

Birmingham City Council

Report to Cabinet

15th December 2020



Subject: Local Community Infrastructure Levy Contribution – Crowdfunding

Report of: Acting Director, Inclusive Growth

Relevant Cabinet Member: Cllr. Ian Ward, Leader of the Council

Relevant O & S Chair(s): Cllr. Sir Albert Bore - Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Ladywood, Harborne, Bournville and Cotteridge, Weoley and Selly Oak, Edgbaston, New Town, Bournbrook and Selly Park, North Edgbaston, Stirchley, Soho and Jewellery Quarter, Kings Norton North, Hall Green North, Bordesley and Highgate		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 007662/2020		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 The purpose of the report is to seek approval to procure a crowdfunding partner to develop a Birmingham crowdfunding platform for the Council as part of a drive to supplement and distribute the existing Ward Community Infrastructure Levy (CIL) funds with flexibility to be utilised going forwards, after the pilot has

concluded, for other Council crowd funding activities to ensure efficient use of resources.

- 1.2 The CIL includes an element of local, neighbourhood funding in order to support the development of the area, or address some of the demands on the area that development brings (please see Appendix 4 for more detail on the CIL).
- 1.3 While a useful source of income, the amount received can vary significantly across wards, depending on the type and volume of development within a “neighbourhood” (ward).
- 1.4 Crowdfunding is a relatively new way to engage with local groups to develop and put forward community projects via an online public platform, seeking additional financial support through online pledges. By its nature, only those projects which are supported locally receive funding, thereby emphasising those local connections.
- 1.5 Many local authorities across England have successfully used crowdfunding platforms to engage with local residents and businesses to develop projects and seek financial pledges to match fund local CIL contributions. This approach can significantly increase the amount of funding available for local projects.
- 1.6 It is proposed to secure a crowdfunding partner to work with the city to develop a dedicated platform for projects seeking financial support, alongside a CIL contribution. The crowdfunding platform will be a mechanism for engagement and financial pledges only; any projects will be developed outside this process.
- 1.7 It is accepted that the crowdfunding model may not be appropriate for all project types. This is because some smaller, “quick win” projects, or significant projects (within wards with a large CIL allocation) may be better suited to direct CIL funding (e.g. works to highways such as traffic calming). Therefore, this proposed approach also allows for some direct grant funding, through the usual City Council approval processes, for suitable projects alongside the crowdfunding model, depending on the CIL receipts available in a ward.
- 1.8 The crowdfunding model will be used in twelve pilot Wards in receipt of local CIL funding. Local CIL funds have little in the way of funding restrictions (other than geography) and seem most appropriate, due to this flexibility, to trial an approach to crowdfunding. Those pilot wards will determine their local priorities through their ward plans and the crowdfunding mechanism will not prioritise individual projects. If a project achieves full funding through public pledges, this will demonstrate the project is supported locally.

2 Recommendations

- 2.1 Approves the use of the CCS (Crown Commercial Services) G-Cloud 12 Framework to procure a crowdfunding partner to develop a Birmingham crowdfunding platform to distribute local CIL funds initially but capable of being used for other Council crowdfunding activities in the future.
- 2.2 Approves the release of up to £0.095m of Local CIL contributions to be used to fund the set-up, running and administration costs associated with a crowdfunding platform for an initial three-year period.
- 2.3 Delegates approval of the final proposed crowdfunding mechanism (including governance arrangements) to the Leader of the Council prior to launch.
- 2.4 Approves a full assessment of the crowdfunding model be conducted at the end of the three-year trial period to determine the success of the trial. This assessment will be presented to the Leader of the Council to determine the next steps.
- 2.5 Authorises the Interim City Solicitor (or their delegate) to negotiate, execute and complete all necessary documentation to give effect to the above recommendations.

3 Background

- 3.1 The CIL was introduced in January 2016 and consists of a mandatory charge per square metre for particular developments within different areas of the city. The CIL runs alongside but does not replace the traditionally negotiated Section 106 process.
- 3.2 The CIL funds, when received, are split into three separate funding pots; 80% is for strategic infrastructure projects designed to support the development of the city, as outlined in the Birmingham Development Plan 2031; 5% is for the management and administration of CIL and the remaining 15% is for those neighbourhoods in which development takes place, and should support the development of the area, or address some of the demands on the area that development brings.
- 3.3 The CIL guidance does not define a “neighbourhood” (apart from defined parish or town councils) but does state that charging authorities should use existing community consultation and engagement processes. It therefore seems appropriate that the existing ward structure will be the best place to identify those local needs, with projects or themes identified in locally produced Ward Plans.
- 3.4 The four Sutton Coldfield wards, although in receipt of CIL funding, will not be included in this crowdfunding trial as local CIL funds are passed directly to the Town Council.

4 Options Considered and Recommended Proposal

- 4.1 The local element of CIL funding is ring fenced for the areas in which development takes place and, in accordance with the CIL Regulations 2010 (as amended) cannot be spent elsewhere.

Option One – Do Nothing

- 4.2 As outlined within the CIL Regulations, if local CIL is not spent within five years of receipt, that funding may be taken from the ward and instead added to the strategic CIL allocation. As CIL funding is a relatively new funding source, there are no established mechanisms to prioritise local spending needs and approve projects in line with CIL requirements. The CIL Regulations also do not detail how local authorities should spend the local contribution. By not defining a process to spend the local CIL element, there is a risk those funds would not be spent within the requisite time, and could be lost to Wards. This could lead to disillusionment from local communities as significant funds would be lost to their area. Therefore, clear proposals are needed to outline the process for spending local CIL receipts

Option Two – Use Existing Approval Mechanisms.

- 4.3 The local CIL allocated to each ward varies significantly, depending on the level of development in each ward, and there is no opportunity to increase this allocation. It would be possible to use existing mechanisms within the Neighbourhood Development Support Unit (NDSU) to approve local CIL funding projects and distribute funds, but the opportunities within some wards are limited without additional funds. This option would place a significant administrative burden on the NDSU and other officers in terms of project development and approvals.

Option Three – Establish a Crowdfunding Platform

- 4.4 An increasing number of local authorities are using crowdfunding platforms to spend local CIL funds (and other funds) and are successfully securing funding pledges to increase available local funds and implement locally supported projects. This option would allow for increased community engagement and increase funding available in those pilot wards. It may also open up opportunities with community groups who may have not previously worked with the authority, increasing the awareness of CIL and other funding sources. Whilst it may be possible to undertake a targeted campaign, requesting local people suggest projects which could benefit from local CIL funds, without crowdfunding there is little opportunity to

generate additional funds in such a simplified way (e.g. without applying for third party grant funding).

- 4.5 Given the success enjoyed by other local authorities, it is proposed to pursue Option Three and procure a crowdfunding partner to develop a dedicated Birmingham City Council platform for an initial period of three years, following which the project will be assessed to determine its success and next steps.

5 Consultation

- 5.1 A member consultation event was held on Tuesday 7th July 2020 and chaired by Cllr. S. Thompson (North Edgbaston) and Cllr. K. McCarthy (Bournbrook and Selly Park), with further meetings held with Cllr. Sir A. Bore and Cllr. K.Hartley (Ladywood) and Cllr. C. Lal and Cllr. S. Spence (Soho and Jewellery Quarter).
- 5.2 Positive responses were received from 10 of the 11 wards consulted with no objections to the proposed allocation process and proposed appointment of a crowdfunding partner. Details are included in Appendix 2

6 Risk Management

- 6.1 It is possible that a crowdfunding partner may not be identified through the tender process. However, discussions with other local authorities and public sector organisations demonstrate that crowdfunding partners have significant experience when working with the public sector, and can demonstrate many successful examples of public sector crowdfunding. Existing mechanisms are available to ensure local CIL funds are spent, however a lack of additional funding may mean the projects are not as impactful.
- 6.2 If no process is identified to spend local CIL funds and those funds are not spent within a specified time period, it is possible to add them to the strategic CIL fund. This would remove a vital funding source for wards and limit their ability to improve the local areas affected by new development. Therefore, if the crowdfunding approach were not successful, an alternative approach would need to be identified.
- 6.3 At the current time, the crowdfunding process and methodology to spend local CIL funds is unknown and untested within Birmingham. Officers will ensure they work closely with the preferred partner to safeguard the city's funds and provide assurance that the final solution is fit for purpose. To this end, the preferred solution will be presented to the The Leader for approval prior to launch.

7 Compliance Issues

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 The projects funded through the crowdfunded scheme are intended to improve those wards affected by new development and will be identified within Ward Plans. As these projects are currently unknown, they may fit with any of the six priorities outlined in the Birmingham City Council Plan 2018 – 2022. More specifically, it is likely the following priorities will be achieved:

- Birmingham is a great, clean and green city to live in – projects could include greening local centres, improving local parks, or setting up regular litter collection groups.
- Birmingham is a city that takes a leading role in tackling climate change – projects could provide cycling lessons for young children, provide additional cycle parking, or create shared car clubs.

7.1.2 The recommendations are also consistent with Birmingham City Council's Working Together in Birmingham's Neighbourhoods White Paper, specifically commitments to:

- Make the services that matter most to local neighbourhoods more responsive to their needs and priorities
- Support Ward Councillors to focus on local issues and represent their residents more effectively
- Develop Ward Forum meetings and Ward Plans to make them more effective
- Tackle priority issues such as jobs, health and housing at the local level.

7.2 Legal Implications

7.2.1 Funding the set-up, running and administration of the crowdfunding platform through the Local CIL element of funding is compliant with the CIL Regulations 2010 (as amended). Regulation 59F allows local CIL funds to be spent to support the development of the local area by funding: (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or (b) anything else that is concerned with addressing the demands that development places on an area.

7.3 Financial Implications

7.3.1 The estimated cost of setting up, running and administering the crowdfunding platform for an initial three-year period is no more than £0.095m. This figure was suggested during informal discussions with a

crowdfunding operator. It will be funded from local CIL funding in line with the CIL Regulations (see section 7.2 above). The reduction in local CIL funding will be mitigated through the redirection of Strategic CIL funding to fund ward infrastructure projects.

- 7.3.2 There will be a need for staffing support during the development of the crowdfunding methodology and a reduced level of support once the platform is launched. This will be funded through existing Planning and Development budgets within the Inclusive Growth Directorate.
- 7.3.3 As part of the development of the crowdfunding solution the Council will work with the preferred partner to develop a process and mechanism for project approvals and the release of Ward CIL and associated crowdfunding. The proposed solution will need to be in line with the Council Constitution and G&FA Framework, in order to provide required oversight, due diligence and probity. the Council will retain control over which projects receive CIL funding and due diligence will be undertaken to ensure all projects are fit for purpose, deliverable, viable and have the necessary permissions or licences in place before they are suggested for crowdfunding. Approval for the proposed solution will be sought as part of a future Crowdfunding Solution report to the Leader, in line with the delegation sought in recommendation 2.3.
- 7.3.4 Application of CIL funding for schemes in or proposed for the Council's Capital Programme will be assessed by relevant Cabinet Members, to ensure they are in line with the Council's priorities

7.4 Procurement Implications

- 7.4.1 The crowdfunding partner will be selected using the CCS (Crown Commercial Services) G-Cloud 12 Framework which enables public sector bodies to find and buy cloud computing services. G-Cloud 12 requires Contracting Authorities to follow a prescribed call-off process which allows a specification of requirements to be put to the Framework to create a long list of matching services, with further refinement to shortlist potential operators before awarding the contract.
- 7.4.2 The specification of requirements will be completed with the advice of both IT and Finance colleagues to ensure the proposed solution is in line with Financial Regulations and IT requirements. These officers will also form part of the team long and shortlisting potential partners, as well as developing the final proposal with the crowdfunding partner.
- 7.4.3 This approach will also ensure the final proposal is fit for purpose should the evaluation show the crowdfunding approach be suitable for other corporate uses and funding sources.

7.5 Human Resources Implications

- 7.5.1 There are no human resources implications at this stage. Staffing support will be provided through existing resources, specifically the Planning Obligations Coordinator (Inclusive Growth) and the Senior Service Manager - Community Development and Perry Barr Neighbourhood Network Scheme Lead Facilitator (Neighbourhoods).

7.6 Public Sector Equality Duty

- 7.6.1 The selection of a crowdfunding partner from the G-Cloud Digital Marketplace does not have any detrimental impacts on any of the protected characteristics outlined in the Equality Act. As part of the selection process, the potential crowdfunding partners will be asked to demonstrate how the management and administration of the crowdfunding platform, as well as any final projects, will comply with the Public Sector Equality Duty.
- 7.6.2 The Equality Impact Assessment is attached at Appendix Three.
- 7.6.3 The Equality Impact Assessment will be reviewed following the procurement of a crowdfunding partner and the development of a methodology, prior to launch, to ensure there is compliance with the Equality Act.

8 Appendices

- Appendix 1 – CIL Income to Date
- Appendix 2 - Ward Councillor Consultation
- Appendix 3 - Equality Analysis
- Appendix 4 – Community Infrastructure Levy Background

9 Background Documents

Birmingham Development Plan 2031

https://www.birmingham.gov.uk/downloads/file/5433/adopted_birmingham_development_plan_2031

Appendix 1

CIL Income to Date – August 2020

Category/Ward	Total due (£)	Cash received (£)
Monitoring and Administration Fee	722,950	610,884
City wide	11,567,208	9,774,150
Ladywood	1,067,078	875,458
Harborne	127,749	127,749
Bournville and Cotteridge	8,832	8,832
Weoley and Selly Oak	139,758	139,758
Edgbaston	1,371	1,371
Newtown	433,956	433,956
Bournbrook and Selly Park	137,240	137,240
North Edgbaston	37	37
Stirchley	93,289	93,289
Soho and Jewellery Quarter	48,621	48,621
Kings Norton North	6,602	6,602
Bordesley and Highgate	173,154	34,630
Total	14,527,845	12,295,577

Appendix 2

Ward Councillor Consultation

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
Ladywood	Sir Albert Bore (lab) Kath Hartley (lab)	1,068.00	no	<ul style="list-style-type: none"> • ASB • BIDs • Community Engagement - Linkages with Schools, connecting VCSE&F sectors • Deprivation, poverty, homelessness • Education, Jobs, training & skills • Environment – CAZ, public realm • Housing – distinct neighbourhoods and tenure individual needs, Homelessness, HMOs, RSLs, 	<ul style="list-style-type: none"> • No issues expressed with the proposed allocation process so long as it has the flexibility to accommodate the nuances and complexity of Ladywood Ward. The process also needs to be flexible enough to adapt to priorities that emerge and change and align with other development plans both current and emerging. 	<p>Cllr Bore involved in strategic conversations regarding the myriad of development plans, BIDs. All to be provided in a high-level presentation.</p> <p>Cllr Hartley indicated some key organisations require funding and development support along with key areas of</p>

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
				BCC, PRS <ul style="list-style-type: none"> Supporting Key VCSE & F sector organisations Transportation – Parking enforcement/provision, safer and accessible travel routes, public transport 		focus. Both councillors highlighted key developments and what is required and needs to be considered going forward. In principal agreement with having an overarching ward plan highlighting key strategic priority which ND-C and HC will support.
Harborne	Peter Fowler (con) Jayne Francis	127,749	yes	<ul style="list-style-type: none"> Community Cohesion and Combatting Social 	<ul style="list-style-type: none"> In agreement with proposal. 	Application made for GB&SLEP strategic

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
	(lab)			<ul style="list-style-type: none"> Isolation Environment Parking, Traffic Management and Highway Maintenance Supporting the Local High Street Young People 		economic plan enabling fund.
Bournville & Cotteridge	Fred Grindrod (lab) Liz Clements (lab)	8,833	yes	<ul style="list-style-type: none"> Transport, Travel and Safer Streets Green Agenda including parks, open spaces, ecology & reducing carbon footprint Healthy Communities including dementia friendly community Sustainable Community & How to Build a Strong Community – getting more 	<ul style="list-style-type: none"> Not adverse to proposals. Would like CIL to be used to fund on street measures to support socially distanced walking and cycling, supplementing any resources that Highways are able to offer. We could build in an element of crowd funding on top of this. 	

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
				people involved, including young people <ul style="list-style-type: none"> • Active Citizens • New Approaches to Investment • Improving Local Centre 		
Weoley & Selly Oak	Julie Johnson (lab) Tristan Chatfield (lab)	139,758	yes	<ul style="list-style-type: none"> • Community Engagement, Support & Development • Crime – street crime • Children & Young People • Health & Wellbeing • Housing • Protecting and developing Green Spaces • Road Safety Highway improvements 	<ul style="list-style-type: none"> • In agreement with proposal (Cllr Chatfield responded). 	
Edgbaston	Matt Bennett (con) Deirdre Alden	1,371	yes	<ul style="list-style-type: none"> • Community Cohesion and supporting 	<ul style="list-style-type: none"> • Cllr Alden commented “it’s ridiculous the way 	

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
	(con)			<p>Community Groups</p> <ul style="list-style-type: none"> • Environment – clean & green agenda, preserving conservation areas • Partnership Working and Collaboration • Supporting the Neighbourhood Police Team - ASB 	<p>it's been decided," that is the allocation of CIL as some wards benefit in the vicinity of development whereas others don't. A fairer method of distributing CIL Local Element more fairly is needed.</p> <ul style="list-style-type: none"> • Councillors not adverse to proposed options specifically although not deemed as applicable due to small funding allocation. • Would like to 	

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
					commit allocation CIL to the district engineer and small projects due to small amount of funding.	
Newtown	Ziaul Islam (lab)	433,956	yes	<ul style="list-style-type: none"> • Environment – waste management, litter, fly tipping • Highways – improvements • Maintaining and improving Parks & Open Spaces • Parking enforcement • Private Rented Sector regulation / enforcement • Road Safety 	<ul style="list-style-type: none"> • Happy with proposal and to allocate a proportion of CIL to the crowdfunding platform model. However, would like the flexibility of a small grants fund administered by the NDSU. 	
Bournbrook & Selly Park	Bridgid Jones Karen McCarthy	137,240	no	<ul style="list-style-type: none"> • Community Safety • Flooding • Housing and HMOs 	<ul style="list-style-type: none"> • Cllr McCarthy has co-led on this proposal and is in full support of the 	

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
				<ul style="list-style-type: none"> • Parking • Waste Recycling • Urban Centre Consultation 	proposed approach.	
North Edgbaston	Carl Rice Sharon Thompson	37	yes	<ul style="list-style-type: none"> • Housing – including HMO's • Crime & Community safety with particular reference to tackling Street Prostitution • Parking – including resident's parking schemes • Litter/fly tipping & rubbish • Youth & community services • Impact of new developments – Midland Metropolitan Hospital, IPL, new 	<ul style="list-style-type: none"> • Cllr Thompson has co-led on this proposal and is in full support of the proposed approach. 	

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
				housing developments <ul style="list-style-type: none"> • Parks, more public open spaces, better management 		
Stirchley	Mary Locke	93,289	yes	<ul style="list-style-type: none"> • Community involvement • Inclusivity, Social Cohesion and Neighbourliness with a focus on young people • The Pineapple Estate • Revitalisation of Dads Lane Community Association • Community Influence on Hill Railway Line • Networking the Cotterage end of 	<ul style="list-style-type: none"> • In agreement with proposal. 	

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
				the Ward <ul style="list-style-type: none"> • Development of Central Stirchley • Developing the High Street and creating a positive image 		
Soho and Jewellery Quarter	Chaman Lal Sybil Spence	48,621	no	<ul style="list-style-type: none"> • Cleaner Streets – litter, fly-tipping and dumping • Parking – enforcement, parking provision and road safety • Housing – HMO and PRS regulation and enforcement 	<ul style="list-style-type: none"> • In agreement with proposal. 	ND-C supporting with the completion of the partly-drafted ward plan.
Kings Norton North	Alex Aitken Peter Griffiths	6,062	yes	<ul style="list-style-type: none"> • Environment – litter, parks, hedge pruning & cutting, weeds • Road Safety • Street Lighting improvements 	<ul style="list-style-type: none"> • No response. 	

Ward	Member(s)	CIL	Ward Plan completed	Current ward priorities	Consultation comments	Notes
				<ul style="list-style-type: none"> Trip rails 		

