Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**CABINET - 5 OCTOBER 2020**
Report Number	**AGENDA ITEM 8**
Subject	**NEW APPROACH TO COMMUNITY GRANTS - CIVIC CROWDFUNDING**
Wards affected	ALL
Accountable member	Cllr Mike Evemy, Deputy Leader and Cabinet Member for Finance Email: mike.evemy@cotswold.gov.uk
Accountable officer	Jacqueline Wright - Community Wellbeing Manager Tel: 01285 623617 Email: jacqueline.wright@cotswold.gov.uk Joseph Walker - Community Partnership Officer Tel: 01285 623146 Email: joseph.walker@cotswold.gov.uk
Summary/Purpose	To present the case for procuring a Civic Crowdfunding platform for Cotswold District, to enable community fund raising and an alternative approach to Council community investment
Annexes	Annex A - Spacehive Partner proposal
Recommendation/s	a) *That Cabinet considers the opportunity presented by investing in a Crowdfunding Platform* b) *That Cabinet agrees to promote its Community Projects Fund and Community Revenue grant scheme through the platform, as 'funds' to pledge the Council's support for community initiatives* c) *That Cabinet agrees to the proposed procurement* d) *That Cabinet agrees to delegate authority to the Deputy Leader to agree the scheme criteria, in line with the Council's priorities.*
Corporate priorities	Help residents and communities to access the support they need to ensure a high level of health and wellbeing, Respond to the challenges presented by the Climate Change Emergency
Key Decision	No
Exempt	No
Consultees/ Consultation	Cabinet, Senior Management Team

1. **BACKGROUND**

    Through a one-off allocation of £85,000, the Council operated a revenue grant scheme during 2019/20, the Community Activity Support Grant, which was designed to provide a relatively light touch way of supporting activities bringing residents together and thereby increasing social interaction and promoting well-being. Through the Medium Term Financial Strategy, the Council has agreed a year on year allocation of £85,000 for a successor scheme. In parallel, the Council puts £50,000 per annum into its capital grant scheme, the Community Projects Fund, targeted on supporting community building and play areas. In looking at how the revenue scheme should be taken forward, particularly in the light of the financial challenges created by Covid-19, this report identifies how investment in a crowdfunding platform could lever better outcomes from the Council's investment in grants and improve transparency and civic engagement.

2. **MAIN POINTS**

2.1. **Civic Crowdfunding platform**

2.1.1. Crowdfunding isn't something new, so much as a new term for something that is massively enabled through 'new' internet platforms. Many of our civic buildings were originally financed through public subscriptions and donations, and more recently community share offers and donations have been used to support community shops in particular.

2.1.2. The term 'civic crowdfunding' refers to a subcategory of crowdfunding through which citizens, often in collaboration with government, propose, fund and deliver projects that aim to provide a community service or deliver public value through a local-area improvement project. While a number of platforms can accommodate civic crowdfunding, there is currently only one dedicated platform in operation in the UK, 'Spacehive'.

2.1.3. Typically, project ideas are sourced from the community promoters and placed on Internet-based platforms, where potential funders are able to search and make financial contributions to projects that resonate with their areas of interest or values. These 'pledges' are generally only released when the target is reached, usually via Paypal - this conditionality is a key benefit of this approach, as it removes the risk that donations may be given, but not used. This approach levers investment, but also promotes community involvement, allowing citizens to take an active role in the physical improvement of neighbourhoods. The Council could support projects that fit its criteria through pledges, in place of our traditional grant giving. This means that community projects seeking the Council's support would have to access the platform, and would be automatically exposed to support from other quarters. So long as proposals are presented legitimately, and are civic in nature, they can be submitted and assessed - this means the platform provides an opportunity for projects which the Council may choose not to support directly to access funding from other quarters.

2.1.4. The proposal is to procure an internet platform which enables local people to come forward to present and deliver ideas/projects. This platform would be established as a means of supporting community-led, not-for-private-profit projects. Crowdfunding has a strong pedigree supporting business start-up and product

development (eg Kickstarter) - where there is a form of financial return to the 'crowd' - but is not possible on a platform tailored to civic projects

2.1.5.   The followings points illustrate the flexibility and opportunities this Civic Crowdfunding model presents:

A. Enables a range of projects to come forward and seek support from local people.
B. Activates a new cohort of changemakers (Spacehive quote that typically 53% of project creators are new to this form of civic engagement) and builds capacity within communities.
C. The Council could choose to offer grants/make pledges to projects that meet certain criteria, but doesn't need to manage the platform or the process. Funds are only matched with projects that align with our criteria - but other projects are able to seek support from the crowd.
D. No money is transferred from any supporter until the project target is reached, so this de-risks support, and may encourage more generous donations. Anecdotally, community projects report that private funding is easier to elicit when greater confidence that a project will take place can be given.
E. More transparent and participatory – the process is an exercise in civic engagement, which has a value in its own right.
F. Enables the Council to respond to citizen demand - the ability of a project to gain support from local residents could be a useful criterion for our own investment.
G. Enhances our web presence as a place-shaping organisation and enabler of community activity, and thus complements our broader engagement objectives.
H. Relies on visibility of the project on the platform – which means the Council, partners and projects need to drive traffic towards a website.
I.   More attractive for particular demographics. Has an urban 'heritage' – and should appeal to a younger demographic. However there are different ways of engagement so it is inclusive to people that are not 'online'. This can also be linked to initiatives around enabling older people to get online in partnership with the Voluntary and Community Sector.
J. Enables more innovative projects - those that haven't been written into the criteria of classic grant schemes, alongside the more obvious projects such as improvements to community buildings and events.
K. Initially not appropriate for ongoing funding commitments and would not replace the Council's financial support to key partners to cover their core costs - but could present an opportunity for these same partners to raise project specific funding and to potentially transfer to this model in the longer term to reduce dependency on public sector funding.
L. Classic fundraising often relies on fundraising events, and collections - which require a physical interaction. These forms of fundraising will have been hit hard by Covid-19, as events have been cancelled, and footfall in public places has reduced. An internet platform provides an alternative, that people can access from anywhere, at any time. A further consideration is that such forms of fundraising are heavily reliant on cash - physical money - the use of which is in rapid decline. While larger charities can develop the infrastructure to enable card giving/ standing orders etc, this is likely to be more of an obstacle to community endeavours.

M. Provides a platform for community projects to present themselves to local people, and potential other benefactors, including corporate donors by building a funding ecosystem to increase corporate social responsibility.

2.2. **Procurement**

2.2.1. While there are a number of crowdfunding platforms, the majority are targeted on commercial investment. A number of these enable civic projects, but are not tailored to this process. 'Spacehive' is the only dedicated civic crowdfunding platform provider on Government's G Cloud procurement framework, which enables a call-off on a competitive tender by the Council.

2.2.2. Spacehive's platform provides a number of distinctive features which add value to the process.

A. The UK's only platform dedicated to civic crowdfunding and social impact - they only work with projects that impact the civic and community environment and so don't promote projects that are not appropriate

B. Platform of choice for over 40 other local authorities. Spacehive has been appointed by over 40 other local authorities, ranging from metropolitan to shire counties and rural districts - they have recently been appointed by Malvern Hills/ Wychavon and Worcestershire County Council. This experience of setting up and managing a platform for local authorities is extensive.

C. The only platform with dedicated software (developed with Esmee Fairbairn) that allows partners to set their criteria and be automatically matched with projects that fit their criteria, with the ability to assess projects before pledging funds to them.

D. The only crowdfunding platform with a verification process, operated independently by Locality, that checks the viability and feasibility of all projects on Spacehive thus de-risking projects for partners and supporters who pledge cash to them. They check for evidence on things like landowner consent, planning permissions, costs, project impact, risk and safety assessments, licences and agreements before a project can fund raise.

E. The only platform where Project Creators are legally bound to deliver their project to ensure legal responsibility for the delivery of the project. It also gives the ability for grant-makers to digitally enter into their own legal funding agreements with Project Delivery Managers before committing funds to the project.

F. The only platform that provides a boots-on-the-ground activation programme delivering face to face community engagement to generate awareness, facilitate workshops for would be project creators and provide ongoing project support via telephone, email and live chat.

G. The only platform that provides a comprehensive social impact report (not just a report on fund raising measures) from project delivery.

H. The only platform that provides face to face engagement and building of a local ecosystem of other funders, including local businesses and national partners, to support local projects.

I. Off-line contributions - the Spacehive platform allows projects to add offline contributions to meet their funding target. This enables communities to blend classic fund raising activities with online donations - ensuring that this

platform offers an additional fundraising opportunity, rather than displacement.

2.2.3. The detailed proposal from Spacehive is attached at Annex A.

2.2.4. As the first Gloucestershire Authority to contract with Spacehive, Cotswold District Council has been offered a 20% discount of the standard annual fee of £30,000 for the first year of operation - at a fee of £24,000. The opportunity presented by the platform would increase with further partners using it to distribute their community grant budgets. Further savings may be negotiated if other Publica Councils decide to invest, or indeed other local partners.

2.3. Timeline and Transition

2.3.1. Subject to decision, the contract will commence on the 1st November, to lead up to a launch in January. Spacehive would run workshops for project promoters in February, for submissions by the end of March. Projects would be open to pledges from April through to June, when pledges would be drawn down and paid, and a new round would commence. The aim is to run two funding rounds per year. It should be noted that projects can be developed, submitted and launched for pledges outside of these 'rounds' - but the funding rounds drive traffic to the site to consider what projects to pledge against.

2.3.2. Given that the first round of funding and payment takes us into the next financial year, we propose to run a 'transitioning round' to use this year's revenue grants scheme allocation of £85,000 (less £24,000 programme fee = £61,000 for pledges). The aim would be to use the platform and launch this interim scheme on 1 November with higher pledges from this Council (up to 75%) to enable a smooth transition, to increase success rate and to help groups, organisations and communities to test this new way of fundraising. It is suggested to focus this round on Covid recovery and to invite applications that are addressing specific issues, caused/exacerbated by Covid, which have been identified (e.g. digital exclusion, social isolation, food poverty, domestic abuse). Projects would be open to pledges until 31 January 2021 and pledges drawn down and paid in early February.

2.4. Priorities for investment

2.4.1. An early action from November will be to fully develop the criteria to be used to determine which projects the Council will support through the platform, and to what level. These criteria can pick up on both the theme of projects, but also procedural issues. Council agreed on 26 February 2020 that the revenue grant for 2020/21 would not be administered through ward level allocations, but that spend would instead be targeted on activity contributing towards the Council's Corporate Strategy:

- Respond to the challenges presented by the Climate Change Emergency
- Deliver good quality social rented homes
- Present a Local Plan which is Green to the Core
- Ensure that all services delivered by the Council are delivered to the highest standard
- Help residents and communities to access the support they need to ensure a high level of health and wellbeing

- Support businesses to grow in a green, sustainable manner and provide high value jobs

2.4.2. Of the above, two priorities are focused on the delivery of Council services. The delivery of social homes is a priority for the Council in its direct delivery, and in its partnership working with housing providers. Furthermore, it is also a priority for the Council's partnership working with local communities, but there is a separate grant scheme enabling this work, through resources awarded by the Ministry of Housing, Communities and Local Government. As this platform is aimed at civic investment, it will not directly support businesses, but will support civic pride and civic events which are highly effective in increasing footfall. Accordingly, the focus of projects accessing the crowdfunding platform will be on community activity to respond to the climate change emergency and health and wellbeing. These two themes have a strong synergy with Covid recovery.

2.4.3. These terms are relatively broad brush. This scheme is expected to enable activity directed by local knowledge and ambition. These terms are explored further below, but this could be considered illustrative rather than exhaustive as a list of themes that will be supported:

2.4.4. **Climate Change Emergency**

- Reduce, Reuse, recycle - we will support community initiatives that actively address waste reduction
- Community energy generation projects
- Transport and travel
- Local production: community orchards

2.4.5. **Bringing communities together for improved levels of health and wellbeing**

Healthy and safe communities

- Dementia friendly communities, mental health, community resilience projects, local community wellbeing initiatives/services, domestic abuse

Active communities

- Encouraging higher levels of activity by getting residents into / returning to exercise (won't support ongoing running of existing sports clubs, but could support setting up new teams to keep people active e.g. walking football or similar, or inspire the inactive to exercise more, couch to 5k). Suggest a focus on encouraging self isolators / shielded communities to exercise safely.

Social isolation/loneliness

- Social activities to reduce isolation and loneliness, improve quality of life and improve community resilience: cultural projects, entertainment, events - either commemorative or celebratory, befriending, intergenerational projects - either as a principal aim or benefit of social interaction.

Tackling Inequalities (wider determinants of health)

- Digital exclusion, food poverty, childhood poverty, youth unemployment, BAME & LGBTQ communities.

2.4.6.   It should be noted that many community projects are for capital expenditure. Moreover, there will be a capital spend dimension to delivering the Council's priorities through this platform. The Council's mechanism for capital investment in community facilities, the Community Projects Fund, is currently targeted on supporting community buildings and community play areas. The majority of projects coming in for this funding are backed up by community fundraising, and would be well-placed to take advantage of the additional investment opportunity crowdfunding provides. Furthermore, there are other community projects with a capital element which currently are not able to access Council funding because they fall outside of the investment priorities of the Community Projects Scheme - this includes projects which directly contribute to the Council's corporate priorities, for example community owned renewables or community endeavours that have very low running costs, but require some upfront capital - such as community orchards or community gardens. Running both our capital and revenue community grants through this process opens up a wider range of community project opportunities.

2.4.7.   Detailed criteria, to reflect the Council's priorities and explore procedural issues will need to be prepared and approved. This report recommends that these are agreed by the Deputy Leader, to ensure member oversight and swift progress in establishing this platform.

3.   FINANCIAL IMPLICATIONS

3.1.   Spacehive sets an annual charge of £30,000. Cotswold District Council has been offered a discount for the first year. This charge could be met from the revenue grant budget of £85,000, thus far uncommitted in 2020/21, leaving a balance of £61,000 for this year, as considered in section 2.3.2 above. Taking this sum off the top of the community revenue grant in future years will reduce the sum the Council puts directly into community projects, but should be more than offset by the additional leverage projects are able to achieve from community and corporate pledges.

3.2.   While this platform creates a new process for offering financial support to community projects, there are appropriate safeguards. Projects are independently assessed by Locality, but the Council can also digitally enter into its own legal funding agreements with Project Delivery Managers before committing funds to any project

4.   LEGAL IMPLICATIONS

4.1.   This proposal relates to the Council's discretionary grants budgets, and not to any statutory schemes. The manner through which this resource is invested is at the Council's discretion, subject to appropriate governance, transparency and financial safeguards. The Council's interests will be protected through its contract with the platform provider, backed up with appropriate conditions on the project initiators. Through this process, funding pledges are conditional upon the full sum necessary

for a project to take place being raised, and recipients will be legally bound to deliver the stated activity or return the funding.

5.   RISK ASSESSMENT

5.1.1.   While this proposal would be a new initiative for Cotswold, the model is now well-established in other council areas. The process whereby projects are promoted and supported is robust, with appropriate checks undertaken at an early stage. The main risks are considered below;

5.1.2.   **Projects not signing up -** For the platform to be effective, project creators and supporters will need to use it.   There is a strong incentive for projects to sign up, in terms of the resource the Council will channel through this route, and the opportunity to campaign for further support. Whether projects are enthusiastic or not, they are likely to sign up. The platform will need to be promoted, by the Council and by the platform provider, to recruit individuals and organisations to pledge toward projects. However, project creators are a key ally in this task, as it is their interests to direct their own contacts to the platform.

5.1.3.   **Projects not meeting their targets-** There is a risk that projects will sign up and not reach their funding target - and consequently will not draw down funds. However this is already a risk that community projects face. This approach limits the risk that the Council allocates funds to projects that subsequently do not reach their funding targets within the time of the funding rounds - three months.

6.   EQUALITIES IMPACT (IF REQUIRED)

6.1.   The scheme will be designed to be open to geographical communities and communities of interest. This should enable applications from a wider cohort of applicants that have traditionally accessed our grants. Supporting a platform to help groups fundraise beyond our own contribution will open grants up to new and 'non-establishment' groups.

7.   CLIMATE CHANGE IMPLICATIONS (IF REQUIRED)

7.1.   This scheme is set up to enable a range of activities in localities around the district, helping to sustain community activity where people live. There is the potential for projects focused on climate change mitigation.

8.   ALTERNATIVE OPTIONS

8.1.   **Do nothing**. The Council has an established capital grant scheme, and experience of running small revenue grant schemes, so could readily do the same again. This would not lever the financial power of our residents to support local activities in the same way this proposal can.

8.2. **Run a crowdfunding platform alongside conventional grants, to trial the process**. If applicants perceive that one route is easier than another, they will opt for that. As grant processes are more familiar, many applicants may stick with the familiar approach. This means they would miss out on the opportunity to broaden out their funding base, and reduce the leverage we achieve on our investments.

9. BACKGROUND PAPERS

9.1. None.