

Committee(s): Community Environment and Enforcement Committee	Date: 19 September 2022
Subject: Spacehive- Civic Crowdfunding Scheme	Wards Affected: All
Report of: Kim Anderson, Corporate Manager - Communities, Leisure and Health	Public
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Summary

It is proposed that rather than the traditional grant scheme that operates in Brentwood, officers will look at developing a civic crowdfunding scheme for the Brentwood and Rochford Strategic Partnership to maximise funds raised for community-based initiatives. The platform gives the local authority sight of all projects in their area, automatically matches projects to their grants, runs due diligence checks on the projects, distributes funds and collects impact data on the projects. It can provide real time data on the crowdfunding projects, detailed reports and can bring multiple funds into one place. The platform will also work with the Council to set the criteria, timeframes, application questions and assess, aggregate, shortlist, review projects and their impacts into one report. The initial set up costs is £30,000 pa based on a two-year contract and the proposal is that these costs will be split between Brentwood Borough Council and Rochford District Council. The funding pot that will be available will also need to be agreed by both authorities to promote projects within each of their geographical areas. It is proposed that the Brentwood Scheme will be utilising £56,300 from the Community Fund. Other funds that become available can also be added in later once they become available.

It is proposed that Brentwood Borough Council will procure the service on behalf of Rochford District Council within the Partnership, subject to their separate agreement.

Recommendation(s)

Members are asked to:

R1. Agree that Officers from Brentwood Borough Council work with Rochford District Council to establish a civic crowdfunding scheme across both geographical areas.

R2. Agree that Brentwood Borough Council will contract 'Spacehive' to provide external management of the scheme on behalf of both Councils, subject to agreement by Rochford District Council.

R3 Delegated Authority is given to the Chief Executive, in consultation with the relevant Portfolio Holders across the Partnership, to agree

final arrangements for the Civic Crowdfund Scheme, including process, criteria and the awarding of grants.

R4. A review of the benefits of the scheme is undertaken after an initial period of (2) years and that this is reported back to the relevant Committee/Cabinet at Brentwood and Rochford.

Main Report

Introduction and Background

1. Covid-19 has highlighted the critical importance of local government to their places and communities and understanding that 'bottom-up' community initiatives are usually well supported at a hyper local level.
2. The civic crowdfunding platform combines the ability to combine resources and deliver cross-cutting community responses. The Brentwood and Rochford Strategic Partnership are best placed to align resources across both geographical areas to address common challenges which face our communities and therefore will have a greater impact.
3. Each sovereign council has set out the importance of its communities within their individual corporate plans.
4. If Members agree the development of a civic crowdfund scheme, Brentwood Borough Council would, on behalf of Rochford District Council contract 'Spacehive,' to provide the crowdfund management.
5. Currently Brentwood Borough Council has a discretionary Funding Pot, Brentwood Community Fund of £45,000 which is made up of £20,000 contribution from Axis, £20,000 from Seven Arches Investment Limited and £5,000 from the Health and Wellbeing Board.
6. The Brentwood Community Fund allocates grants that support the priorities as set out in the Council's Corporate Strategy and currently there are two funding rounds per year.
7. There are other funding pots that the Council administers which could also be considered to go into civic crowdfunding platform subject to agreement.
8. When the Council adopts the Community Infrastructure Levy (CIL) this contribution could also be added to the civic crowdfunding platform 'pot'.

Issue, Options and Analysis of Options

9. Crowdfunding is the process of allowing projects to advertise for funding. Schemes are primarily run online through social media and crowdfunding platforms, therefore providing maximum reach. This option is increasingly being

used by a number of local authorities e.g., Guildford Borough Council, Kent County Council as a way of financing community initiatives.

10. Civic crowdfunding is becoming increasingly popular due to the numerous economic and social benefits it can deliver. Many local authorities across England have successfully used crowdfunding platforms to engage with residents and businesses to develop projects and seek financial support, group online pledges to match local authority contributions. There are many benefits to exploring a civic crowdfund:
 - Ability to generate additional funds towards improving community capacity and resilience
 - Community engagement and involvement
 - Improved community cohesion and resilience
 - Improve transparency and decision making
 - Improving awareness of issues that are important to local communities
 - Generating significant match funding by the 'crowd' for the benefit of the whole community, typically three times what the local authority pledges
11. It is proposed that a budget of £45,000 from the Brentwood Community Fund would be used to maximise this opportunity to support community projects and initiatives, and to develop a civic crowdfunding scheme.
12. The civic crowdfund allows large groups of people to make a small individual financial contribution to the projects. From research it is reasonable to expect for every £1 the Council invests into community projects through crowdfunding it will result in an additional £2.50 to £3 providing a 250%/300% expected return on investment. For example, Cotswold Crowdfund has seen 19 funded projects in the first funding round, £300,000 has been raised so far with the Council pledging £93,000.
13. The purpose of this report is to seek approval to award a provider to work with Brentwood Borough Council and Rochford District Council strategic partnership to develop a civic crowdfunding scheme. The provider will bring both the technical expertise and the experience of crowdfunding in a local authority context.
14. Spacehive is the only dedicated civic crowdfunding platform in the UK. While there are other crowdfunding platforms, the majority are targeted on commercial investment.
15. Spacehive is the only dedicated civic crowdfunding platform provider on the Government's G Cloud 12 procurement framework, which enables a call-off on a competitive tender by the Council.

16. Spacehive was co-designed with local authorities and its platform provides bespoke technology especially created for council programmes. The aim of Spacehive is to make it as easy as possible for people with ideas to improve their local area by attracting support and funding from local people, local business and funders.
17. The platform contains built in performance mechanisms that evidence the difference and impact a project has made to the community.
18. Spacehive also provides a verification process, which ensures that projects will have the correct permissions and ensures that a clear budget is in place before they can raise funds. This de-risks projects for the Council(s) and partners and provides reassurance for others who want to pledge money.
19. Over 40 local authorities in the UK are currently using Spacehive.
20. If a project achieves its funding target in the time allocated it proceeds but if it does not the project will not go ahead.
21. The indicative timescale for implementation of the Crowdfunding Scheme would be two weeks, and the cost is £30,000 pa for a two-year contract for the Brentwood and Rochford Strategic Partnership. It is proposed that the platform would go live at the start of the new municipal year, April 2023.
22. Crowdfunding presents a positive opportunity for both Brentwood Borough Council and Rochford District Council to invest directly into the community, ensuring the maximisation of funds through match funding.
23. Projected outcomes of using the project:
 - Evaluation of the benefits, issues and value of crowdfunding as a method of developing and supporting community led projects
 - Improved engagement with communities and support for projects that matter to the community
 - Maximising Brentwood Borough Council and Rochford District Council's funding for communities through match funding
 - Greater transparency in Brentwood Borough Council and Rochford District Council 's support for community led projects
24. Subject to the decision at Brentwood Borough Council and Rochford District Council the civic crowdfunding platform will open for the first funding round on 1 April 2023.

25. Other options considered is not to establish a partnership crowdfunding scheme and continue with the existing discretionary funding pots which will not deliver the same level of impact or funding contribution.

Reasons for Recommendation

26. Brentwood Borough Council is committed to empowering communities and increasing engagement and involvement across the whole borough as it recovers from the effects of Covid-19. The civic crowdfunding platform aims to give residents and community groups the ability to attract funding from their communities, local authority and local businesses in an increasingly challenging financial environment. Civic crowdfunding allows local groups to develop a community project via an online public platform and then seek additional financial support through online pledges. The scheme will build on the successful Brentwood Community Fund, Mental Health Small Grants Scheme, Active Brentwood and Health and Wellbeing Board grant allocations in Brentwood It will allow projects to gain further contributions from a larger pool of people and businesses from match funding.
27. The aim of the scheme is to support local projects and make communities stronger, more connected and more empowered by supporting projects that matter to them. The scheme will enable the Brentwood and Rochford Strategic Partnership to support the priorities of the local communities in their own geographical areas.
28. Allows both the public and businesses to pledge alongside the Council to support projects or initiatives.
29. Recognised by NESTA (UK's innovation agency for social good) as delivering high impact empowered communities and the funding of projects that otherwise would not have happened.
30. The platform also provides good opportunities to create greater community cohesion across the Borough.

Consultation

31. Consultation has been undertaken with officers at Rochford District Council and Councillors and a separate report is going to Rochford District Council Executive Group for their approval. Consultation has also been undertaken with AXIS and Seven Arches Investment Limited (SAIL) who each contribute £20,000 to the Brentwood Community Fund.

References to Corporate Plan

32. The Civic crowdfunding platform supports Brentwood Council's Corporate Priorities; Growing our Economy; Protecting our Environment; Developing Our Communities; Improving our Housing; and Delivering Effective and Efficient Services to our residents.

Implications

Financial Implications

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33. The contract for Spacehive to run the scheme would ensure that staffing resources across the partnership were minimised, however there would still be contractual monitoring alongside payment authorisations. Some additional promotion of the scheme would be required which could be incorporated within existing resources.
34. As detailed in section 21, costs per annum for a two-year contract will be £30,000 which includes the product suite, activation and operational management of funding rounds, account management and building local support ecosystem which includes both authorities so a commitment of £15,000 per authority per year for the next two years.
35. If the Council is utilising the Brentwood Community Fund as the initial funding pot, the Council will need to get agreement from both AXIS and SAIL as they also currently contribute to the Community Fund. Both organisations have been formally written to get their agreement in principle.
36. It is proposed that the platform will go live from 1 April 2023 and costs to establish the Brentwood platform for 2023/24 will be met from the UK Shared Prosperity Fund allocation.
37. If Rochford District Council agree to the proposal, then Brentwood Borough Council will contract Spacehive on behalf of both authorities.

Legal Implications

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38. The Localism Act 2011 includes a 'general power of competence'. This gives local authorities the legal capacity to award grants for projects of benefit to the local community.

39. Any contractual arrangement with Spacehive will be reviewed along with the process and the criteria for the Crowdfunding Scheme. This is to ensure that these arrangements are robust, lawful and protect the Council from risk.
40. The contract with Spacehive is a two-year contract with the option to extend for another year or two. The contract can be terminated at any time by giving three months' notice prior to the forthcoming year. The scheme will be kept under review and officers will monitor the outcomes of the projects supported.
41. Spacehive is the only dedicated civic crowdfunding platform provider on the Government's G Cloud 12 procurement framework
42. Spacehive is fully compliant with data protection law and the Data Protection Officer will be consulted during this project.
43. The agreement will also need to be agreed by Rochford District Council.

Economic Implications

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44. The civic crowdfunding platform offers an opportunity for community and business to develop initiatives that support the development of place and growing our economy.

Equality and Diversity Implications

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45. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
 - a. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - b. Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - c. Foster good relations between people who share a protected characteristic and those who do not include tackling prejudice and promoting understanding.
46. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil

partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

47. The proposals in this report will not have a disproportionate adverse impact on any people with a particular characteristic and will provide positive benefits to some of these groups to maximise support for community projects and initiatives.
48. The Civic Crowdfunding platform provides a platform for local groups, charities and good causes to raise funds, many of which will support residents across a number of protected characteristics

Health Implications

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49. A crowdfunding scheme will enable support to be provided to community groups across the Borough to support communities with health, wellbeing, resilience, COVID recovery and wider issues.

Risk Management Implications

50. The civic crowdfunding platform enables each local authority to allocate funding to viable projects, which will potentially de-risks the allocation of funding to third party organisations who may not be able to deliver projects as they have not considered all the costs, resources and the timescales to deliver them.

Background Documents

None