aberdeen City Council business or policy
- has an unauthorised financial implication on Aberdeen City Council
- Help only one individual
- Are managed by groups that have had a previous grant which has not been managed satisfactorily
- Are raising funds for works or equipment already committed, bought or completed
- Only benefit people who live outside of Aberdeen
- Include unspecified expenditure
- Promote a specific political party or faith

Crowdfund Aberdeen reserves the right to not fund a project or to withdraw funding during a campaign if it becomes apparent that any of the criteria are not being met.

Crowdfund Aberdeen reserves the right to amend this information at any time.