

Financing for Society

Crowdfunding Public Infrastructure Projects (Pilot Fund)

Financing for Society: Crowdfunding Public Infrastructure Projects is launched by the Bauman Institute and includes a 'pilot fund' provided by UK Govt. Its purpose is to assess the barriers and opportunities of crowdfunding as an option for public sector bodies to finance new, socially-beneficial infrastructure projects and to understand better the benefits of using this method of alternative financing.

Dr Mark Davis, Director of the Bauman Institute and Associate Professor of Sociology at the University of Leeds, will lead and coordinate a Project Team – including: 'Inclusive Economy Unit' based in Department of Digital Culture, Media and Sport (DCMS); Abundance Investment; and Local Partnerships – to build the knowledge base around crowdfunding, to understand where and how crowdfunding can work best, for which infrastructure projects, and how it benefits the local community - i.e. by allowing individuals to invest their money in line with their values, and to have a real stake in their local community.

Through the pilot fund and associated social research, *Financing for Society* will explore the feasibility of crowdfunding as a means of raising finance, assessing the contexts within which crowdfunding can work and the mechanisms that can help to ensure the delivery of the most socially-beneficial outcomes, as well as identifying some of the barriers to developing crowdfunding in the public sector.

Financing for Society will run from January – August 2018, with the Pilot Fund closing on 30 March 2018.

Further Details

Financing for Society will tender a total 'Pilot Fund' of £300,000.00 open from **Monday 15th January 2018**.

Public sector organisations can apply for up to a maximum of **£75,000.00** worth of 'pilot funding' to be spent on a broad range of development services to help build the business case and/or to implement a crowdfunding event (e.g. a finance raise).

The 'pilot fund' aims to support the development of specific public infrastructure projects – be that in renewable energy, housing, social care, or another sector of benefit to a given local community – that have been signed-off by the appropriate person within a local authority / organisation. The 'pilot fund' is also available to support public sector bodies that are at the inception stage of exploring the possibility of building a 'crowdfunding event' into their development programs.

Examples of eligible projects include:

- **Internal upskilling of officers** – to manage the project and future projects;
- **Business case support** – engaging consultancy services for the due diligence and financial structuring to build a robust business case and/or assess crowdfunding alongside an existing business case creation process;



- **PFI / PPP procurement models** – to support local authorities develop models to procure PFI / PPP projects which include crowdfunding. This could be with third party consultancy support (i.e. legal & accountancy) for “pathfinder” local authorities, as well as support for the first PFI / PPP contractors adopting a crowdfunding model;
- **Project delivery costs** – to provide third party legal, financial advisory and accountancy support. Specifically, the fund could be used to cover the costs associated with a project being “first of a kind” – i.e. pathfinder projects.
- **Communication costs** – to produce new webpages, awareness-raising materials.
- **Supporting development of best practice models and peer learning** – to support the communication of this learning to other Councils and interested parties.

Applicants will be:

- Local Authorities
- Public sector organisations
- Arms length public sector organisations
- Universities

Evaluation Criteria:

Successful applicants will demonstrate clear evidence that:

- (1) the public sector body want to explore / use crowdfunding as a way of financing or part-financing a public infrastructure project;
- (2) crowdfunding is a viable way potentially to finance that infrastructure project.

The successful Public Sector body will need to have provided:

- Sign-off by an appropriate senior person in the lead public sector body, stating the project is real;
- An outline of the public infrastructure project;
- A full budget request and precise details of how and with whom the budget will be spent;
- A scope of work that the budget will cover and the expected outcome (named deliverable) of the work – i.e. to cover costs of a feasibility study to enable the public sector body to make a decision on whether to include crowdfunding; or to cover transactions costs that lead to a crowdfunding event (i.e. a finance raise);
- A letter of support from the sponsoring crowdfunding platform, validating that the project is feasible from a crowdfunding perspective;
- A commitment to spend the funds allocated before 30 March 2018 as a preference, and not later than June 2018;
- At least one named person involved in the project who will participate in the research process – i.e. a stated agreement to be interviewed at different phases of the project’s development.



Application Form

Each application will pass through an independent evaluation process assessed against criteria established by the Bauman Institute in consultation with the Project Team.

Applications will be invited from Monday 15th January 2018.

All applications will be considered on a 'first come, first served' basis and will be evaluated at three Review Panels held during the grant period:

1) Wednesday 24th January; 2) Thursday 15th February; 3) Thursday 1st March.

Applications will be considered at the **next available** panel so should be submitted in good time.

Applicant details to include

- Public Sector body submitting the application;
- Contact details for application (i.e. name, email, phone number, etc.);
- Named Senior Responsible Office for the project;
- Named individual(s) available for interview as part of academic research project.

1. Description of the Project (max. 1000 words)

➤ Project Description

An overview of the proposed project, a description of funding requirement for the project and the elements of project development that this will cover, and the anticipated level of crowdfunding investment.

➤ Current status of project

Project timeline, including anticipated timescales for project approval.

For projects that are seeking to develop an original business case (OBC), or approaching implementation details of the proposed procurement method, contract methodology and governance arrangements should also be provided.

***note:** If the project is only at the feasibility stage, please give anticipated project milestones for its development; in anticipation that the project is already deemed to be feasible, please give anticipated milestones for implementation. Please also make this clear in Section 4 'Timelines for Spending the Funds' below.*

2. Grant Deliverables (max. 1000 words)

- **Scope of proposed work to be funded by the grant funding**
e.g. feasibility assessment, business case generation or a crowdfunding event.
- **Outcome of work**
e.g. full business case, internal decision on whether to use crowdfunding or a successful crowdfunding event.



- **Timescales for the delivery of the work that is to be funded by the grant funding**
- **Description of the extent to which the grant will create reusable templates or a replicable model / case study for future public sector projects**

3. Budget

The budget should include the anticipated cost of the project, detail of the grant required and full detail on how the grant will be spent.

The public sector applicant can use some or all of the grant to pay a third party contractor to deliver the infrastructure project. The grant can also be used to pay for (or towards) advisory firm(s) either directly contracted by the public sector applicant for development or implementation of the project or by a third party contractor.

Where a private sector partner is engaged, the applicant should indicate how relevant knowledge and lessons-learned will be captured / retained by the public sector and shared with University of Leeds as the fund manager / academic research team.

Additional funding sources for the feasibility, development and implementation of the project are to be provided within this application.

4. Timeline for Spending the Funds

e.g. plan indicating that the majority of funds allocated preferably by 30th March 2018, and in total by June 2018.

All applicants must also clearly state their commitment to submitting a 'financial reconciliation' statement at the end of their project showing how the fund has been spent.

5. Letter of Support

All applicants should submit a formal letter on headed paper providing:

- Details of the Responsible Officer on the project from the public sector body or university validating the project and application – i.e. validating the existence of the project;
- Evidence from a regulated crowdfunding platform validating the project and application – i.e. a copy of a formal letter validating that the project and potential investment has the potential to be crowdfunded;
- Details confirming which person(s) will be participating in the academic research process evaluating this fund – i.e. which named individual(s) should be contacted by the University of Leeds to be available for interview at two phases (early / late) of the project.

Submission

All application forms addressing these five criteria should be submitted to Dr Mark Davis at m.e.davis@leeds.ac.uk by **30th March 2018** and will be considered at the next available Review Panel on a 'first come' basis. **Please note: The total 'pilot fund' is limited to £300,000.00 and may close before the above final deadline for applications.**

