



CROWDFUNDING POLICY

SCOPE

Cheshire East Council is committed to working for a brighter future together to build strong and resilient communities within the Borough and to maximise social wellbeing for all residents. One way of achieving these goals is to promote projects that have at their heart community well-being through the use and promotion of crowdfunding.

POLICY STATEMENT

The purpose of this policy is to provide guidance on the basis on which the Council may choose to crowdfund any given project and the procedures and safeguards that are to be applied. This policy also applies to any crowdfunding undertaken or endorsed/facilitated by Cheshire East Council.

This policy aims to:

- Confirm the purposes for which crowdfunding will be an acceptable means of finance;
- Clarify the rules that the council has adopted to regulate its use of crowdfunding;
- Detail the due diligence required for external projects promoted and assisted through the Council's crowdfunding platform.

PURPOSE OF CROWDFUNDING

Cheshire East Council **will** support the use crowdfunding for the following general purposes:

1. To encourage community participation and ownership of non-statutory service Council projects (i.e. community orchards, local small energy generation projects).
2. To provide Council support and potentially Council part funding for selected community initiatives and projects.
3. To facilitate community funding for community initiatives and investment in non-profit making community enterprises.
4. To provide a platform for the community to suggest projects or initiatives they would like to take forward and source the funding from within the community.

Cheshire East Council **will not** directly or indirectly support the use of crowdfunding for the following non-exhaustive purposes:

1. To fund or part fund statutory Council services.
2. To support raising of investment for private, profit making businesses unless the businesses are properly structured Community interest partnerships or co-operatives (these exceptions to be considered on their individual circumstances).
3. Initiatives intended to destabilise markets or distort competition.

RULES TO BE OBSERVED

Cheshire East Council commits itself to observing the following rules in respect of crowdfunding:

1. All directly and indirectly supported projects will need to have had due diligence before being added to the approved Crowdfunding site
2. All supported projects must be assessed in respect of value for money, social value and risks to investment, which should be clearly stated in project information.
3. Dividend returning community funded schemes will be considered where there is demonstrable public benefit coupled with proven market failure and not-for-profit structure, i.e. CiC or cooperative.
4. The Council will use the most economically advantageous platform to ensure value for public money
5. The Council will publish a full list of live crowdfunding initiatives on its website
6. The Council will publish an annual report detailing the projects crowdfunded through the platform, their costs and performance – including projects that did not directly receive Council funding.
7. The project sponsor will detail at the outset the target for the crowdfunding and the Council will confirm where applicable the maximum total of part funding the authority is able to commit.
8. Projects supported by way of crowdfunding will be monitored to ensure that they achieve their aims and that all funds are properly applied towards achieving the stated goals of any project..

DUE DILIGENCE REQUIREMENTS

Cheshire East Council will confirm that appropriate due diligence has taken place before endorsing or promoting or match/part funding any projects initiated by outside organisations and before creating, promoting and utilising crowdfunding for its own projects.

This due diligence does not in any way absolve any outside organisation from their own liabilities in respect of promises or assurances made to members of the public.

All projects will require documentation to be provided to the authority to include commentary from finance and legal advisors in addition to communities advisors.

The approval will consider whether projects are legally and financially appropriate for Council endorsement and whether the social and community aims of the project are aligned to the priorities and values of Cheshire East Council.

If the project involves community ownership of a venture or business Cheshire East Council will require full details of projected costs, secured customers/offtakers and predicted cashflows for independent verification. A full risk analysis will also be required and must be publically available.

Cheshire East Council will reserve the right to withdraw financial support and endorsement if factors that should have been disclosed at the outset are brought to light at a later stage.

MONITORING AND REVIEW

The Council will monitor this policy to ensure that it is operating fairly, consistently and effectively. The policy will also be reviewed in the light of operating experience and/or changes in legislation.

Prepared by:

Date:

Review date:

Other considerations – does the policy need to reference the type of site it needs to procure and broad specification