



power to
change

business in
community
hands

COMMUNITY BUSINESS **CROWDMATCH** EVALUATION

June 2023

Clear Impact Consulting



ABOUT POWER TO CHANGE



Power to Change is the independent trust that strengthens communities through community business. We use our experience to bring partners together to fund, grow and back community business to make places thrive. We are curious and rigorous; we do, test and learn. And we are here to support community business, whatever the challenge.

We know community business works to create thriving places when local people take ownership of spaces that matter and deliver services that communities need. Our 2021-26 strategy sets out how, using strategic funding, trusted partnerships, rigorous research, policy insight, and a strong network of remarkable community businesses we will back the sector, creating the ideas, evidence, and exemplars that make the case for others to back them too. Ultimately, we will amplify the efforts of community businesses and put them at the heart of a fair economy.

ABOUT CLEAR IMPACT CONSULTING



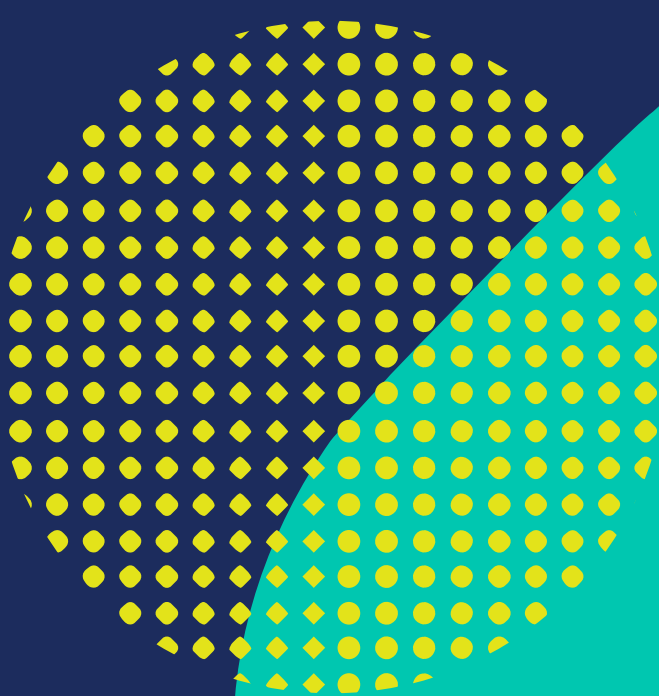
Dave Salisbury and Laura Johnson set up Clear Impact Consulting in 2021, having worked together for a number of years. We offer a personalised approach with a range of services, including evaluation and learning, theory of change development, and the development of impact and learning frameworks.

We work exclusively with organisations that have a social purpose and we believe a focus on the impact they want to see (and how they will achieve it) is key. We believe all decisions should be grounded in evidence.

We aim to create a culture of learning, where evidence and insight is used to understand what's working well, not so well and why, so that improvements can be made – helping to share learning in an agile and dynamic way, so that it is useful and usable, and can be acted upon. We work collaboratively with our clients and act as partners, providing expertise to guide them through the process. We aim to build the capacity, skills and knowledge of the people we work with so they can carry on the work when we step away.

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EXECUTIVE SUMMARY



Between 2017 and 2022, Power to Change partnered with Crowdfunder UK to run Community Business Crowdmatch. The fund offered matched funding of up to 50% of a crowdfunding target, up to a maximum of £10,000, for new or existing community businesses providing services or activities that benefited their local community. Across this period, Community Business Crowdmatch enabled Power to Change to deliver £520,609 in funding, across 106 projects, directly to community businesses.

Crowdmatch campaigns backed by Power to Change exceeded their funding targets, raising 129% of their target on average. The campaigns also gathered a considerable number of backers, with 23,142 backers across the two rounds and pilot phases and an average of 218 backers per campaign. Overall, £2,514,781 had been raised by community businesses across the pilot phase and rounds 1 and 2, meaning that for every £1 Power to Change invested in a Crowdmatch campaign, community businesses were able to leverage around £3.83 in additional funding (through both members of the public and other funders).

As the second round of Community Business Crowdmatch came to an end, Power to Change appointed Clear Impact Consulting to deliver a retrospective evaluation, with a focus on impact and reflection/learning. This summary provides details of our key findings, conclusions and recommendations.

Crowdmatch has had a significant financial impact on community businesses

It is clear from the evidence gathered that the crowdfunding campaigns run by community businesses have had a significant financial impact. For many, the funding helped at a point of significant need or indeed crisis. Many organisations said that they may not have been able to continue without the funding; others said that they couldn't have proceeded with their activities as planned or at the pace they were able to. Most said that they probably wouldn't have been eligible for any other types of funding and crowdfunding was the only option available to them at that point in time. A pledge from Power to Change also helped some community businesses raise their profile and credibility locally, helping to attract funding from other sources.

£520,609
in funding

106
projects

129%
of their target
raised on average

The flexibility of the funding was welcomed

Power to Change did not provide a long list of what Community Business Crowdmatch funding could and couldn't be spent on, and many grantees commented on how much they valued the flexibility of the funding. This meant that if plans changed, funds could be repurposed, whilst still furthering a charitable purpose. Community businesses welcomed this flexibility and reduced reporting requirements.

Crowdmatch has enabled funded organisations to continue to provide wide-ranging benefits for their communities

Community Business Crowdmatch funding was often used to maintain or expand existing activities, providing community businesses with the foundation to deliver their work and ultimately improve the outcomes achieved by their organisation. The funding has been crucial to the ongoing delivery of many community businesses, meaning that it has contributed to the ongoing wide-ranging benefits that community businesses provide for their communities. The most reported outcomes that projects either had achieved or were expected to achieve related to improvements in mental health and wellbeing, followed by improved family relationships, improved access to training and education, and improved physical health. Over half of the projects also reported increased participation in arts, heritage, sports and faith.

Crowdfunding helped to build engagement with the community, as well as other wider benefits

Community Business Crowdmatch realised wider non-financial benefits. There were several examples where community businesses said they had seen increased community engagement and a strong local profile, often driven by enhanced local media and social media coverage during the campaign. Campaign success, in most cases, relied on strong relationships with the community to garner interest and support, but many community businesses were still able to build on this further and develop stronger relationships than they had previously.

Beyond this, there have been wider benefits for many organisations, consistent with evidence of crowdfunding models elsewhere. Community businesses welcomed the opportunity to share their story in a way that made sense to the local community, helping to garner further support, and some said that people not only offered their money but also other services and their time.

The matched funding was a huge incentive for people to donate

Matched funding was seen as a good incentive to get people to give, knowing that their donation would be significantly increased by matched funding. Other funders did this per donation so individuals could see their own donation matched on the crowdfunding page, which was deemed very effective. Others explained that the matched funding approach taken by Power to Change, whereby a lump sum was given at a certain point in the campaign, often helped to re-invigorate campaigns where donations had started to slow down.

The application process was generally seen as straightforward and far simpler than other funding applications

To apply for Community Business Crowdmatch funding, community businesses needed to start a Crowdfunder application, apply for extra funding through a short online application form within Crowdfunder UK, and then launch the project once approved. Most interviewees said that this application process was generally straightforward. While a small minority not used to the process found it a little burdensome having to apply to Crowdfunder UK and then to each of the different funders on the platform, for most, it was an easy process and far simpler than other funding applications.

Running the campaigns was stressful but a good learning experience

Many of the community businesses interviewed said that the experience of running their crowdfunding campaigns was stressful. Much of this was due to concerns about hitting the target required to secure matched funding in the timeframe agreed, meaning choosing the target in the first place was difficult. Interviewees were also surprised by the amount of work needed to keep the campaign going. Even those with prior experience of marketing and communications commented that running the campaign required significant time and attention. Despite this, some interviewees said that it had been a good learning experience and that they would probably be able to do a better job if they ran another crowdfunding campaign again in the future.

Community businesses would consider crowdfunding again but not for a few years

Most community businesses said that they would consider running a crowdfunding campaign again (some already had), but that it wasn't something they could do frequently. This tended to be because community businesses felt that they couldn't ask people to give money again for at least a few years, particularly when many people are struggling financially during the cost-of-living crisis. Interviewees felt that crowdfunding was a useful mechanism for generating funds in certain circumstances but needs to be part of a wider funding strategy. They noted that there are pros and cons to crowdfunding and that they could never rely on it solely.

Conclusions and recommendations

It is clear from the evidence that the crowdfunding campaigns that Community Business Crowdmatch contributed to had considerable positive impact for the community businesses who ran them. The funds generated had a significant financial impact, helping organisations through a challenging financial period or giving them the necessary funds to improve facilities or expand their offer. The matched part of the funding was crucial, helping to secure pledges from community members and other funders. It also provided an added incentive to reach the target, rejuvenating campaigns that had started to slow down.

Community businesses involved in the programme had used the funding to maintain or expand existing activities, providing a solid foundation to deliver their work and ultimately improve the outcomes achieved by their organisation. It has also had wider benefits for the community businesses involved, including strengthening community engagement and local profiles, improving relationships with community members, and developing useful resources for the future.

Some community businesses had received offers of non-monetary support as a result of their campaigns.

From a funder perspective, crowdfunding is a relatively simple way of distributing funding, albeit requiring a quick turn around on decisions, and community businesses found the application process and reporting requirements were far simpler than other funding mechanisms. However, running a crowdfunding campaign requires significant time and capacity, and most community businesses found it to be a stressful experience. Going through the process was a steep learning curve and most felt they could run a Crowdfunder campaign better next time.

All community businesses would consider running a crowdfunding campaign again, but most felt they would need to wait a few years before they go back to their community members to ask for financial support. Overall, crowdfunding seems to be a useful mechanism for supporting community businesses when other funding routes are not available to them, and as part of a broader funding strategy.

Based on these findings, we recommend that Power to Change and other funders providing matched funding for crowdfunding projects:

1

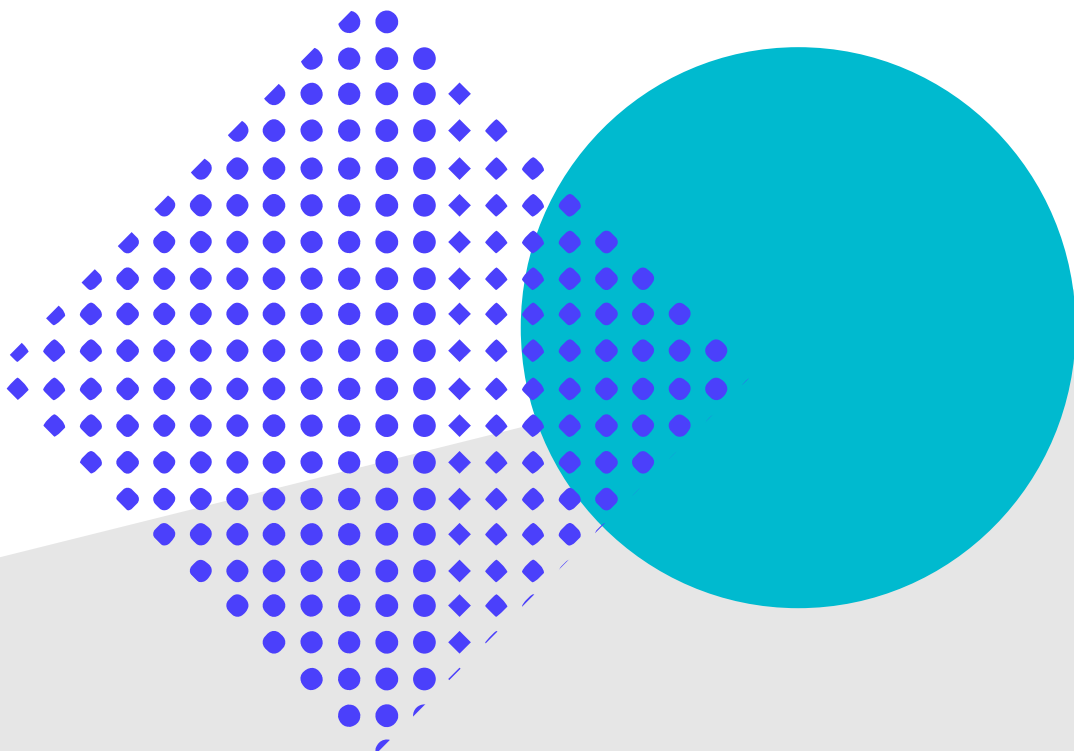
Offer community businesses the option of **donation-by-donation matched funding or target matching**

2

Ensure **monitoring and evaluation is appropriate to the scale of matched funding**, and factor in time for analysis, reflection and learning of any crowdfunding data collected

3

Consider **offering funding on an annual basis to support community businesses**, particularly those facing financial challenges, wanting to improve their facilities and services, and new and emerging businesses with lower turnovers and less than two years of accounts.



1. INTRODUCTION

Between 2017 and 2022, Power to Change partnered with [Crowdfunder UK](#) to run [Community Business Crowdmatch](#). The Crowdmatch programme offered matched funding of up to 50% of a crowdfunding target, up to a maximum of £10,000. This matched funding was available to new or existing community businesses providing services or activities that benefited their local community. Power to Change provided over £500,000 in matched funding to over 100 projects across three iterations of the programme.

The evaluation

As the last round of Community Business Crowdmatch came to an end in 2022, Power to Change appointed Clear Impact Consulting to deliver a retrospective, summative evaluation, with a focus on impact, reflection and learning. The evaluation aimed to answer various impact and learning questions (see Appendix 1) and make recommendations to Power to Change and others based on the findings.

The key evaluation questions served as a framework for the evaluation and were used to shape research tools, analysis, and reporting. Our methodology included:

- a review of all available background documents and programme data, including wider evidence on crowdfunding models;
- in-depth interviews with Power to Change and Crowdfunder UK key stakeholders, held over Zoom;

- in-depth interviews with 12 community businesses who received funding through the programme, held over Zoom; and
- thematic analysis of interview data, triangulated against analysis of the existing data reviewed in the early stages of the project.

This report

This report presents the findings from the evaluation and includes:

- background and context to the Community Business Crowdmatch programme, including a summary of crowdfunding and learning from other models, and an overview of the Community Business Crowdmatch programme;
- the key findings from the evaluation, presented under key themes that have emerged from our analysis of the data; and
- our conclusions and recommendations for the future.

2. BACKGROUND AND CONTEXT

This section provides an introduction to crowdfunding, looking at learning and evidence gathered from other crowdfunding models, as well as an overview of the Community Business Crowdmatch programme.

Crowdfunding

Crowdfunding is an opportunity for projects to be funded via small donations from individuals - 'the crowd'. Over the past few years, funders have experimented with matched crowdfunding as part of their grant programmes - 'matching' their proposed grant with the amount a project has raised from crowdfunding. Learning gathered by Crowdfunder UK shows that funders are attracted to matched crowdfunding for a variety of reasons, including the ability to adopt a more light-touch grant process, support local decision-making, and fund projects that might not qualify for other funding streams.¹

The financial and non-financial impacts of matched crowdfunding were highlighted in a review of a 2016 matched funding programme by Nesta, in partnership with the Department for Digital, Culture, Media and Sport, Arts Council England and the National Lottery Heritage Lottery Fund.² Financial impacts included the ability to leverage additional funds from 'the crowd' and increased average donation size, due to the matched funding.

Non-financial impacts included contributions beyond the money raised (such as offers of help or voluntary work with the project) and improved skill levels (such as pitching, fundraising and campaigning skills).

Positive impacts were also found to go beyond the individual project, by gaining more supporters and/or new partners or collaborators through the process and receiving additional financial support/grant as a result of the campaign.

The review also highlighted the effort and capacity needed to implement and run a successful crowdfunding campaign, especially for smaller organisations. Feedback from the funding partners also suggested that the quality of the projects backed were not always comparable to those funded through conventional grant funding streams, and information gathered on projects was not always strong enough to make detailed value judgements on their work. That said, the report recommended that funders should try crowdfunding and should consider making it part of a wide funding strategy.

A report into the Trust for London and City Bridge Trust's 'Improving Life for Londoners' fund concluded that matched crowdfunding should be viewed as an option, not a replacement.³ Although grantees appreciated accessing funding through a crowdfunding platform, they emphasised the importance of traditional grant funding, particularly the need for institutional funders to cover core costs and long-term projects.

1 <https://www.grantfinder.co.uk/finding-your-funding-match/>

2 https://media.nesta.org.uk/documents/matching_the_crowd_main_report_0.pdf

3 <https://trustforlondon.fra1.digitaloceanspaces.com/media/documents/TFLCBT - Summary Report v2.pdf>

The report also found that offering support with crowdfunding was essential in helping the success of campaigns.

The Community Business Crowdmatch Programme

Between 2017 and 2022, Power to Change partnered with Crowdfunder UK to run Community Business Crowdmatch. Crowdfunder is the UK's leading crowdsourcing platform, raising over £250 million in over 300,000 projects in partnership with over 70 partners. The Community Business Crowdmatch programme offered matched funding of up to 50% of a crowdfunding target. This funding was available to new or existing community businesses providing services or activities that benefitted their local community.

Community Business Crowdmatch was piloted from 2017 to 2019, providing matched funding up to a maximum of £6,000. It was relaunched in October 2020 as part of a wider £5 million

support package, the Community Business Renewal Initiative, and ran until October 2021 ('Round 1'). Power to Change increased the amount of matched funding available to a maximum of £10,000.

The Community Business Renewal Initiative was designed to enable businesses affected by the Covid-19 pandemic crisis to adapt, renew, and rebuild their businesses so they could remain financially viable and best serve their local communities during the pandemic. Building on previous success, Community Business Crowdmatch relaunched in October 2021 and ran until August 2022 ('Round 2').

Across its three iterations, Community Business Crowdmatch enabled Power to Change to deliver £520,609 across 106 projects in funding directly to community businesses. See Table 1 below for a breakdown across the rounds.

Table 1. Total amounts pledged⁴

	Pledges (£)				Successful projects funded	Number of backers	Avg. crowd pledge	Amplification (for every £1 pledged by PTC)
	Power to Change	Funding partners	The crowd	Total				
2017-2019 ('Pilot')	85,000	20,137	206,545	311,682	24	3,251	£63.53	£2.67 (367%)
2020-2021 ('Round 1')	170,000	97,474	349,065	616,539	36	6,510	£53.62	£2.63 (363%)
2021-2022 ('Round 2')	265,609	277,048	1,043,903	1,586,560	46	13,680	£76.31	£4.97 (597%)
Total	520,609	394,659	1,599,513	2,514,781	106	23,142	£69.12	£3.83 (483%)

⁴ The data in this table is current as of 6 February 2023. The amount of money raised by the 'crowd' will continue to increase for projects that have been set up as 'always open', allowing community businesses to continue raising funds from the 'crowd' once the project has been closed successfully.

Crowdmatch campaigns backed by Power to Change exceeded their funding targets, raising 129% of their target on average. Campaigns that were declined Crowdmatch funding on average raised 67% of their target. The campaigns also gathered a considerable number of backers, with 23,142 backers since 2017 and an average of 218 backers per campaign.

As of February 2023, over £2.5 million had been raised across projects supported by Community Business Crowdmatch since 2017. This means that as of February 2023, for every £1 Power to Change invested in a Crowdmatch campaign, community businesses raised around £3.83 in additional funding (through both members of the public and other funders). For the most recent round, this was £4.97 in additional funding for every £1 invested by Power to Change.

Characteristics of Community Business Crowdmatch grantees

Community Business Crowdmatch was aimed at emerging, new, and existing community businesses. Most community businesses backed by Power to Change were Community Interest Companies or Charitable Companies (see Appendix 2 for a further data on organisation types).

Whilst open to all, Power to Change and Crowdfunder UK were particularly interested in supporting projects in the most deprived areas of the country, and to work with ethnically diverse individuals and community business leaders across England.

From 2020 onwards, several equity measures were set as KPIs to help Power to Change monitor whether funding was reaching people experiencing marginalisation. These KPIs included:

60%

of grantees are from the 30% most deprived areas in England, as measured by the Indices of Multiple Deprivation (IMD), scoring between 1-3, of which:

30%

are from areas with an IMD score of 1 (most deprived 10%)

20%

of grantees are BAME-led.

The self-reported data collected during the application process in Round 1 is shown in Figure 1.

Figure 1. Round 1 KPIs

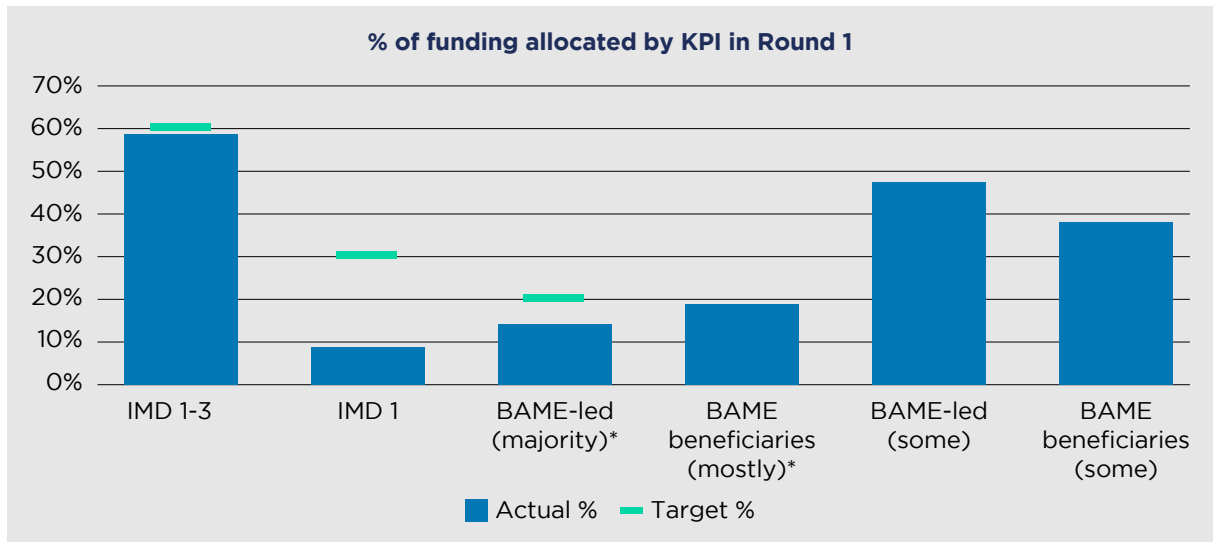
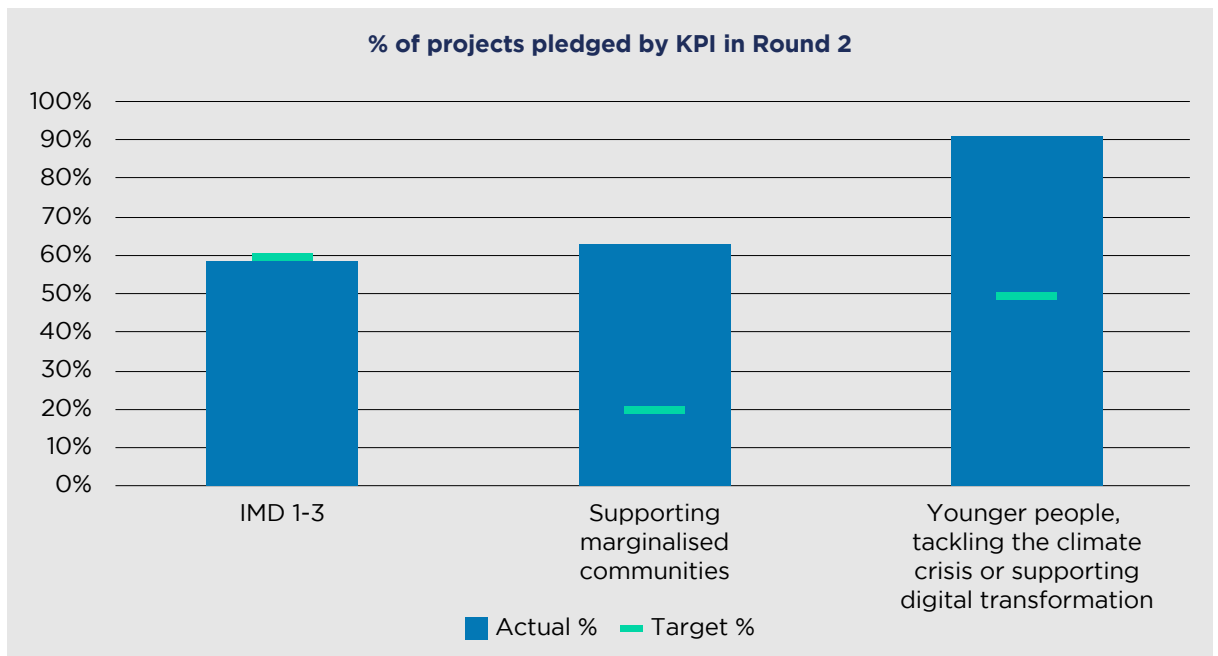


Figure 2. Round 2 KPIs



The target that at least 60% of total funding should be allocated to those serving communities in IMD groups 1 – 3 was very close to being achieved, with 59% of funding going to organisations who served these communities. However, the target of 30% of funding going to communities in IMD 1 was considerably below, as was the KPI of 20% of funding to BAME-led organisations.

In the second round of funding, KPIs were changed to include:

20%

of grantees are organisations led by and supporting marginalised communities to reduce inequality (as opposed to 'BAME-led')

60%

of grantees are from the 30% most deprived areas in England, as measured by the Indices of Multiple Deprivation (IMD), scoring between 1-3, of which:

30%

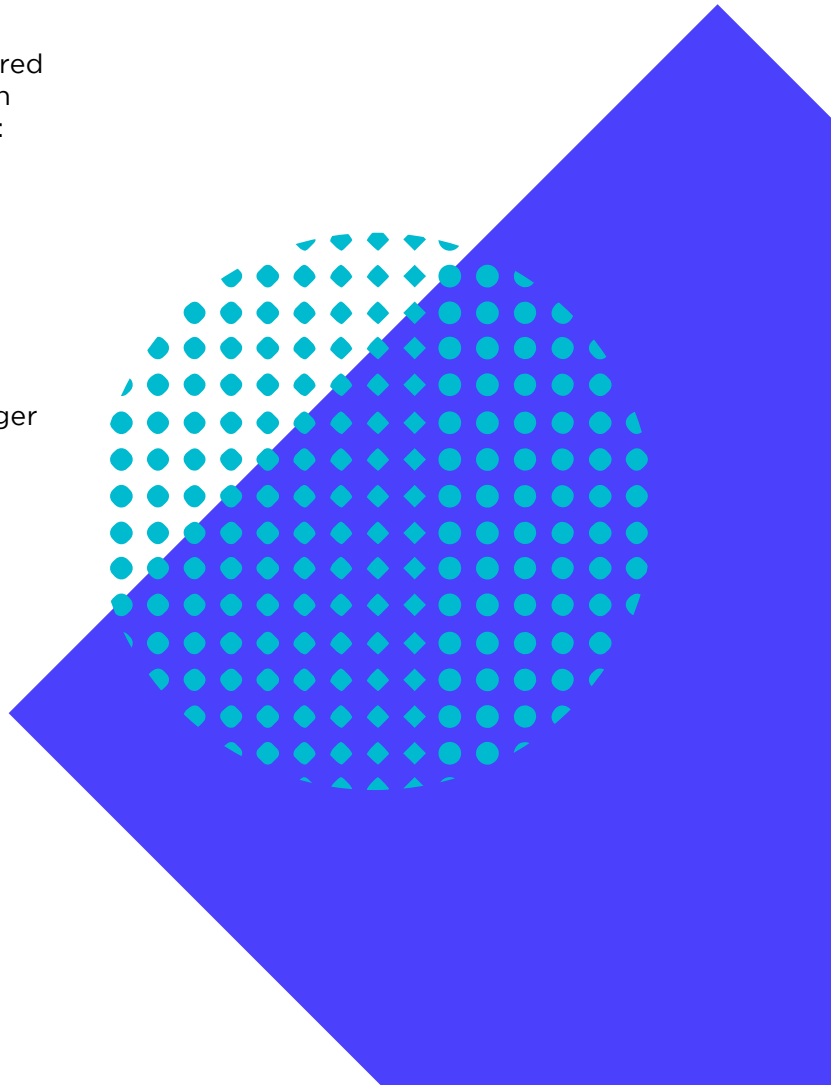
are from areas with an IMD score of 1 (most deprived 10%)

5%

are from projects either led by younger people, tackling the climate crisis, or supporting digital transformation

According to the self-reported data in Figure 2, the first and fourth of these KPIs were exceeded, with 63% (29) of projects supporting marginalised communities, 37% being led by younger people, 35% tackling the climate crisis and 20% supporting digital transformation. The second was almost met, with 59% projects (27) supporting communities with IMD scores of 1-3.

The projects also supported a range of beneficiaries across a variety of age groups. The most selected characteristics of beneficiaries were mental health conditions (36 projects, 69%), living in poverty (30 projects, 58%) and long-term unemployment (28 projects, 54%). More detail is provided in Appendix 2.



3. FINDINGS



This section details the key findings from the evaluation. These are primarily based on the interviews with 12 community businesses who participated in the Community Business Crowdmatch programme and received funding from Power to Change, as well as analysis of the impact surveys distributed to all community businesses at the end of their crowdfunding campaigns.

Crowdmatch has had a significant financial impact on community businesses

Community Business Crowdmatch offered matched funding of up to 50% of a crowdfunding target, up to a maximum of £6,000 in the pilot and £10,000 in Round 1 and 2. It was initially designed to enable businesses affected by the Covid-19 pandemic crisis to adapt, renew, and rebuild their businesses so they could remain financially viable and best serve their local communities during the pandemic.

It is clear from the evidence gathered that the crowdfunding campaigns run by community businesses have had a significant financial impact. For many, especially those who had been particularly hit financially by the Covid-19 pandemic, the funding helped them at a point of significant need or indeed crisis.



We did it to support our services over the winter. We hit a bit of a blank spot in our fundraising and decided that crowdfunding would be a good way to meet our projected deficit and safeguard our services.

Many organisations said that they may not have been able to continue without the funding; others said that they couldn't have proceeded with their activities as planned or at the pace they were able to. Most organisations said that they probably wouldn't have been eligible for any other types of funding – either because of the type of costs required or because they were new organisations without the relevant financial track record. This meant that crowdfunding was the only option for many community businesses at that point in time.



The reason we went for crowdfunding on this occasion was because it was to pay bills – things we needed for the pub to function.



It was the only option for us – at that time, because we didn't have accounts, most funding wasn't available to us. Even to this day, some people need two years of accounts. That's where crowdfunder came in.

“

It put us about 5 years ahead of where we could have been. We have been able to do things so much quicker rather than waiting for money to come in all the time – it pushed us hugely forwards... We’ve got a 5, 10 and 25 year plan – we are close to our 10 year plan now because of the funding.

A pledge from Power to Change also helped some community businesses raise their profile and credibility locally, helping to attract funding from other sources.

“

The Power to Change pledge gave us a great reputation in the city. We were a little known charity in the city. We became a trustworthy charity because of it.

Responses to an impact survey distributed by Crowdfunder UK suggest that the funding contributed to both one-off and ongoing costs: 44 of the 52 respondents (85%) had planned to spend their funding on at least one one-off cost and 39 of the 52 (75%) on one ongoing cost. The charts below (Figures 3 and 4) show the range of costs that funding contributed towards – from purchasing assets such as a furniture or equipment, to covering utility bills.

Figure 3. One-off costs

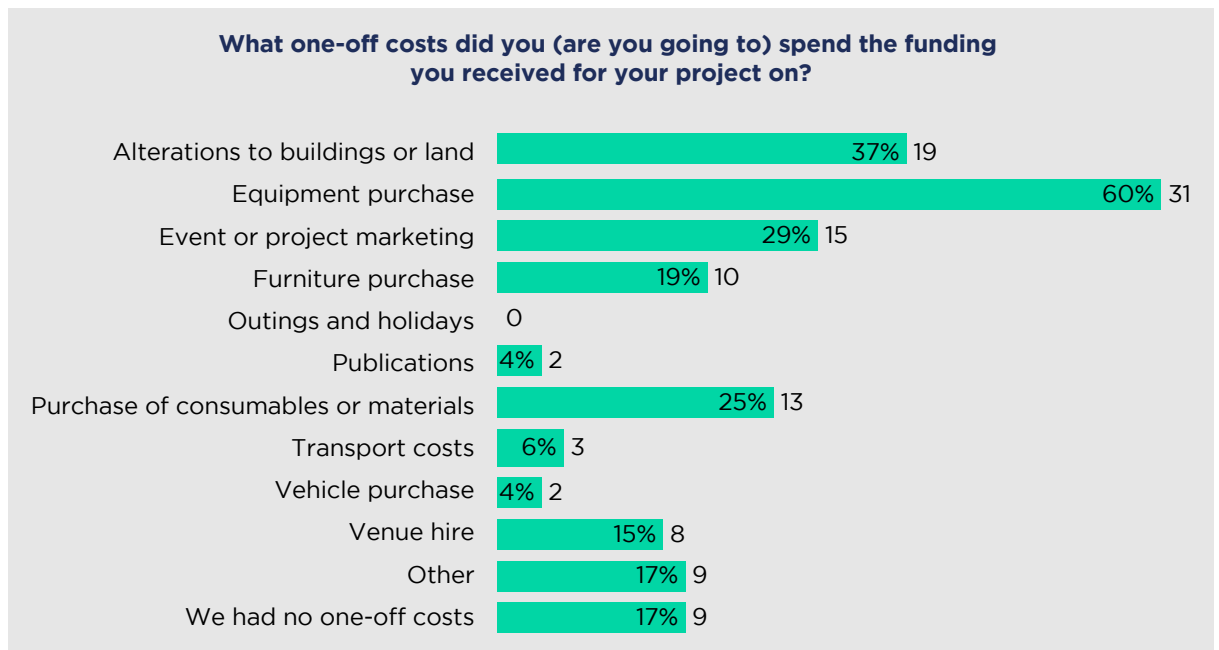
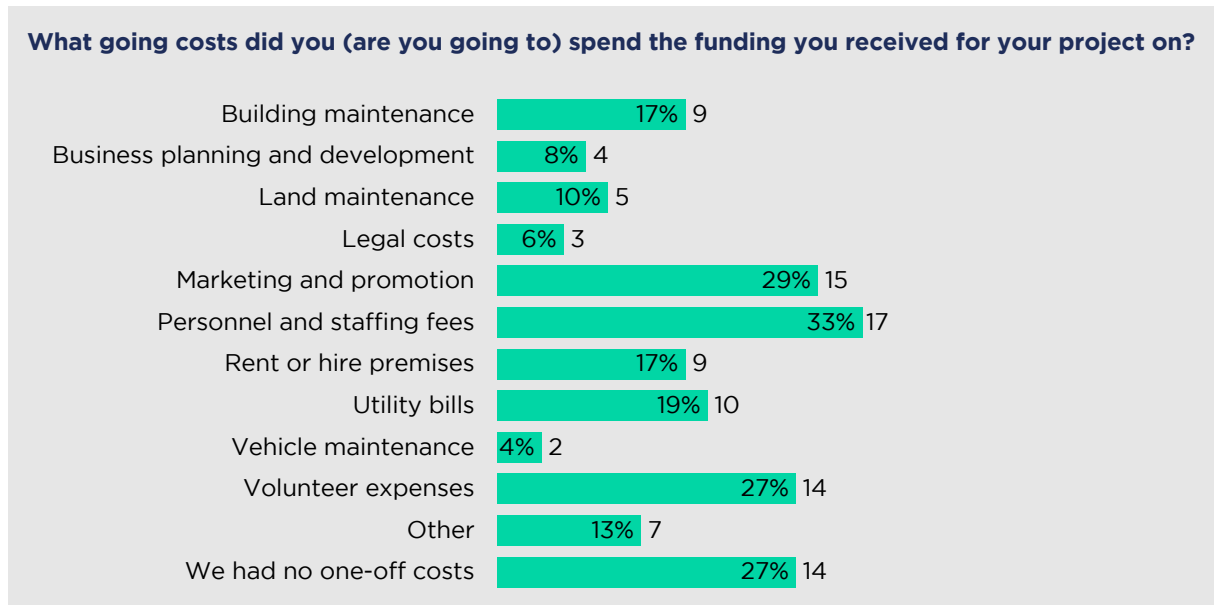


Figure 4. On-going costs



The flexibility of the funding was welcomed

Community Business Crowdmatch funding was distributed to help communities to develop, test, or grow their community businesses. Power to Change did not provide a long list of what funding could and couldn't be spent on. Many grantees commented on how much they valued the flexibility of the funding.

Given the nature of crowdfunding, and that the match funding from Power to Change was only a proportion of the overall money raised, community businesses commented that Power to Change were not overly strict on how the funding was spent. This meant that if plans changed, funds could be repurposed, whilst still furthering a charitable purpose. Community businesses welcomed this flexibility and reduced reporting requirements, as illustrated in the quotes below.

“

I guess it gives us flexibility to change to a community's needs as we get to know them better rather than pre-plan an entire project to the letter and then not be able to be flexible when things change... we didn't want to have to itemise everything ... not having to commit and then go back to a funder and say, oh, things have changed... It's helpful.

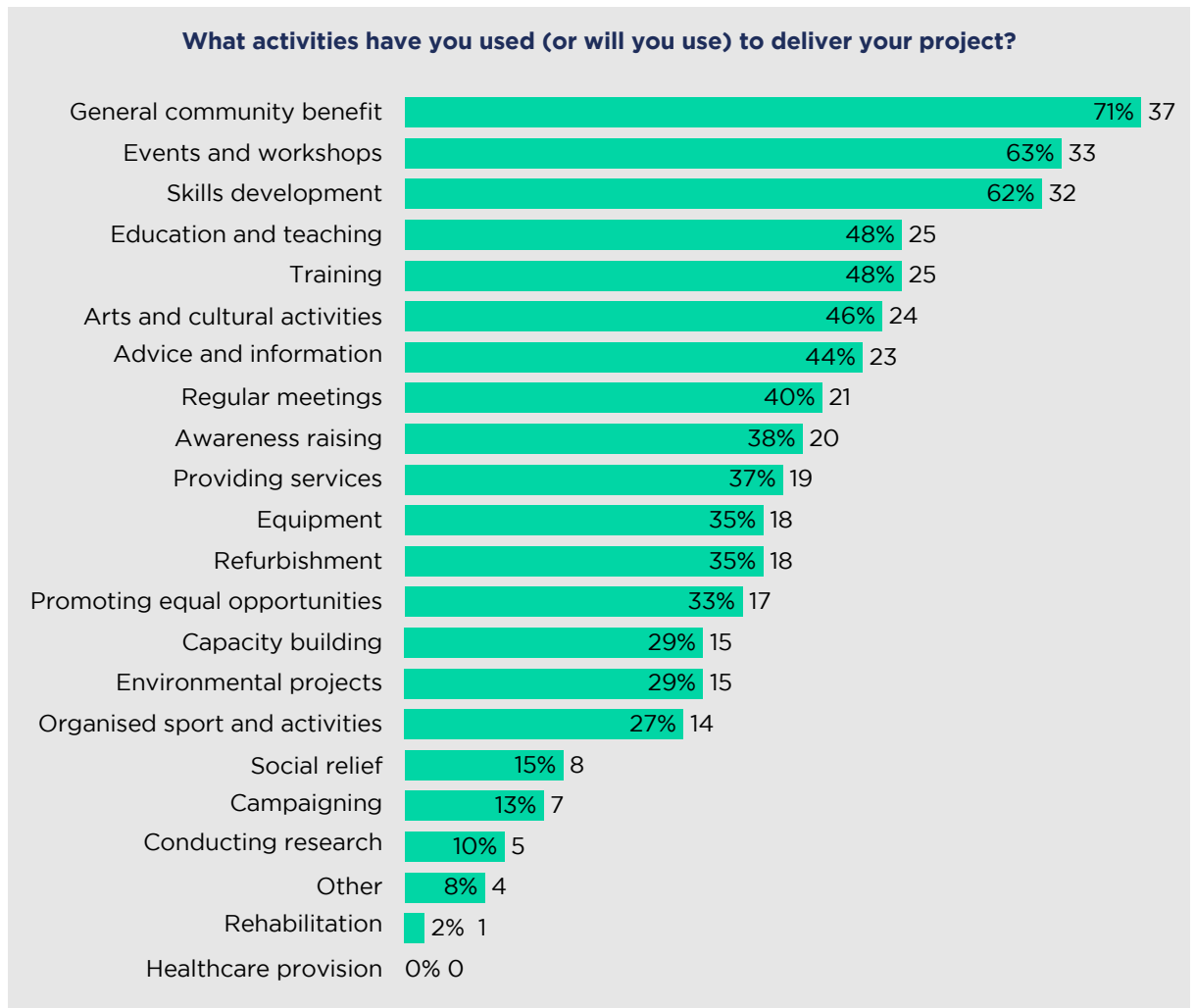
“

Some of the other funders that we go to, they really specifically want to know what you are doing with this money, how many people is it impacting... on the application, you're saying there'll be X amount of workshops reaching X amount of people, X amount of digital engagement, and then you have to evaluate against that. So yes, it's less easy to find money that you can just go, okay, it's for a programme of work, or we can use this to help us develop this thing and have the freedom to spend that money... but we do take that very seriously though, that money is still spent wisely. We're not frivolous with that at all. And we always try to be accountable to the people that donated.

When asked about what activities the funding would be used for, “general community benefit” was the most selected. This category is very broad and in future impact surveys it may be useful to break this concept down. However, it does highlight that funding was utilised to cover activities that are essential to the running of an organisation, but typically difficult to fund through traditional funding routes.

Moreover, the flexibility of the funding allowed organisations more freedom to adapt as their contexts changed or as they faced new challenges in the aftermath of Covid-19 pandemic and the emergence of the cost-of-living crisis.

Figure 5. Activities covered/expected to be covered by the funding

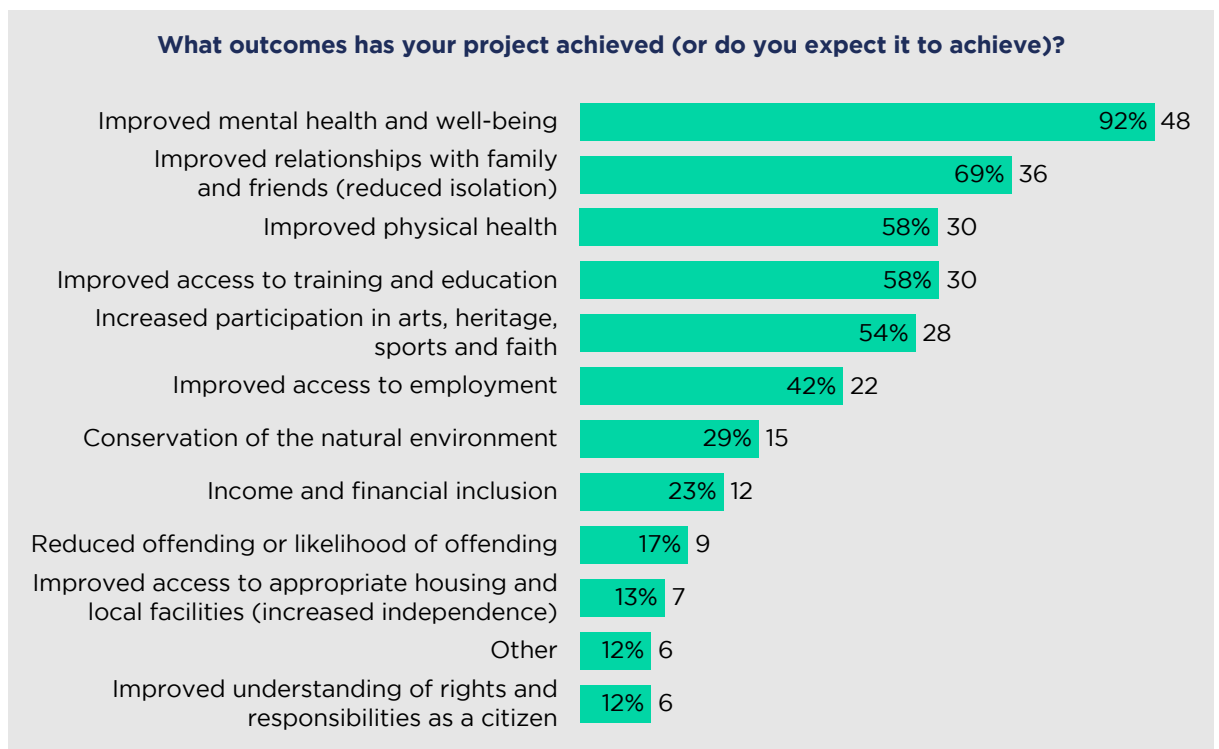


Crowdmatch has enabled funded organisations to continue to provide wide-ranging benefits for their communities

Community Business Crowdmatch was open to all community businesses, providing a wide range of benefits for their local communities. Crowdfunder UK asked community businesses to specify what outcomes their projects have achieved or expected to achieve.

The most reported outcomes related to improvements in mental health and wellbeing (98% of projects), followed by improved family relationships (69%), improved access to training and education (58%), and improved physical health (58%). Over half of the projects (54%) also reported increased participation in arts, heritage, sports and faith - which is a wide category and may benefit from being broken down in future surveys.

Figure 6. Outcomes achieved/expected



Our interviews suggested that grantees used the funding to maintain or expand existing activities. It is unlikely that Community Business Crowdmatch resulted in specific outcomes for community businesses, but instead provided them with the foundation to deliver their work and ultimately improve the outcomes achieved by their organisation.

The funding has been crucial to the ongoing delivery of many community businesses, meaning that it has contributed to the ongoing wide-ranging benefits that community businesses provide for their communities. Some examples can be found below.

RABBLE Theatre

RABBLE Theatre make award-winning, community-focused professional theatre productions, held in unconventional venues. They also offer a variety of adult and youth acting classes, workshops and masterclasses. While they endeavour to keep ticket prices as low as possible, they were concerned that finances were holding many talented people back. They wanted to make their work accessible to anyone restricted by finances, by creating a hardship fund which they felt would create equality of access. Their crowdfunding campaign was used to create the RABBLE Hardship Fund, allowing them to engage with adults and children from low incomes for one year, providing free opportunities for interaction, skills and friendships at high-calibre productions and classes.

Spark Community Space

Spark Community Space is a Portsmouth based community business, working to reach those who feel they have been left out or left behind, giving people a place to belong, to be part of a community of support, to heal together and to spark back into life. Founded in 2020, it started as an online coffee and chat space, and through their crowdfunding campaign, they have been able to secure a new physical space where they can offer support to people and allow the community to come together. Having the money upfront meant that they were able to pay a whole year of rent and as a result, get a reduction in costs. Crowdfunding was the only option available to them, being a relatively new organisation that was unable to provide two years' worth of account that some funders ask for. Without their campaign and the matched funding from Power to Change, they would not have been able to open the space and support their community in the way that they are now.

Wigan Cosmos Football Club

Wigan Cosmos Football Club is a well-established community sports and local community Football Club. The club has been going since 2004 as a small team and after several attempts to find their own pitches/club, acquired a site that was in significant need of repair. The aim of their crowdfunding campaign was to raise money to renovate and develop the site into a state-of-the-art sporting facility, that is affordable, accessible and inclusive. The funding has transformed the site and made a huge difference to the local community, making it a safer and more secure area with excellent facilities.

Crowdfunding helped to build engagement with the community, as well as other wider benefits

It was expected that Community Business Crowdmatch may have additional non-financial benefits for community businesses. It was clear from the interviews with community businesses that the crowdfunding campaigns had realised wider benefits beyond the financial impact. There were several examples where community businesses said they had seen increased community engagement after running their crowdfunder. Many talked about how the campaign had helped them to raise their profile, with several mentioning that they were able to get their campaigns into local newspapers and radio. Some interviewees also shared stories of community members who had become particularly engaged with the campaign, enabling the development of closer relationships.

“**We’ve built relationships with people in the community because of it – there was one man who kept putting £20 in. He’s down all the time and we want to put his name on one of the benches. We made good contact in the community because of it.**”

“

This was a much more local project [than the one I’d been involved with before]. Being in the local area and seeing it, hearing it being spoken about, it was amazing to hear it. The crowdfunder was intended to bring it to life, to show the government that the local community wanted it, and that’s what it did.

That said, the success of the campaigns, in most cases, relied on strong relationships with the community to garner interest and support. It is probably fair to say that community businesses wouldn’t necessarily have embarked on a crowdfunding campaign if they didn’t already have a good level of engagement. However, many were still able to build on this further and develop stronger relationships than they had previously. One organisation also used the funding to make their activities more accessible for low-income families, which helped to develop a closer relationship with those communities.

“

Our activities are cheap but still there are people who aren’t able to access them. We wanted to bolster the access fund to bring in adults and children from low incomes for one year. I think it has helped us access those communities – they told their families and friends about us, and we have gone on to work with a school on a regular basis.

Beyond this, there have been wider benefits for many organisations, consistent with evidence of crowdfunding models elsewhere. Community businesses welcomed the opportunity to share their story in a way that made sense to the local community, helping to garner further support, and some said that people not only offered their money but also other services and their time. For some, this had developed into a longer-term volunteering offer.

“**We are yet to launch our website, we have a social media presence, but the ability to have a page and a video and the focus of telling our story, that had quite a big reach and impact. People were liking and sharing it. The crowdfunder also elicited some negative comments - what we were spending people’s money on, where and why - and that gave us an opportunity to deal with those people and any objections. The rewards garnered a lot of good will from our patrons.**

“**One really significant thing is we had a couple of people come from a local church and they’ve now ended up being long time volunteers... it means [our] staff are free to go off and do something else, so they’ve almost boosted our organisation with that time... and [the activity they deliver] attracts a slightly different group of people, so we’re reaching more people through people who’ve just chosen to give us their time.**

Data from the impact survey also backs up these findings from the interviews, suggesting that crowdfunding campaigns had some additional benefits for organisations: 48 of the 52 respondents (92%) thought that the campaign had helped to gain a stronger public profile; 42 respondents (81%) said it had helped build their number of supporters; and 31 (60%) said that it helped them reach more beneficiaries.

Figure 7. Benefits of crowdfunding



The matched funding was a huge incentive for people to donate

Community Business Crowdmatch offered 'target' matched funding of up to 50% of a crowdfunding target, up to a maximum of £6,000 in the pilot round and £10,000 in Round 1 and 2. All interviewees emphasised the crucial role that matched funding from Power to Change (and other funders) played in their crowdfunding campaigns. Typically, community businesses had already decided to run a crowdfunding campaign and had chosen Crowdfunder UK as their platform for their campaign. Where appropriate, Crowdfunder UK had suggested that community businesses apply for Power to Change's Community Business Crowdmatch funding, often alongside other funders, such as Aviva, Sport England, British Airways and The Co-operative Group ('Co-op').

In the interviews, matched funding was seen as a good incentive to get people to give, knowing that their money would significantly increase with the matched funding. Other funders did this 'per donation' so individuals could see their own donation matched on the crowdfunding page, which was deemed very effective. Others explained that the matched funding approach taken by Power to Change, whereby a lump sum was given at a certain point in the campaign, often helped to drum up further support when activity had slowed.

“ I think [the matched funding] was huge. It helped immeasurably knowing that people's donations would be doubled and match funded – that's a significant incentive for people to give a donation.

“

When we did the Co-op one just now, it comes up that their money has been matched by Co-op which was good – their £10 became £22.55 by the time it was matched and gift aided. Whereas with Power to Change, it jumped by £1k when we got there.

The application process was generally seen as straightforward and far simpler than other funding applications

To apply for Community Business Crowdmatch funding, community businesses needed to start a Crowdfunder application, apply for extra funding through a short online application form within Crowdfunder UK, and then launch the project once approved. Most interviewees said that this application process was generally straightforward.

A minority not used to the process found it a little burdensome having to apply to Crowdfunder UK and then to each of the different funders on the platform, but for most, it was an easy process and far simpler than other funding applications. One interviewee said that they found it very encouraging to be backed by a funder in this way, showing trust in them as an organisation and in their work.

“

The process was so much quicker and more efficient, and very easy compared to other funding mechanisms... this was one of the quickest forms I ever filled in... and then it was one of the quickest answers we got... and that is really helpful, especially when the crowdfunding is only a month, so we needed that kind of pace. But also just as an organisation, it is encouraging when people just think that's a great project and back us rather than try and shape what we do and tell us that we're doing it wrong or that we need to do it to match the funder.

Running the campaigns was stressful but a good learning experience

To receive a pledge from Power to Change, community businesses needed to raise at least 25% of their initial target from a minimum number of unique supporters (25 unique supporters if the target was up to £5,000 to 100 unique supporters for a target above £15,001). To successfully receive the pledged funds, community businesses needed to raise at least 100% of its funding target by the target date, set by the community business.

Many of the community businesses interviewed said that the experience of running their crowdfunding campaigns was quite stressful. Much of this was due to concerns about hitting their target in time to secure the matched funding. This also made choosing the initial target date and amount difficult.

“**It was very stressful... You’ve got that money promised but you’ve got to hit that target. I had sleepless nights over it.**”

“**We aimed for £7,500 and £7,500 matched. I’m not sure we would have hit a larger target. It was predominantly based on what we needed, would like and what match funding was available. It was a little bit ‘finger in the air’. Nearing the end of the deadline, we were nervous about hitting the target.**”

Interviewees were also surprised by the amount of work needed to keep the campaign going. Those who had previously run a crowdfunder or who had strong marketing and communication skill found it easier, largely because they knew where to market it, how best to use social media and had planned elements ahead of time. Even those with prior experience commented that it was a very busy time when the campaign was running.

“**I’ve spent 25 years in sales and marketing, but even so, I didn’t appreciate how much work it would take to create the content. The challenges of creating a video – the video was great but if we’d tried to do anything with production quality, that would have been difficult.**”

“**I have a lot of experience in arts marketing and running the set up in the beginning of it is quite a lot of work. And the second, the third time I came to do it, I was like, I think I’ve got this. And then I forgot quite how much work it was. The continual promotion and the continually reminding and the social media scheduling... it’s a lot of work.**”

Despite the work that was required to make the campaigns successful, some interviewees said that it had been a good learning experience and that they would probably be able to do a better job if they ran another crowdfunding campaign again in the future. This was also reflected in the impact survey, where all respondents (56) said that they felt better equipped to run another campaign now. Some also said that a lot of the content that was created for the campaign was reusable and therefore valuable for their organisation.

“**It was a steep learning curve – what it did was help to focus our intention on telling our story. That is very valuable and reusable content. The steep learning curve was in terms of promotion – getting it out there and to people. If we did it again, it would probably be better.**”

Community businesses would consider crowdfunding again but not for a few years

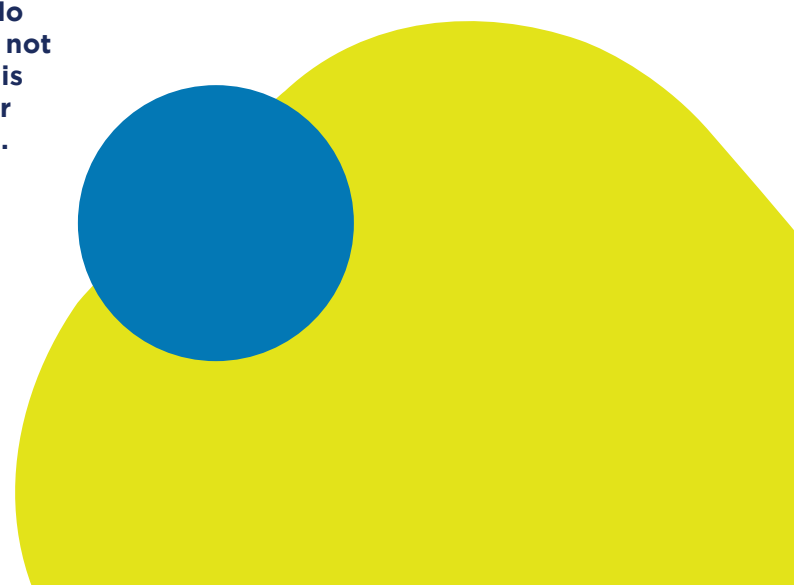
Most interviewees said that they would consider running a crowdfunding campaign again (some already had). This was also reflected in the impact survey, where 53 (95%) of respondents said that they would consider crowdfunding again in the future. However, interviewees also said that it wasn't something they could do frequently. On the whole, interviewees felt that they couldn't ask people to give money again for at least a few years, particularly when many people are struggling financially during the cost-of-living crisis.

“**It's too soon to do it again – also because of the cost-of-living crisis. A lot of people put £5 or £10 in and they've seen the benefit for their community, everyone comments on how much better it's looking. But it's too soon now – I'm going out begging people to donate and it's quite stressful to do that, and asking for that sort of help. I find that quite tough, especially with the cost of living as it is at the moment. They have bigger concerns at the minute. We could look at it again in five-ish years maybe for a lesser amount, but it depends how everything goes in society.**

“**Maybe in another five years [we would do it again]. It's just one of those things where you can do one campaign and do it well, but then you have to stop – it's not a viable long term funding pipeline. It is great and we definitely would consider it in the future, but not the near future.**

Interviewees felt that crowdfunding was a useful mechanism for generating funds in certain circumstances but needs to be part of a wider funding strategy. They noted that there are pros and cons to crowdfunding and that they could never rely on that solely. One interviewee pointed to the fact that crowdfunding does require a lot of skills and effort, and incurs costs, all of which must be accounted for, before the matched funding is even guaranteed.

“**As a method for distributing funding, it's got upsides and downsides – you can only do a crowdfunder every now and again, but charities need funding all the time. As a delivery mechanism for funding, having to extricate that much funding from your community who are all really struggling, to be able to access money from funders who already have it sitting there is a bit annoying. It skews it towards larger organisations who have got the marketing, comms, video skills already in-house, which not everyone does. A video is an upfront cost that you have to be able to shell out to get all of your marketing in place. You are basically gambling it before your crowdfunder starts.**



4. CONCLUSIONS



There is clear evidence that the crowdfunding campaigns supported by Community Business Crowdmatch had a considerable positive impact for the community businesses who ran them. The funds generated had a significant financial impact, with £2,514,781 raised in total by community businesses since 2017. Programmes such as the Community Business Crowdmatch help to significantly amplify a funder's investment, with every £1 Power to Change invested in a Crowdmatch campaign leveraging around £3.83 in additional funding (through both members of the public and other funders). It is clear that Community Business Crowdmatch helped organisations through a challenging financial period, giving them the necessary funds to improve facilities or expand their offer. For many organisations, crowdfunding was the only funding option.

The matched part of the funding was crucial and made a big difference to the crowdfunding campaigns. While on the whole community businesses had already embarked on their crowdfunding campaigns prior to applying to Crowdmatch, the additional matched funding of up to £10,000 from Power to Change's Crowdmatch programme helped to secure pledges from community members and other funders. It also provided an added incentive to reach the target, rejuvenating campaigns that had started to slow down.

Community businesses involved in the programme had used the funding to maintain or expand existing activities, providing a solid foundation to deliver their work and ultimately improve the outcomes achieved by their organisation. The funding was crucial to the ongoing delivery of many of the community businesses we spoke to, helping them to continue to provide a wide range of benefits for communities.

Crowdfunding also had wider benefits for the community businesses involved. Strong existing community engagement was thought to support the development of successful campaigns, but there were examples where crowdfunding had helped to strengthen local profiles and improve relationships with community members. In addition, the resources developed for the campaign could be used again to help tell the story of a community business and garner support, and there were examples where community businesses had received offers of non-monetary support as a result of their campaigns.

It was clear from our interviews that running a crowdfunding campaign requires significant time and capacity, and most community businesses found it to be a stressful experience. Choosing the target for the campaign is a fine balance of what an organisation needs and wants versus what might be realistic to achieve from 'the crowd'. Going through the process was a steep learning curve and most felt they could run a crowdfunder better next time.

From a funder perspective, crowdfunding is a relatively simple way of distributing funding, albeit requiring a quick turn around on decisions, and community businesses found the application process and reporting requirements were far simpler than other funding mechanisms. Nearly all community businesses would consider running a crowdfunding campaign again, but most felt they would need to wait a few years before they go back to their community members to ask for financial support. Overall, crowdfunding seems to be a useful mechanism for supporting community businesses when other funding routes are not available to them, and as part of a broader funding strategy.

Based on the findings of this evaluation, we recommend that Power to Change and other funders providing matched funding for crowdfunding projects:

1

Offer community businesses the option of **donation-by-donation matched funding or target matching**

2

Ensure **monitoring and evaluation is appropriate to the scale of matched funding**, and factor in time for analysis, reflection and learning of any crowdfunding data collected

3

Consider **offering funding on an annual basis to support community businesses**, particularly those facing financial challenges, wanting to improve their facilities and services, and new and emerging businesses with lower turnovers and less than two years of accounts.



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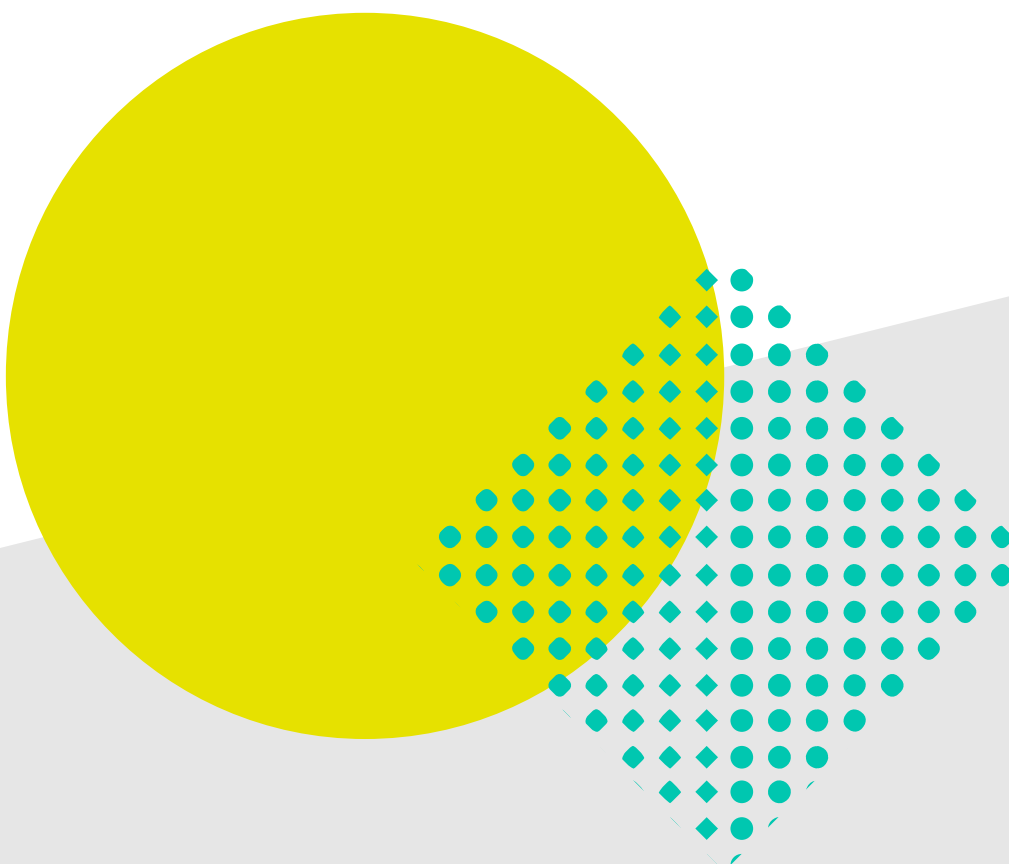
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APPENDIX 1: EVALUATION QUESTIONS



Impact

- **Broadly, what impact has the Crowdmatch programme had on community businesses who received funding?**
 - Does funding from the Crowdmatch programme catalyse pledges from the local community?
 - Does a promise of funding from an external source help to kick-start a campaign or incentivise others to pledge support?
 - Once secured, does this method of funding lead to greater community buy-in to the community business?
 - What is the financial impact of the programme on community businesses?
- **What other impacts does this funding have? Is this unique to this model of funding? For example, this may include but is not limited to:**
 - Community engagement
 - Focus on business processes and/or trading
 - Marketing and communication skills

Learning

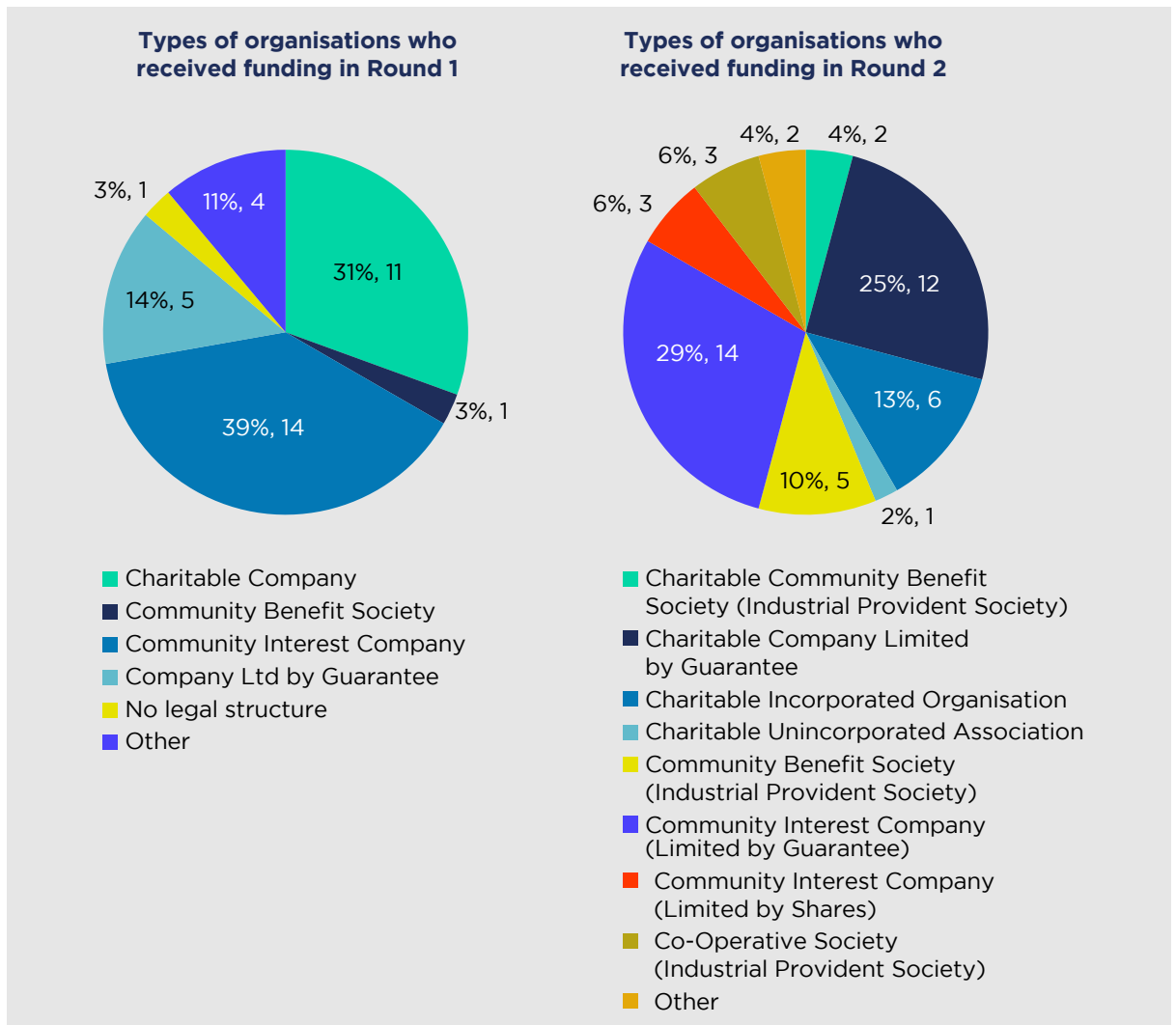
- **What learning is there about this approach as a funding model?**
 - What are the key benefits and pitfalls of using a crowdfunding approach from a funder's perspective?
 - Does funding in this way ensure community businesses are more responsive to their local community (as a result of the direct funding from community members)?
 - Does match funding enable community businesses to attract a greater level of investment?

- Does match funding attract organisations (in particular, organisations who have not previously worked with Power to Change before Community Business Crowdmatch) to apply for further Power to Change funding and support?
- **What learning is there about the programme itself?**
 - What are community businesses' experience of the programme? For example, was the eligibility criteria clear in the process?
 - What can be improved?
 - What was successful in the programme?
 - Are there any key features within community businesses that were successful, which others can learn from?
 - What did they learn during the process, and what's relevant for other community businesses?
- **Other learning questions**
 - How does the Community Business Crowdmatch programme compare to other crowdfunding partnerships?
 - How might issues such as the cost-of-living crisis affect the viability of crowdfunding models? For example, if charitable giving is reduced?
 - How might crowdfunding models be a good mechanism for supporting community business through issues such as the cost-of-living crisis?

APPENDIX 2: BREAKDOWN OF APPLICANTS

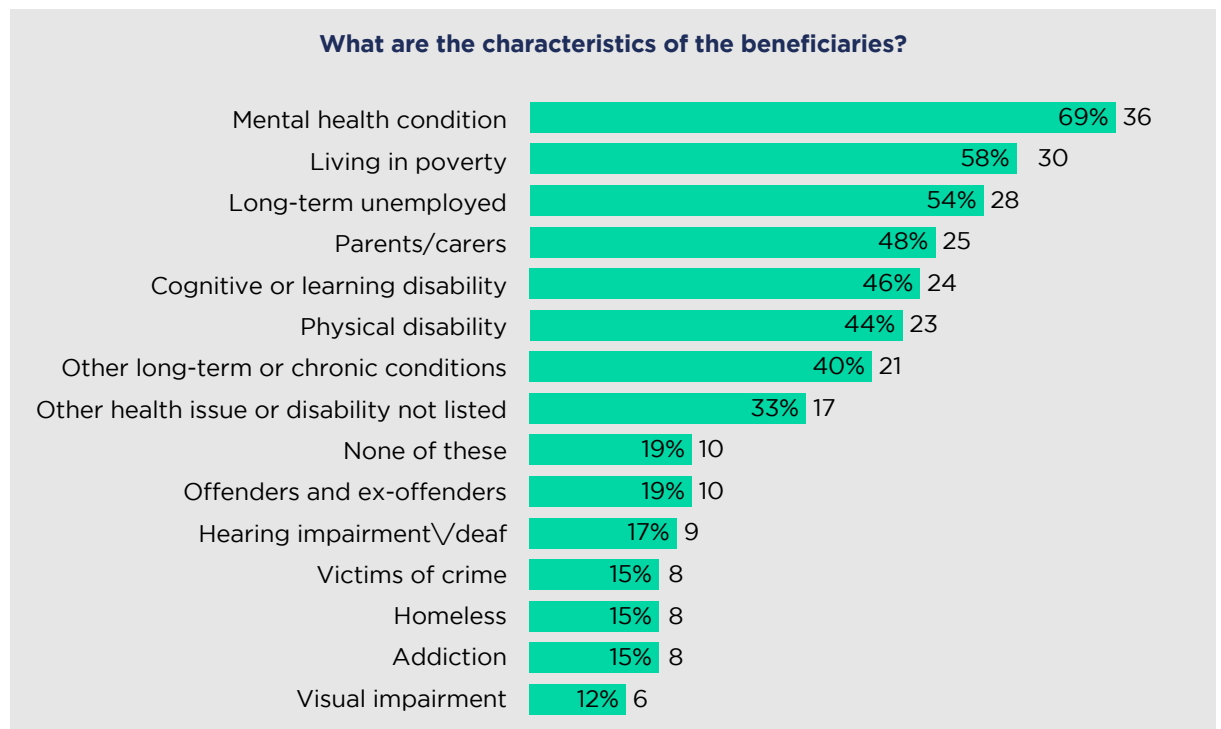
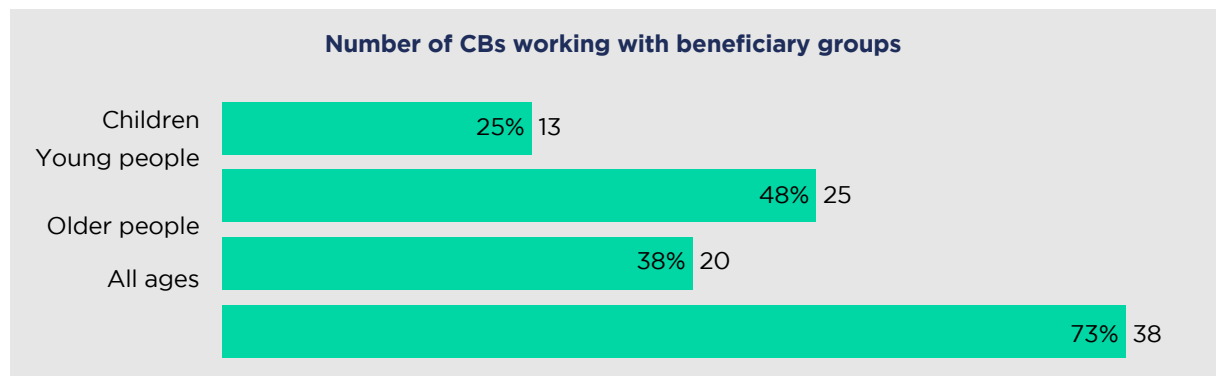
Organisation type

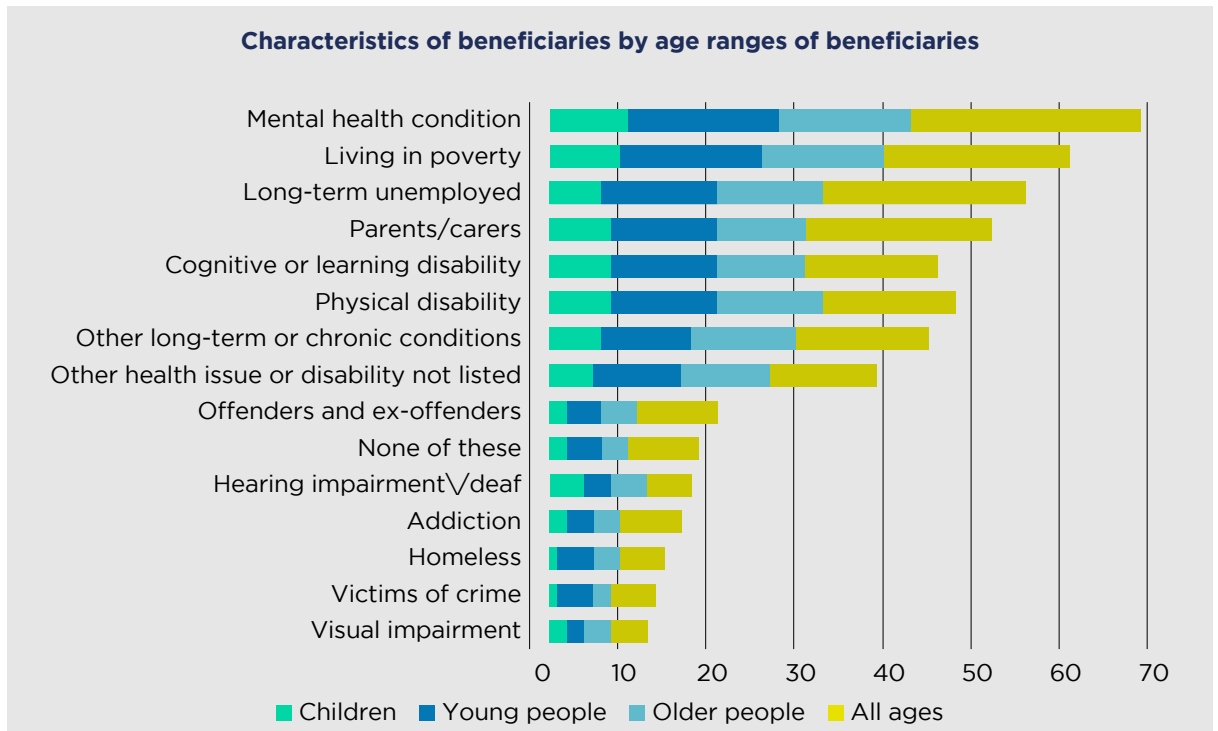
The following data was self-reported by community businesses during the application stage of Community Business Crowdmatch. Slightly different organisation types were specified in the different application rounds. The two most selected answers were Community Interest Companies or Charitable Companies (the second round specifically listed Charitable Company Limited by Guarantee).



Characteristics of beneficiary groups

The following data was self-reported by community businesses who completed Crowdfunder UK's Impact Survey.







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