

Grants Determination Cabinet Sub-Committee 12 th January 2022	 TOWER HAMLETS
Report of: Sharon Godman, Director of Strategy Improvement and Transformation	Classification: Unrestricted
Innovation Fund Update and Next Steps	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Afazul Hoque, Head of Corporate Strategy & Policy Emily Fieran-Reed, Senior Strategy and Policy Manager Awo Ahmed, Programme Assessment & Monitoring Officer Hilary Hughes, Programme Assessment & Monitoring Officer
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	
Reason for Key Decision	
Strategic Plan Priority / Outcome	All

Executive Summary

The Innovation Fund provides funding for Voluntary and Community Sector (VCS) organisations crowdfunding through Spacehive to supplement funding from other sources.

The Fund began in 2017 and has had considerable success to date with 26 projects funded and large amounts of additional funding brought in.

The purposes of this report are first, to update Grants Determination Sub-Committee on the progress of the Innovation Fund and second, to seek an extension of the current programme for a further year until the end of March 2023.

Recommendations:

The Sub-Committee is recommended to:

1. Note the progress and achievements to date of the Innovation Fund Programme.
2. Agree to extend the Innovation Fund grants programme until the end of March 2023, as outlined from para. 3.19 onwards
3. Agree to continue to the end of March 2023 to delegate the power to award innovation fund grants to the Director of Strategy Improvement and Transformation, in liaison with the Chair of this sub-committee.

1 REASONS FOR THE DECISIONS

- 1.1 The current innovation fund programme comes to an end at the end of March 2022. It is an important strand of our commitment to help local VCS organisations diversify their income. It also helps us to support new and emerging organisations and encourage innovation. Extending it brings the programme into line with the current end date of our main VCS grants programmes - the Local Community Fund and Small Grants.

2 ALTERNATIVE OPTIONS

- 2.1 The council could decide not to extend the programme. However, to do this would be contrary to the agreed approach to supporting the VCS as set out in the VCS Strategy 2020-2024.

3 DETAILS OF THE REPORT

Background

- 3.1 An action within the Council's previous VCS Strategy was to identify potential external funding sources to expand and diversify the resource base of local VCS organisations. The council was keen to encourage and support innovation in the sector and acknowledged that this would require some funding to enable the sector to pilot new initiatives and approaches to service delivery and support.
- 3.2 At the Commissioners Decision Making Meeting on the 12th April 2016 the creation of the Innovation Fund was agreed.
- 3.3 Crowdfunding was identified as a method of doing this.

Innovation Fund

- 3.4 The Council launched a pilot crowdfunding programme in 2018, initially for 12 months, through a contract with Spacehive, who were working with the Greater London Authority and a number of other local Councils.
- 3.5 The initiative was launched with a budget of £60,000 which would be made available as a source of match funding for eligible VCS organisations crowdfunding through the 'Our Tower Hamlets' crowdfunding page of the Spacehive portal.
- 3.6 Following a competitive tender process Spacehive were commissioned from 1st May 2019 to 30th April 2022 at a cost of £75,000 to administer the process and support organisations through their crowdfunding journey. Spacehive helps organisations create project pages, provides guidance on the set up of payment platforms, provides marketing assets and guidance to help get the word to communities and local businesses. Spacehive also facilitate pledges from businesses where they are not able to pledge online
- 3.7 The Innovation Fund supports VCS organisations to "test and learn" new ways of working, new initiatives and new delivery models that if successful could be scaled up and commissioned more formally.
- 3.8 Organisations crowdfunding on 'Our Tower Hamlets' have an opportunity to secure a pitch of up to £10,000 or a maximum of 50% of an organisation's crowdfunding target through the innovation fund. In order to demonstrate that projects have the support of the local community, organisations are expected to crowdfund the first 15% of their total before the Council assess applications for the Innovation Fund.
- 3.9 Decisions are made by the Director of Strategy Improvement and Transformation in consultation with the Chair of this Sub-Committee based on recommendations of an advisory panel which consists of the Chief Executive of the East End Community Foundation, the Head of Corporate Strategy and Policy and officers from within that service.
- 3.10 Further details can be found on the [Space Hive Tower Hamlets](#) and the [Innovation Fund](#) pages with more information available in the [factsheet](#).

Covid Response

- 3.11 At the start of the Covid Pandemic we adapted delivery of the 'Our Tower Hamlets' crowdfunding programme to help VCS organisations respond and support the local community adapt to the covid pandemic. The following adaptations were applied to the programme from March 2020.
 - More charitable support – the Spacehive platform is designed to support civic projects but during Covid they allowed direct charitable campaigns, such as food banks, to crowdfund on the platform.

- Waived Fees - Spacehive waived fees for all projects from March 20th to June 20th 2020, acknowledging that this was a difficult time for groups to crowdfund. Spacehive continues to waive fees for projects raising money for those most vulnerable in our community.
- Flexibility for covid impact - Supported projects who have had to put the delivery of their project on hold due to Covid restrictions and others who have had to adapt their project to fit with the often-changing Government guidance. Organisations have been guided through this process, encouraging them to forward plan and consider how the Covid regulations might change.

3.12 Amongst the support to projects running campaigns in Tower Hamlets, we have supported two food bank projects in the borough to hit their target ([Bow Foodbank](#) and [First Love](#)). Aside from the Innovation Fund, the council has also run [its own food](#) campaign on the Spacehive platform.

Progress of the Innovation Fund and achievements to date

3.13 The grants budget supplied to date has been £180,000. Total awards to date are £145,848 with a remaining balance of £34,152.

Financial Summary		
Innovation Fund Awards:	Amount pledged (£)	Amount released (£)
Pledged to organisations	£145,848	£145,848
Released to date	£145,848	£145,848
Original Budget	£180,000	
Remaining Balance	£34,152	

3.14 Since it was launched in 2017, the Innovation Fund has supported 26 initiatives with this resource, covering a broad range of projects. At the time of writing, there were 2249 pledges of financial support from backers, contributing to projects we have supported and selected through our agreed criteria and processes. As at 14th December 2021, £688,375 of pledged funding had been achieved to support successful pitches since the scheme was launched. Further details can be found at Appendix A.

3.15 Innovation Fund contributions have supported initiatives ranging from small community projects to larger regeneration focused ventures. The wide range of projects has been much wider than anticipated, from supporting the elderly, to disabled people, from glass blowing to food provision and more. Beneficiaries of projects have often been those most vulnerable and in need in the borough.

3.16 The innovative aspect has enabled new and emerging projects to get off the ground that would otherwise have floundered. The fund provides access to funding for projects that would not meet the criteria of more traditional funding

streams. In some cases, this includes smaller organisations who may not have a track record.

- 3.17 Providing Innovation Funding enables organisations and projects to secure much more funding. The evidence is very clear that a Council pledge, being from an official and respected source, helps to generate more pledges from other sources and the £688,375 of additional funding brought in alongside the Council money is testament to that. Not only this, the fund enables organisations to achieve further funding beyond the life of their Innovation Fund project as they can demonstrate a track record of being funded, evidence public and Council backing and of delivery. This is in-keeping with the commitments we made in our VCS Strategy to support the local VCS to diversify their funding base.
- 3.18 Further details of projects funded from the innovation fund and their impact and progress are detailed in the Building a strong, inclusive and fair borough through Our Tower Hamlets Report set out in Appendix B and the Innovation Fund Project Details table at Appendix C.

Next Steps for the Innovation Fund

- 3.19 The current grants programme is funded to the end of March 2022. In light of the success of the fund to date, as outlined above, the recommendation is for Grants Determination Sub-Committee to agree to extend the duration of the fund to the end of March 2023. This would bring the end date in line with our other main grants to the VCS – the Local Community Fund and Small Grants.
- 3.20 In order to extend the grants programme, we would need to commission a crowdfunding platform partner to support the programme including the type of activities outlined at para 3.6 above. The current crowdfunding platform support is commissioned to Spacehive. In order to commission a provider to the end of March 2023, it is proposed to invite bids and undertake a competitive process, in accordance with the Council's low value procurement procedures (Request for Quote).
- 3.21 The Corporate Strategy and Policy budget includes provisions for the commissioning of the crowdfunding platform and grant which totals to £85,000 per annum.

4 EQUALITIES IMPLICATIONS

- 4.1 All grants awarded need to demonstrate how they meet the needs of our diverse communities and support the council's Public Sector Equality Duty.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 Best Value

Recent legislation, particularly the Localism Act 2010, has emphasised the role of communities working in partnership with local authorities to help achieve more effective and less costly services to local people. The process of co-production of services delivered by local voluntary and community organisations is a tool now widely recognised as a means to achieving this outcome.

5.2 Risk Management

There is a risk that, by not publishing details of funding awarded to VCS organisations, the council could leave itself open to challenge that it is not fulfilling previous commitments to openness and transparency.

5.3 Crime Reduction

There are no specific crime reduction considerations arising from this report.

5.4 Safeguarding

There are no specific safeguarding implications arising from this report. However, ensuring appropriate consideration is given to safeguarding will be addressed in the extension of the Innovation Fund, both through governance requirements and in the capacity building programme for the sector.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There is budget in 2022-23 within Corporate Strategy & Policy of £60k for grants to be awarded and £25k to fund a management fee. Costs would need to be contained within this budget.

6.2 The remaining balance in 2021-22 detailed in paragraph 3.13 of £34k is grant that has been already committed to be paid out by Spacehive so the full budget of £180k over 3 years will have been spent by Tower Hamlets by the end of the 2021-22 financial year.

7. COMMENTS OF LEGAL SERVICES

7.1 This report seeks approval of the extension of the Innovation Fund grants programme until the end of March 2023. The Council has power to make the grants under section 1 of the Localism Act 2011 which gives the Council the general power of competence. This means that the Council has the power to do anything which an ordinary human being could do, unless statute specifically restricts the Council for acting in the way it wishes.

7.2 The award of grants will be subject to an evaluated application procedure and supported by a legally binding agreement to assist in the monitoring of and attaining of Best Value.

- 7.3 The Council continues to assess the programme for the purposes of the Equality Act 2010 and to ensure that awarded grants comply with the Council's Equality Duty as it applies across the whole programme and as the programme evolves with further awards.
- 7.4 The information noted in the rest of the report are in line with approvals previously made. Therefore, there are no further legal implications in this report.
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Linked Reports, Appendices and Background Documents

Linked Report

NONE

Appendices

Appendix A Innovation Fund Awarded Projects
Appendix B Building a Strong Inclusive and Fair Borough
Appendix C Innovation Fund Project Details

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE

Officer contact details for documents: