

#Crowdfund Crawley

Frequently Asked Questions

What is crowdfunding?

Crowdfunding is a community led donation-based fundraising approach. It enables individuals, organisations and businesses to donate money towards the projects they would like to support without expecting reimbursement – it's comparable to donating to charity and is typically administered via the internet.

How does it work?

Spacehive is a crowdfunding platform designed for projects that enhance our shared civic life, be that sprucing up a local park, holding a community event, or repurposing a disused building.

The aim is to revolutionise the way communities grow, making it easy for locals to choose the changes they feel their community needs, and back their idea up by collecting funds not only from neighbours but also from local business, councils, and grant bodies.

Projects are posted to the site and automatically matched with additional funding your project may be eligible for. Spacehive also verify your project, making them more appealing to big backers.

It will be an all-or-nothing model, which means that if you don't hit your target, none of the pledges are collected. The benefits of this are that, it helps you raise more money than possible with a keep-it-all model due to the sense of urgency it creates, it's also less risk for everyone. If you need £5,000, it's not much good having £1,000 and crowd of people expecting you to complete a £5,000 project.

Crawley Borough Council's approach

All community organisations based in the town can promote their projects via Crawley's Spacehive crowdfunding page to attract pledges. Project organisers will be advised of any other potential funding streams when completing their project information. The council will consider projects for funding through its Community Infrastructure Levy (explained below).

The eligibility criteria will be available through the site including the percentage of funding needed to be secured via donations before consideration. A set of terms and conditions outlining Crawley Council's position need to be accepted before pledges can be considered. By agreeing, projects are stating they would like to be considered but understand Crawley Council is under no obligation to make a pledge, in this respect – CBC are a "member of the crowd".

Where is the money coming from?

Crawley Borough Council will be using money collected from developers to create a fund which community organisations within Crawley can access through the crowdfunding platform. The Community Infrastructure Levy (CIL) is a planning charge which took effect on 17 August 2017 and is applicable to new residential developments – 15 per cent of total CIL contributions collected have to be allocated for spending in within local neighbourhoods. The council may pledge up to 50 per cent of the total project costs, with a maximum pledge of £5,000. The remainder needs to be raised through other community pledges and/or funding streams.

Is there a charge for using the site?

There is a five per cent charge to all successful projects who have used the Spacehive site, this is an administration cost which includes using an external company, Locality, to help check that projects have included the necessary information to give people peace of mind when making a pledge. Organisers are reminded to raise extra to cover the charge. Projects who fail to reach their targets will not be charged.

Who decides which projects receive funding?

Residents decide by making donations, giving a clear indication of their priorities through their pledges. This means local people will have a much greater role in deciding which projects are most needed.

If the project would like to be considered to receive a pledge from the councils CIL Neighbourhood Infrastructure Strand fund then the council would also take into account a number of other factors, including the feasibility of the project, evidence of how it addresses a local need, the number of existing projects within the area and if the project is located within a neighbourhood improvement area.

Officers would monitor the projects coming forward to determine any areas of Crawley that are underrepresented. If this is found to be the case then a targeted promotion would be carried out to make sure people across the applicable neighbourhoods are aware of the sites capabilities.

What happens if the project fails to reach its funding target?

Payments are only charged if projects hit their funding targets, backers only pay if the project goes ahead.

Is it inclusive?

The Crowdfunding approach is inclusive and empowering since the success of crowdfunding is not solely dependent upon a contribution from the Council. Even projects that are considered ineligible for a contribution from the CIL Neighbourhood Infrastructure Strand, can post on the site and attract funding from other sources - all they need is a great idea.

Evidence suggests that there is strong social inclusion with this model, both the London Greater Authority and Plymouth City Council have reported that a significant percentage of all successful projects were delivered in more disadvantaged areas.

The proposed platform will give us wider reach to sections of the community who may never have thought of approaching the council for support previously. It also acts as a visible shop window for projects and activities – allowing everyone to see what people are trying to do in their local communities and to get involved. The highly visible success of projects on the platform from across the UK, breeds enthusiasm and momentum for others to participate thus generating more bottom up ideas to improve experiences in communities.

What about individuals who have a great idea but are not part of an organisation?

Individuals will be encouraged to 'Buddy Up' with existing organisations, i.e. contact groups within their area who may be interested in the idea and could assist with the crowdfunding campaign.

How are projects verified?

In order to carry out effective verification of projects, Spacehive have partnered with a well-regarded national social organisation called Locality which has a strong track record, to check that the project has considered the following key criteria;

- The correct consents (planning or licensing permissions)
- Council permission
- Landowner consent
- Consultations with freeholders (and other key stakeholders)
- Costs look accurate, include VAT where chargeable, are based on firm quotations (when not common sense), and have included a contingency cost when necessary
- Any costs marked as already acquired in-kind, and any funds groups imply to as having already raised, actually exist (obtaining proof)
- The project page description is an accurate and fair reflection of their project
- The Project Delivery Manager does not appear to have a questionable track record.

Verification is all about finding and rectifying weaknesses and problems before any fundraising is done, and finding the points of failure before a project starts rather than afterwards which reduces risk for investors and significantly improves project deliverability.

Will proscribed organisations be stopped from posting project ideas?

The verification process which takes place before a project is given the green light to post onto the platform, should ensure that proscribed organisations do not have the opportunity to go live with their fundraising. In addition the Council will be alerted to projects before they go live so will be able to raise an alarm on anything suspicious at a very early stage and the much higher visibility on the website once a project does go live means that the “eyes of the crowd” offer an additional level of scrutiny for suspicious groups/activities.

What is the impact of crowdfunding on other forms of charitable giving?

Evidence demonstrates that people using Spacehive pledge because they will benefit from the project's completion. This accounts for around 80% of people that pledge to Spacehive projects. Charitable giving is different as the drivers for giving are philanthropic. This accounts for the other 20%. Essentially Spacehive reaches and taps into a much wider audience, not the typical philanthropic givers, so there is no known detrimental impact on charitable giving.

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