

REPORT TITLE: CROWDFUNDING OPTIONS

6 DECEMBER 2022

REPORT OF PORTFOLIO HOLDER: Cllr Paula Ferguson, Cabinet Member for  
Community and Housing

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WARD(S): ALL WARDS

PURPOSE

The council's community grant funding programme aims to support voluntary and not-for-profit groups and organisations in the district. One strand of this programme is a match funding scheme via the Crowdfunder platform.

The Crowdfund Winchester grant scheme was set up in 2019 to bring a number of different grant schemes together into a single fund which encouraged innovation and incentivised a new approach to fundraising. The online platform was licensed from Crowdfunder to enable both not for profits and businesses to gain support and validation for their projects from a wider network of supporters.

The scheme has been delivered through a three year contract with Crowdfunder who provide the online crowdfunding platform and enable organisations to access match funding from the council. They also provide assistance and support to help organisations use the platform and successfully crowd fund. This contract comes to an end on 31 December 2022 so it is timely to review what has been achieved and to consider what should come next.

This report summarises:

- the achievements of the current contract versus its original objectives
- results of consultations on the programme
- suggestions for what could follow next to ensure council funds continue to be used effectively to support the district's not for profit sector.

RECOMMENDATIONS:

1. That the committee notes and comments on:
  - a. The achievements and outcomes of the three year contact with Crowdfunder;
  - b. The results of consultations with organisations regarding Crowdfunding and access to council match funding; and
  - c. The proposed option to cease the Crowdfund Winchester scheme and transfer the budget to a community grant project scheme.

## 1 RESOURCE IMPLICATIONS

- 1.1 The overall cost of implementing the Crowdfunder grant scheme comprises two elements. The first is the cost of the Crowdfunder contract which in total was £48,000 for the 39 month period from 1 October 2019 to 31 December 2022. This cost included:
- a) the cost of a Crowdfund Winchester page on the Crowdfunder website to advertise the fund and showcase the projects supported by the council;
  - b) a dashboard to enable the council to communicate directly with project owners and potential grant applicants;
  - c) a payment processing solution to handle the distribution of match funding grants awarded by the council;
  - d) coaching and workshops to support current or prospective applicants;
  - e) some limited social media assets and support; and
  - f) annual reporting and two case studies on projects supported.
- 1.2 There is a small provision in the grants base budget to cover a future contract, however, this is insufficient to meet the new costs of the platforms new pricing structure.
- 1.3 The increased Crowdfunding partnership fee structure which is currently on offer varies from £26,000 full package to £19,000 paired back support per annum plus VAT which makes the annual fee over and above our current base budget provision.
- 1.4 The second element is the grants budget which is allocated to match funding grants and totalled £37,875 in grants awarded during the 3-year period.
- 1.5 The detail of these costs is broken down in Appendix 1
- 1.6 Grant funding is a resource intensive process due to all the checks and balances required however, this process requires additional actions which increases the support required and is therefore reasonably resource intensive. Staffing resources are required to administer the platform, manage the contract, cultivate continual communications with Crowdfunder and applicants, promote opportunities, support and guide applicants through the process, award grant agreements, monitor grant delivery, manage the funding wallet and report achievement of outcomes. This equates to an estimated 15% of the Funding and Development Officer's time, 10% of the Community & Grants Support Officer's time and 5% of the Town Centre and Community Manager's time. These are based on averages across the year, although due to the financial and municipal year some times in the year are busier than others.

## 2 SUPPORTING INFORMATION:

### Background

- 2.1 In December 2018 Cabinet recommended a new programme of community grants including a crowdfunding scheme element (CAB 3079). Following a tender process in 2019, Crowdfunder UK were appointed to design, deliver, support and maintain an online civic crowdfunding platform for a three year period commencing 1 October 2019.
- 2.2 The Crowdfund Winchester scheme had the following aims:
- To assist meeting the financial challenges facing the council, and in particular to seek new ways to deliver value.
  - To encourage organisations to use new entrepreneurial and proactive way to raise funds.
  - To attract additional investment against the council's match funding and demonstrate the project is wanted.
  - To enable organisations to proactively raise funds in small amounts from large groups of people using the Internet and social media to actively promote their activities to our communities and potentially leverage additional funding streams over and above what we have to offer.
- 2.3 The platform was launched publicly in February 2020 at an event held at The Royal Hotel, Winchester which was positively received and well attended by over 120 people.

#### The Match Fund Application Process

- 2.4 Three funds were made available on the platform to which organisations could apply to the council for match funding grants: Communities Positive Change Fund, Town Community Fund and Greener Futures Fund. A summary of the funds (in line with the councils priorities) was as follows:

Fund	Max grant	Eligible organisation type	Funding Themes
Crowdfund Winchester Communities Positive Change Fund	£2,000 initially increased to £4,000 match funding	Not for profit and business	<ul style="list-style-type: none"> <li>Dealing with communities' needs such as isolation, low income, homelessness, mental health and physical inactivity</li> <li>Striving for positive change including increasing usage of digital applications, services and products, creativity, innovation and business</li> </ul>

			growth
	Max grant	Eligible organisation type	Funding Themes
Crowdfund Winchester Greener Futures Fund	£2,000 initially increased to £4,000 match funding	Not for profit and business	<ul style="list-style-type: none"> <li>• Creating a greener district including schemes that address transport, energy, properties and behavioural changes</li> </ul>
Crowdfund Winchester Town Community Fund	£2,000 initially increased to £4,000 match funding	Not for profit	<ul style="list-style-type: none"> <li>• Inclusion</li> <li>• Wellbeing</li> <li>• Environment</li> </ul>

- 2.5 Applicants initially applied to Crowdfunder and set up an online fundraising campaign. If eligible they could then apply to Winchester City Council (as per the grant process) in order to request match funding of up to 50% of their project costs to a maximum of £4,000. Applicants who aren't eligible for our match funding are still able to crowdfund on Crowdfunder/other platforms.
- 2.6 Projects could also request match-funding from other funders who operate on the same platform e.g. Sport England, Sovereign, Aviva.
- 2.7 Publicity and awareness about the funds and support on how to apply were provided through:
- a) Publicity on council and Crowdfunder websites and via the councils and Crowdfunder social media
  - b) Council newsletters e.g. Parish Connect, Your Council
  - c) Funding events e.g. Winchester City Council / Community First Funding Fayre
  - d) Crowdfunder webinars and Q&A sessions
  - e) Crowdfunder 'teach yourself' online resources
  - f) Dedicated support for applicants from Crowdfunder partner contact
  - g) Council Grants Team drop in sessions
  - h) Crowdfunder "train the trainer" sessions

- i) Additional support through Community First (Voluntary sector support service for Year 1-2) and Incuhive (business support service for Year 1)

### Review of three year programme

- 2.8 The three year programme ran from October 2019 to September 2022, with an extension (at no additional cost) to 31 December 2022. After the launch in February 2020 the programme was severely impacted by a pause in grant giving due to the pandemic resulting in very limited activity on the platform in year 1.
- 2.9 A summary of the 23 projects backed by council match funding is as follows. It is important to note that the funding from the council of £37,875 has been matched in funding by the crowd and other partners by a further £101,292, enabling projects to raise a total of £139,167:

	Y1	Y2	Y3	Total
	2020	2021	2022	
Pledged by WCC	£4,000	£21,375	£12,500	£37,875
Pledged by Crowd	£5,082	£49,439	£19,866	£74,387
Pledged by other partners	£2,000	£22,650	£2,255	£26,905
<b>Total raised on platform through projects backed by WCC</b>	<b>£11,082</b>	<b>£93,464</b>	<b>£34,621</b>	<b>£139,167</b>
Number of Projects Supported (a further 4 projects received WCC pledges totalling £9,750 which weren't paid out as targets were not met))	2	13	8	23
Number of Supporters	130	820	325	1,275

- 2.10 Each £1 pledged by Winchester City Council in match funding has leveraged an additional £3 of funding for projects on average.
- 2.11 Impacts of the projects funded by the council over the three year programme are:
- 12,100 service users benefitted from projects
  - 205 regular volunteers involved in delivering projects

- c) 7 jobs created / safeguarded by delivering project
- d) 138 people trained in Crowdfunding method of fundraising through webinars and drop in advice sessions

2.12 Although appetite for Crowdfunding on the platform has not been high in the Winchester district, people in Winchester are generous when it comes to make donations to support projects. The average donation value is approximately £58 which is about three times higher than Crowdfunder typically see on the platform. The level of activity on the Crowdfunder platform varies by area, with some geographical areas seeing higher activity whilst others are comparable to Winchester district.

#### Ongoing Feedback, Consultation and Actions Taken

2.13 The programme has been monitored and adjusted on an ongoing basis since its launch. In response to Covid and following a pause to the programme in 2020, the scheme was reinvigorated with a relaxation to the grant criteria and an increase in the maximum grant value from £2,000 to £3,000. In 2021 the maximum grant value was extended further to £4,000 in an effort to encourage more applications.

2.14 In autumn 2021 both Community First and the council's community team surveyed not for profit organisations to understand potential barriers to fundraising using the Crowdfunder platform and in applying to the council for match funding. The main reasons identified in September 2021 were:

- a) Lack of resources to dedicate to running campaign.
- b) Misconceptions around the platform such as lack of trust in online fundraising.
- c) Lack of a network of supporters.

2.15 As a result the following changes were made to encourage more use of the Crowdfunding platform and uptake of match-funding grants:

- a) The grants team increased communications and held advice sessions around the support available for organisations wishing to Crowdfund. Individual advice sessions held with 22 organisations to date resulting in two successful applications for council match funding.
- b) Crowdfunder changed their format of support to increase access to advice and training from Crowdfunder. Despite this change less people took up training and advice sessions in year three compare to years one and two. This trend has also been observed by other councils on Crowdfunder, although some have seen an increased take up.
- c) We launched an activation campaign in 2022 to offer up front pledges of support to campaigns, with additional match funding pledges when certain milestones were reached. This campaign had two benefits.

Firstly it increased take up on the platform with six organisations launching campaigns on the Crowdfunder platform and five successfully securing match funding grants from the council. Secondly it increased the amount awarded by the council in match funding grants - only one of the projects reached their full fundraising target but all were able to secure a certain level of funding from the 'crowd' and the council.

2.16 Further consultation was then conducted via the following methods:

- a) Community First Funding Survey, Spring 2022 - purpose was to further explore any barriers preventing groups from accessing Winchester City Councils grant funding and to provide information on the current levels of demand including amounts and types of funding required. The survey was sent directly to 200 VCSE organisations working in the Winchester District of which 23 responded.
- b) 15 individual discussions with organisations who have accessed or are considering accessing our Crowdfunding grants.

The results are summarised in the table below:

	Feedback
Most common perceived benefits of Crowdfunding	<ul style="list-style-type: none"> <li>• increasing network of supporters</li> <li>• increasing publicity for activities and organisation</li> <li>• learning new skill</li> <li>• quick return in terms of receiving funding compared to traditional grant application processes</li> </ul>
Most common perceived barriers to Crowdfunding	<ul style="list-style-type: none"> <li>• lack of time or resources to dedicate to a campaign</li> <li>• don't have network of supporters</li> <li>• don't have the skills</li> </ul>
Most common perceived barriers to accessing our match funding	<ul style="list-style-type: none"> <li>• looking for core funding or funding to keep existing projects running and this is not something the council has provided until recently when rules relaxed in response to rising cost of living (83% of survey respondents were looking for core funding, Community First survey Spring 2022 )</li> <li>• time consuming application process /process could be more streamlined</li> </ul>



### Conclusions and Proposals

- 2.17 In summary the basic principles intended for the grant fund have been achieved, however the process is more cumbersome and time consuming compared to other traditional council grant schemes.

Principle	Outcome
To assist meeting the financial challenges facing the council, and in particular to seek new ways to deliver value	Achieved in part but take up of council grant funding, training offered by Crowdfunder and appetite for fundraising on the platform has not been as high as anticipated at the outset.  In year three, only £63,265 was raised on the Crowdfunder platform by projects across the whole Winchester district (31 projects). The council contributed £12,500 of this by funding 8 organisations who raised £34,621 in total.
To encourage organisations to use new entrepreneurial and proactive way to raise funds	Achieved. The majority of organisations accessing our match funding had not used this method of fundraising before and many made use of the training and resources provided to assist them.
To attract additional investment against the council's match funding and demonstrate the project is wanted	Achieved. Council backed projects raised £139,167 on the platform, enabled by match funding grants of £37,875.
To enable organisations to proactively raise funds in small amounts from large groups of people using the Internet and social media to actively promote their activities to our communities and potentially leverage additional funding streams over and above what we have to offer	Achieved. Council back projects attracted funding from other partners such as Sovereign Housing and from 1,275 individual supporters. Feedback from one grant recipient <i>"The Crowdfunding grants procedure meant that we actually engaged a much wider audience in our project than we otherwise would have done, and as a result have a really high level of support and encouragement thanks to the increased 'buy-in' to the project. We engaged with social media in a way that we haven't before. Communication with the grants team is always swift and very helpful"</i> .

- 2.18 From an applicant point of view the level of effort required to Crowdfund is high with new skills potentially required and a sustained effort in establishing and promoting the campaign over a prolonged period is necessary. It is

estimated that crowdfunding requires about three times as much resource as a traditional grant application to achieve a similar amount of funding. However the effort does pay off in terms of the pledges received and community support and recognition by the projects which correlate with the effort put in by the applicant and can result in a quick return.

- 2.19 From the council's point of view the level of resource to promote and administer the scheme has been high in comparison to the levels of funding awarded. The scheme has taken more resource to promote since uptake has not been as high, and a higher level of support required by applicants than for our other grant programmes. Therefore consideration needs to be given to the value for money this scheme brings.
- 2.20 Although the principles behind the Crowdfunder scheme remain, due to limited budget, lack of demonstrable value for money and an increase in future costs from Crowdfunder, only one option remains.
- 2.21 In summary the following next steps are proposed;
- a) Cease the Crowdfund Winchester programme when the contract ends on 31 December 2022
  - b) Continue to promote the use of Crowdfunding as a fundraising concept to organisations, to ensure that organisations are maximising their online funding raising opportunities, increasing their followers and raising the profile of their projects within the community
  - c) The balance of the crowdfunder grant budget will be distributed between the small grant programme (if required) and the community project grant fund which we ran previously and will reintroduce to enable projects and services to continue supporting their communities for the remainder of the 2022/2023 financial year. The project grant programme will provide a positive opportunity to continue support for both green and community projects alike.
  - d) Continue to run the community project fund through 2023/2024 whilst the full community grant review takes place

### 3 OTHER OPTIONS CONSIDERED AND REJECTED

- 3.1 **Option 1 - renew the existing Crowdfund Winchester match funding scheme for one further year – rejected due increased costs, lack of demonstrable value for money and limited budget and staff resources.**
- 3.2 The three year contract budget for Crowdfunder has ceased and there is minimal grant base budget to procure the Crowdfunder platform for one further year. The new costing structure detailed in point 1.3 makes the current price beyond our budget allocation. Also, based on this years' experience, it is unlikely that there would be sufficient take-up to ensure the full grant budget would be awarded. Appetite for fundraising on the Crowdfunding platform in Winchester appears to be low, with only £63,265

raised on the platform in Year 3, £12,500 of which was awarded by the council.

- 3.3 This option doesn't resolve the limitations of the scheme and doesn't address the fact that despite large efforts made to market the scheme, there is limited activity on Crowdfunder platform in Winchester.
- 3.4 **Option 2: run a modified Crowdfund Winchester match funding scheme for one further year with updated criteria – e.g. include a proportion of core funding – rejected due to increased costs, lack of demonstrable value for money and limited budget and staff resources.**
- 3.5 The new costing structure detailed in point 1.3 takes the price beyond the current available budget. This option would build on work carried out over the last three years to generate momentum for Crowdfunding in Winchester and utilise the knowledge gained internally in the community team to assist applicants with their fundraising.
- 3.6 However, while the changes might make the scheme more attractive, it still doesn't address the underlying lack of appetite for Crowdfunding in the district and it remains questionable whether a relaxation of rules further to include a proportion of running costs would encourage more organisation to try this method of fundraising.

**Option rejected at Health and Environment Policy Committee- July 2022**

- 3.7 An option was reviewed and rejected for funding community grants through external schemes was considered in July 2022 ([HEP026](#)). It was resolved that at that particular point in time, none of the three schemes set out in the report be supported, and that further consideration be given to reviewing the Westminster and Bath schemes in the report as an option in twelve months' time, in consultation with the Cabinet Member. They have therefore not been considered here.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

[CAB3079 REPORT TITLE: COMMUNITY AND VOLUNTARY SECTOR GRANTS REVIEW WINCHESTER TOWN FORUM – 14 NOVEMBER 2018 , CABINET – 12 DECEMBER 2018](#)

Other Background Documents:-

APPENDICES:

Appendix 1: Cost breakdown of Crowdfunder scheme resourcing

Appendix 2: Summary of Match funding grant applications by year, by fund

## Appendix 1: Cost breakdown of Crowdfunder scheme resourcing

The overall cost of implementing the Crowdfunder grant scheme includes two elements. The first is the cost of the Crowdfunder contract which in total was £48,000 for the period 1 October 2019 – 31 December 2022. This cost included:

- a) the cost of a Crowdfund Winchester page on the Crowdfunder website to advertise the fund and showcase the projects supported by the council
- b) a dashboard to enable the council to communicate directly with project owners and potential grant applicants
- c) a payment processing solution to handle the distribution of match funding grants awarded
- d) coaching and workshops to support current or prospective applicants
- e) some limited social media assets and support
- f) annual reporting and two case studies on projects supported

	Contract value
Year 1: 1 October 2019 – 30 September 2020	£18,000
Year 2: 1 October 2020 – 30 September 2021	£15,000
Year 3: 1 October 2021 – 30 September 2022	£15,000
Total	£48,000

The second element is the allocation of the grants budget to match funding grants which totalled £37,875 in grants awarded during this period. This is broken down by contract year in the table below along with the number of grants awarded shown in brackets:

	Grant Allocations Year 1	Grant Allocations Year 2	Grant Allocations Year 3	Annual Budget
Communities Positive Change Fund	£4,000 (2 grants)	£8,250 (5 grants)	£8,500 (7 grants)	£35,000
Greener Futures Fund	£0	£3,500 (2 grants)	£4,000 (1 grant)	£20,000
Town Community Fund	£0	£9,625 (6 grants)	£0	£33,000
Total	£4,000 (2 grants)	£21,375 (13 grants)	£12,500 (8 grants)	

## Appendix 2: Summary of Match funding grant applications by year, by fund

	Project	Application	Pledge	Grant Allocation	Total Raised	Supporters
<b>Year 1</b>						
<b>Communities Positive Change Fund</b>						
Winchester Boxing Club		2,000	2,000	2,000	4,057	51
Compton & Chandlers Ford Cricket Club		2,000	2,000	2,000	7,025	79
<b>Total Year 1</b>		<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>11,082</b>	<b>130</b>
<b>Year 2</b>						
<b>Town Community Fund</b>						
Move Momentum	Keep classes running	£3,000	£1,000	£1,000	9601	77
The Happy Healing Hut	Creating our new team	£3,000	£1,125	£1,125	6175	17
Unit 12	Mental health counselling project	£3,000	£1,500	£1,500	18504	86
Young Carers	Wellness packs for young carers	£2,900	£2,900	£2,000	4550	26
Carroll Centre	Candles for the community employment/volunteering	£2,000	£2,000	0	target not reached	
The Lido	Facade restoration	£3,000	£3,000	£3,000	9810	97
Encore Youth Theatre	Digital musical offering	£1,000	£1,000	£1,000	6370	74
SO Support		£1,000	£0	£0	£0	0
<b>Greener Future Fund</b>						
Unit 12	EV Charging Points	£2,000	£2,000	£2,000	Included in Unit 12 project above	
WinACC	Retrofit Winchester	£2,000	£1,250	0	target not reached	
Munch CIC	Breakfast Much and Dinner	£1,500	£1,500	£1,500	£6,245	38
<b>Communities Positive Change Fund</b>						
Mind the Gap Winchester Creatives		2,000	2,000	2,000	6610	93
Minimal Waste Markets		2,000	2,000	2,000	4,007	51
Integr8 Dance		2,000	2,000	2,000	13,000	85
Graze Festival	Bring back the festival	0	0	0	ineligible	
Winchester Pregnancy Crisis	Support for women facing crisis	0	0	0	ineligible	

Winchester Poetry Festival	Poet on the High Street	£1,500	£1,500	£1,500	4,582	69
Feel Good Again	Mental Health Support	£250	£0	0	ineligible	
Winchester Live Drawing Club	Winchester Live Drawing Club	£500	£0	0	ineligible	
Blue Apple	Summer Show	£750	£750	£750	4,010	107
Westgate badminton Centre	Sustainable Badminton	£2,000	£0	0	ineligible	
Winchester Castle FC	Winchester Castle FC Needs Your Support	£1,000	£0	0	ineligible	
Munch CIC	Breakfast Much and Dinner	£2,000	£0	0	ineligible	
Ickles Pickles Childrens Charity	Wellbeing Gift Packs	£1,500	£0	0	ineligible	
Action Hampshire	Impact SE	£4,000	£4,000	0	target not reached	
Colden Common Parish Council	Recreation Ground Pavillion	£3,500	£0	0	ineligible	
<b>Total Year 2</b>		<b>£47,400</b>	<b>£29,525</b>	<b>£21,375</b>	<b>£93,464</b>	<b>1463</b>
<b>Year 3</b>						
<b>Greener Futures Fund</b>						
Itchen Abbas and Avington Village Hall	Solar Panels	£4,000	£4,000	£4,000	10,156	45
<b>Communities' Positive Change Fund</b>						
Vineyard Churches	Vineyard Youth Bus	£1,500	£1,500	£1,500	5,100	38
Team Endeavour Racing CIC	Team Endeavour Racing 2022 Season	£1,000	£1,000	£1,000	5,100	52
Design Junction	Supporting young and disadvantaged artists	£1,000	£1,000	£1,000	2033	1000
Roynon Arts	Roynon Outreach	£2,500	£2,500	£0	target not reached	
Watercress Way	Restoration of the Wonston Road Railway Bridge	£2,000	£2,000	£500	1810	30
Unit 12	Unit 12 in the community	£2,000	£2,000	£500	1992	39
Olivers Battery Parish Council	An inclusive recreation ground	£4,000	£4,000	£1,500	3425	47
Olive Branch Counselling	Supporting mental health in our local community	£4,000	£4,000	£2,500	5005	37
<b>Total</b>		<b>£22,000</b>	<b>£22,000</b>	<b>£12,500</b>	<b>£34,621</b>	<b>1,288</b>