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Finance Strategic Policy Committee
Review of the feasibility of implementation of Crowdfunding
and/or Participatory Budgeting

Background

Following the Local Elections in May 2019, Dublin City Council's Strategic Policy Committees were reconstituted. As part of the establishment of the Finance Strategic Policy Committee 2019-2024 both Terms of Reference and a Work Programme were agreed.

Key Objectives

The objectives of the Finance SPC over the period 2019-2024 are:

- To demonstrate transparency, accountability and governance in expenditure and resourcing
- To secure quality of service and value for money
- To promote social and economic prosperity
- To achieve sustainable Local Government funding and
- To support community development

Work Programme

The Finance SPC's Work Programme specifically identifies issues to be actioned. Item 11 specifies that the Finance SPC will consider the feasibility of the introduction of Participatory Budgeting on a pilot basis. The specific objective of this item is both to increase engagement with and to strengthen the democratic process.

Item 15 relates to the examination of the feasibility of using Crowdfunding for Dublin City Council's capital project opportunities and aligning crowd funded projects to social enterprise opportunities. The specific objective of this item is to ensure that Dublin City Council takes maximum advantage of all funding options and in doing so supports social enterprise initiatives. Both items (Crowdfunding and Participatory Budgeting) have now been examined to assess feasibility for implementation by Dublin City Council.

Participatory Budgeting (PB)

Participatory Budgeting is well established since the 1980's and is used to a varying extent in some European countries to support the local democratic process. PB involves the Council providing a set value of funds held for this purpose. The Council then seeks submissions for projects which must comply with the project assessment criteria. Projects are costed and assessed for viability. PB projects are typically Council focused, that is, projects mirror the

nature and function of existing Council services. Local residents are asked to vote for the project they wish to proceed with and the final schedule of approved projects being at or under the value of funds approved by the Council. A motion was agreed by the last City Council (2014 – 2019) in the name of Councillor Criona Ní Dhálaigh that the Finance SPC would examine PB to establish its feasibility for implementation.

While PB has been applied in many local authorities in the UK, it has been implemented by just one Irish local authority, that being South Dublin County Council (SDCC). As part of the introduction of PB on a pilot basis, SDCC commissioned an evaluation of the process by the Institute of Public Administration (IPA):

https://www.ipa.ie/fileUpload/Documents/SDCC_300k_REPORT2017.pdf

The PB model is complex. There are many decision points for the Council, examples being decisions on funding value, decisions on a steering group, decisions on a consultation process and decisions on shortlisting projects. As a result the PB timescale is lengthy and arguably bureaucratic. PB provides for community engagement at workshops and focus group sessions. As applied, the PB model is acknowledged to be resource intensive, requiring considerable Council input (staff and executive resources and Elected Members participation). The SDCC pilot project is considered an overall success with some concerns expressed on how a greater local on line voting push can be created by some groups, thereby resulting in greater success in the prioritisation of projects.

Crowdfunding (CF)

Crowdfunding is a well-established method of securing funds. Most would be familiar with issues or circumstances seeking funds through platforms such as 'GoFundMe'. Civic CF has been operating for some time, which is the use of CF as a funding mechanism for local community projects through a CF platform. It is estimated that circa 50 local authorities in the UK use Civic CF successfully. The use of technology is central to CF as part of a fundraising tool but also as a mechanism to encourage citizen participation and strengthen democracy.

CF operates on the principal that the project or initiative will gather funding pledges from those interested in supporting it. Pledges can be of any value, from €5 to €100,000 and can be made by individuals or organisations. It is not required that those making pledges live in the area where the project is located. In broad terms, the UK experience has been that a local authority pledge of stg. £1 attracts stg £2.50 in other pledges. In other words, community led projects are developed and commissioned to a value way beyond that of the local authority contribution.

It is believed that the separation of funding, from the operational service driven local authority budget, is an assurance for those considering making a pledge that their funds will be assigned directly to their project of choice, thus resulting in a higher level of donations.

Should a project not proceed to the implementation stage, pledges are returned. The projects are initiated by the community and not necessarily typical local authority community projects. The local authority can pledge funds, often between 10 and 50% of the total project costs up to a maximum project threshold.

Civic crowdfunded projects are initiated and delivered by the community usually without resource support from the local authority. Typically the local authority funding for CF derives from the UK 'Community Infrastructure Levy' (CIL) being the UK experience of Development Contributions. Since 2011, 15% of CIL (i.e. UK Development Contributions) must be assigned to community projects in acknowledgement of the impact of development on local communities.

Merits of PB and CF

PB is controlled by the local authority – projects are shaped and selected by the Council. PB looks at a small element of local projects and seeks citizen input on determining its priority. It is highly resource intensive.

CF is determined by the public at large and as a result may prioritise projects that might not have been the local authority's priority but are a priority to the public.

CF need not, through design, be resource intensive. Some local authorities provide workshops for those involved in the projects while others do not. CF captures greater funding for local projects than would otherwise be available.

These initiatives, Participatory Budgeting and Crowdfunding, are similar and in my view, commencing the implementation of both would be confusing for the public and the City Council (Elected Members and staff alike). Civic CF has the potential for greater public engagement and decision making along with the potential for greater funds being available for local initiatives.

As a consequence, Dublin City Council will pursue the introduction of Civic Crowdfunding at this time and in due course review its progress in terms of monies secured, governance and community impact. A market soundings exercise has been initiated on e-tenders, by way of a Prior Information Notice (PIN), to establish the interest among crowd funding platform providers. The outcome of this exercise will be reviewed with the intention of seeking to engage a CF platform provider through a full procurement process.

Kathy Quinn

Head of Finance

With responsibility for ICT

12th March 2020