

Committee: **Executive Committee**

Date of meeting: **14<sup>th</sup> April 2021**

Report Subject: **Civic Crowdfunding**

Portfolio Holder: **Cllr D Davies, Executive Regeneration and Economic Development**

Report Submitted by: **Bethan McPherson, Team Manager Connected Communities**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
23.02.21	25.02.21	23.03.21			24.03.21	14.04.21		

## 1. Purpose of the Report

- 1.1 The purpose of the report is to seek approval in order to:
- 1.2 Submit a CCRCD Challenge Fund application for a regional civic crowdfunding programme, operating as the lead authority.
- 1.3 Subject to funding award, implement a regional crowdfunding programme, inclusive of Blaenau Gwent, to support solutions to locally identified projects and challenges.

## 2. Scope and Background

- 2.1 Civic crowdfunding funding provides a unique platform that enables local people, groups and businesses with ideas for improving their local area, to bring projects to life.
- 2.2 It has the capability to deliver a programme of projects led by the public that delivers rich social and economic impact and add to the fabric of the area; building social cohesion.
- 2.3 A civic crowdfunding approach places citizens at the heart of improving places, which results in a difference to the types of projects being delivered and also the process by which they are delivered.
- 2.4 Other benefits to the approach include:
  - Maximising the impact of public sector investment to those projects with demonstrated community support, leveraging X3 value on average.
  - Extends beyond the traditional project applicants, bringing new solutions and creators to civic project development.

- Skills development for the project creators, leading to increased capacity for local people to deliver civic projects.
- 2.5 The civic crowdfunding is built from a “coalition of willing funders” to back projects, including, local businesses, national partners, local community and voluntary organisations, philanthropic grant-makers and local citizens.
- 2.6 Utilisation of a dedicated platform is proposed to facilitate this crowdfunding activity. The product suite automates many of the processes required to deliver change and offers an end-to-end digital solution that will automatically match projects to grants, distribute funds, collect impact data and report, in real-time, on all the projects in your portfolio. Certain platforms offer additionally in terms of project due diligence checks.
- 2.7 Alongside the dedicated technology, civic crowdfunding platforms deliver a comprehensive support package consisting of targeted marketing, community engagement, project, support and capacity building events to communicate the initiative to potential project creators. As part of the agreement, the LA would seek:
  - Strategy, setup and account management
  - Management of funding rounds (x2 per annum)
  - Development of a funders ecosystem
- 2.8 A recommended investment fund is identified in order to generate the optimum fund level for maximum engagement and programme outcomes. A level of flexibility exists but the fund level is based on, multiple factors, not least:
  - The need to demonstrate a strong commitment to supporting communities and their individual projects.
  - Provide a strong offer to perspective projects, including those not traditionally engaged.
  - Committing a level of investment to help individual projects realise their fundraising targets.
- 2.9 The civic crowdfunding platform model has been successfully adopted by a number of authorities across the UK, including Swansea who have launched their platform within the last 18 months. A case study outlining their achievements to date is included as Appendix 1.
- Regional Civic Crowdfunding model**
- 2.10 Reflective of the economies of scale required to deliver an effective programme and associated investment levels, a regional approach across the CCRCD is proposed, aligned to their recently launched Challenge Fund, enabling community led activity and solutions.
- 2.11 The CCRCD team has encouraged a submission from BGCBC as the proposed lead authority by the 12<sup>th</sup> March 2021, with a subsequent decision anticipated after board determination on the 20<sup>th</sup> April 2021.

- 2.12 BGCBC would be the lead authority, managing the relationship and entering into contract with an appropriate provider to deliver the crowd funding platform for an initial period 2021/22 through to 2023/24.
- 2.13 This opportunity will extend beyond the HoV proposal previously considered. Reflective of this and the approach supported by CCRCD, a briefing note will be circulated to all 10 LA Chief Executives, seeking endorsement, a desire to be part of the proposal, consideration to potential contribution to the investment fund and nominated lead officers.
- 2.14 An appropriate governance structure would be implemented in line with the funding requirements, ensuring appropriate representation from each participating LA in the decision making associated with the investment fund.
- 2.15 The fund criteria will align with those of the CCRCD Challenge Fund, including: improving the health and wellbeing of the region's citizens, and supporting, enhancing and transforming communities.
- 2.16 There may be opportunity to develop more specific priorities where there is additional investment to the overall fund from individual Local Authorities that would underpin local investment decisions.

### **3. Options for Recommendation**

- 3.1 This report will be considered by the Regeneration Scrutiny Committee at its meeting on 24<sup>th</sup> March 2021, and any feedback will be provided verbally to the Executive Committee.
- 3.2 Option 1 Do Nothing
- 3.3 Option 2 (Preferred Option)  
To approve the submission of a CCRCD Challenge Fund application for a civic crowdfunding platform, acting as the lead authority.

Approve the implementation of a regional crowdfunding platform, inclusive of Blaenau Gwent, to support solutions to locally identified projects and challenges; subject to funding award.

### **4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

#### **Regional Priorities**

#### **Blaenau Gwent Well-being Plan**

- Blaenau Gwent wants safe and friendly communities
- Blaenau Gwent wants to look after and protect its natural environments
- Blaenau Gwent wants to forge new pathways to prosperity
- Blaenau Gwent wants to encourage and enable people to make healthy lifestyle choices in the places that they live, learn, work and play

## **Corporate Plan**

- Strong & Environmentally Smart Communities
- Economic Development & Regeneration
- Efficient council

## **5. Implications Against Each Option**

### **5.1 *Impact on Budget (short and long term impact)***

The financial proposal is outlined within Appendix 2 of the report.

A full funding proposal will be submitted to CCRCD, seeking the full project costs associated with a regional crowdfunding project.

A project proposal to the value of £1,241,222.28 over 3 financial years (21/22, 22/23, 23/24) is proposed. The investment fund sought from CCR is £833,333.34. The funding application will also seek funding for the hosting platform (also exploring WG funding as potential match) and a dedicated staff resource to co-ordinate the regional programme delivery

The value of the investment fund total will be amended accordingly where LA match funding is identified. This is not a requirement for the application but will add value and demonstrate partnership working and commitment.

Optimum fund level £750k to £1m over 3 years' full delivery.

CCRCD will consider a submission seeking 100% funding; however, match funding (financial or in-kind) from participating partner Local Authorities is encouraged and will be further identified as part of the engagement work that will be undertaken as the first part of the regional project.

A note has been prepared and will be shared, via the CCRCD Team, with all Chief Executives of the respective LAs within the CCR in order to outline the challenge proposal, seek a commitment to engage and give consideration to financial contribution to the proposal.

Funding of up to £50k over 3 years (21/22, 22/23, 23/24) has been identified by Regeneration (associated with income generated specifically to support community based initiatives), as the BGCBC contribution to the project. No further funding is anticipated from BGCBC sources.

Wider investment from partner funding streams (e.g health, RSLs) available to support Blaenau Gwent based groups and activity will form part of the larger funding ecosystem developed as part of the crowdfunding platform model.

Evidence highlights that there is scope to lever an additional £3 for every £1 invested. This could potentially lever a minimum of £2.5million additional investment into the region.

## 5.2 ***Risk including Mitigating Actions***

The primary risks associated with the project are outlined below and actions to mitigate would be undertaken as part of the project development and in advance of a contractual commitment being made.

- Securing partner endorsement to the regional proposal. CCRCD funding would enable delivery across the regional, whilst reducing the investment required from partner authorities, making the proposal more attractive. Engagement from all authorities will be sought but is not a requirement to enable the proposal to be implemented.
- Appetite for the fund from community based groups and organisations will impact on the fund and its under or over subscriptions. Several measures will be in place to mitigate this risk including; appropriate fund levels, fund promotion, engagement of key support organisations, including CVCs. The COVID pandemic may further influence the uptake of the funding; delivering the proposal over 3 years will allow the programme to respond and adapt accordingly.
- Project governance, deliverability and sustainability considerations to minimise any long term liability is a further risk. The available crowdfunding platforms including a due diligence exercise (via a third party body) to ensure all appropriate permissions are in place and consideration to sustainability is made. Contracts are built into the platform that ensure legal responsibility for the delivery of the project, providing further mitigation in relation to this risk.

## 5.3 ***Legal***

A funding awarded and associated T&C would be in place.

An approach which is procurement compliant will be adopted in commissioning the crowdfunding platform, with consideration to specific requirements, inclusive of independent verification checks.

## 5.4 ***Human Resources***

An officer to co-ordinate the regional delivery of the civic crowdfunding and manage relations if proposed as part of the challenge fund application. The post would be a fixed term post for 3 years, hosted within Regeneration.

## 6. ***Supporting Evidence***

### 6.1 ***Performance Information and Data***

Update reports, aligned to funding rounds, would be produced, outlining key performance data including:

Projects supported,  
Funding levered,

Value added achieved,  
Impact metrics and qualitative responses,  
Project success rate.

Some example stats from a crowdfunding platform identify;

73% of projects have come from deprived wards  
50% of project creators have not been involved in civic projects before.  
13% av.ratio programme costs to value of projects funded  
88% av. Success rate of projects backed by our partners.

## 6.2 ***Expected outcome for the public***

Community activation  
Capacity building  
Community ownership  
Community designed/led solutions  
Sustainable delivery

## 6.3 ***Involvement (consultation, engagement, participation)***

The success of the project will in part be dependent on effective involvement;

LA commitment across the CCR

Partner agencies, not least third sector including CVCs, providing support to potential applicants and ensuring sufficient capacity and engagement in the project.

Community groups are aware engaged and empowered to take forward projects via the civic crowdfunding platform.

Potential partners are aware and engaged as a potential part of the funding ecosystem e.g. members of the Public Service Board, members, RSLs, local businesses etc.

## 6.4 ***Thinking for the Long term (forward planning)***

Consideration to funding the model beyond the initial funding commitment will be required. The requirement may reduce as the funding ecosystem grows and establishes. With an intensive level of investment to local community led regeneration projects could reduce the long term requirement for the platform and/or BGCBC level of investment.

A mechanism through which resident/community led solutions are facilitated could enable wider long term benefits to be realised, including reduced dependency on public sector service delivery, additional resource and added value to existing services and sustainable delivery.

## 6.5 ***Preventative focus***

The project concept seeks to support local development activity through an alternative approach that levers maximum investment to a range of community based projects within defined parameters. This encourages;

Needs based delivery aligned to community needs and wants not perceived need, only those projects that fulfil this requirement are likely to achieve their total funding target.

Projects identified and driven from within local communities may increase long term sustainability of the project.

## 6.6 ***Collaboration / partnership working***

The proposal was originally explored as a HoV delivery model with the investment requirement centred on each participating LA. The proposal is now focused on the CCR region and there will be engagement with all LAs across the area.

## 6.7 ***Integration (across service areas)***

The investment criteria and therefore the projects supported could fulfil the objectives of many service areas as a proactive and preventative approach.

## 6.8 ***EgIA***

The project will seek to be inclusive and is focused on supporting community based initiatives, which could include those aimed at specific groups.

## 7. **Monitoring Arrangements**

### 7.1 Annual/Six monthly update/outcome report.

#### **Background Documents /Electronic Links**

- Appendix 1 – Case Study
- Appendix 2 – Financial Profile