

REPORT TO:	EXECUTIVE BOARD
DATE:	6 JULY 2022
SUBJECT:	SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP (S&ELCP) CROWDFUNDING SCHEME
PURPOSE:	TO PROPOSE THE SET UP OF A S&ELCP CROWDFUNDING SCHEME WHICH WILL MAXIMISE FUNDS RAISED FOR COMMUNITY-BASED INITIATIVES
KEY DECISION:	YES
PORTFOLIO HOLDER:	DEPUTY LEADER OF THE COUNCIL AND PORTFOLIO HOLDER FOR PARTNERSHIPS, COUNCLLOR GRAHAM MARSH, EAST LINDSEY DISTRICT COUNCIL
REPORT OF:	JOHN LEACH, DEPUTY CHIEF EXECUTIVE - COMMUNITIES
REPORT AUTHOR:	EMILY SPICER, ASSISTANT DIRECTOR – WELLBEING AND COMMUNITY LEADERSHIP
WARD(S) AFFECTED:	ALL
EXEMPT REPORT?	NO

SUMMARY

This report sets out proposal to seek approval to procure a crowdfunding partner to develop a S&ELCP Crowdfunding Scheme which will enable funds to be raised for community-based initiatives. This will enable each individual council to drive forward community funds. Initial set up cost is £34,000 and will be split between the three Councils. Additional funding will then be proportioned from each council to promote projects within each geographical area.

Boston Borough Council will procure the service on behalf of the sovereign councils within the Partnership.

RECOMMENDATIONS

That:

1. Working with Boston Borough Council and South Holland District Council as our partners in the South and East Lincolnshire Councils Partnership (S&ELCP), a Crowdfunding scheme be established.
2. Approval be given to enter into collaborative contract arrangements with Boston Borough Council (the lead contracting party) and South Holland District Council to appoint 'Spacehive', as the external civic crowd funding company, to provide external management of the scheme on behalf of the Councils.
3. Delegated authority be given to the Deputy Chief Executive – Communities and the Assistant Director for Wellbeing and Community Leadership, in consultation with the relevant Portfolio Holders across the Partnership, to agree final arrangements for the Crowdfund Scheme, including process, criteria and the awarding of grants.
4. A set up payment of £11,333 funded from the Economic Growth Reserve be approved
5. A Crowd Fund 'pot' of £30,000 funded from the Economic Growth Reserve be approved
6. A review of the benefits of the scheme be undertaken after an initial period of two years.

REASONS FOR RECOMMENDATIONS

Civic Crowdfunding 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. Crowdfunding allows local groups to develop a community project via an online public platform and then seek additional financial support through online pledges.

This scheme would build on the success of the Councillor Grant scheme and the forthcoming Community Lottery Scheme, allowing projects to gain further contributions from a larger pool of people and businesses via match funding.

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. This scheme will enable the Partnership to support the priorities of the local communities.

OTHER OPTIONS CONSIDERED

1. Not to establish a partnership Crowd Funding Scheme

1. Background

- 1.1 Covid-19 has highlighted the critical importance of local government to their places and communities. Forging deep connections of understanding and relationship building, local government organisation are required to ensure community cohesion, resilience and community identity is nurtured, developed and well supported at a local level.

- 1.2 With the ability to combine resources and deliver cross-cutting community responses, the S&ELCP is best placed to align resources to address common challenges which face our communities and therefore have a greater impact.
- 1.3 Each sovereign council of the S&ELCP has set out the importance of its communities within their individual corporate plans.
- 1.4 If Members agree the development of a Crowdfund Scheme, Boston Borough Council would, on behalf of the Councils within the Partnership contract with Spacehive to provide Crowdfund Management.

Report

Civic Crowd Fund (Community Funding Scheme)

- 2.1 Crowd funding 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 for example Cotswold District Council and Guildford Borough Council, as a way of financing community initiatives
- 2.2 Civic crowd funding 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 local 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
 - Improved transparency of 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 3x what the local authority pledges.
- 2.3 It is proposed that a budget of £41,333 is to be allocated from the Economic and Growth Reserve for 2022/23 to maximise this opportunity to support community projects and initiatives, and to develop a civic crowdfunding scheme.
- 2.4 The Crowdfund allows large groups of people to make small individual financial contributions to the projects. From research it is reasonable to estimate 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

Crowd fund has seen 19 funded projects in the first funding round, £300,000 has been raised so far with the Council pledging £93,000

- 2.5 The purpose of the report is to seek approval to award a provider to work with the South and East Lincolnshire Partnership to develop a Civic Crowdfunding Scheme. The provider will bring both the technical expertise and the experience of crowd funding in a local authority context.

Spacehive

- 2.6 Spacehive is the only dedicated civic crowdfunding platform in the UK, while there are a number of other crowdfunding platforms, the majority are targeted on commercial investment.
- 2.7 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.
- 2.8 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.
- 2.9 The platform contains in-built performance mechanisms that evidence the difference a project has made.
- 2.10 Spacehive is the only crowdfunding platform with a verification process, which ensures that projects will have the correct permissions and a clear budget in place before they can raise funds. This de-risk projects for the council and partners, also providing reassurance for others who want to pledge.
- 2.11 Over 40 local authorities are currently using Spacehive
- 2.12 If a project achieves its funding target in the time allowed it proceeds and if it does not the project does not go ahead.
- 2.13 Further, detailed information about Spacehive is attached as **Appendix A**

Timescales

- 2.14 The indicative timescale for implementation of the Crowd Funding Scheme would be 10-14 weeks, and the start-up costs are approximately £34,000 in total for the Partnership.

Table: set up costs

Boston	£11,333
East Lindsey District Council	£11,333
South Holland District Council	£11,333
TOTAL	£34,000

2.15 East Lindsey District Council will contribute a further £30,000 to the Crowd Funding platform to match fund healthy community-based projects specifically in East Lindsey District.

3. Conclusion

3.1 Crowdfunding presents a positive opportunity for East Lindsey District Council to invest directly in the community, allowing for maximising of funds through match funding.

3.2 Projected outcomes of 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 of projects that matter to the community
- Maximising East Lindsey District funding for communities through match funding.
- Greater transparency in East Lindsey District Council's support for community led projects.

3.3 Subject to the decisions at Boston Borough Council, East Lindsey District Council and South Holland District Council the Crowdfund will open for a funding round within 10-14 weeks.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

4.1 Whilst the amount raised for community groups and projects cannot be guaranteed, examples from other areas show at least a 250%/300% return on investment for the community.

4.2 Running a Crowdfund across the S&ELCP will allow each sovereign council to maximise the opportunity to support community projects and initiatives.

IMPLICATIONS

5. SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

5.1 Managing a Crowdfunding Scheme as a Partnership approach will ensure resources are aligned for efficiencies, and that the benefits are maximised for all our communities.

6. CORPORATE PRIORITIES

6.1 The following Corporate Priorities are supported through the set-up of a Crowd Funding Scheme:

- Boston Borough Council – 'Priority 1 - People Focused'
- East Lindsey District Council – 'Maximise health and active lives'
- South Holland District Council – 'Your health and wellbeing'

7 STAFFING

7.1 Utilisation of Spacehive to run the scheme would ensure that staffing resources across the partnership were minimalised however these would include contractual monitoring alongside payment authorisations. Some additional promotion of the scheme would be required which can be incorporated within existing resources.

8. CONSTITUTIONAL AND LEGAL IMPLICATIONS

8.1 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.

8.2 It is advised that Legal Services be asked to review the contractual arrangements and the process and criteria for the Crowdfunding Scheme. This is to ensure that these arrangements are robust, lawful and protect the Council from risk.

9. DATA PROTECTION

9.1 Spacehive is fully compliant with data protection law and the Data Protection Officer will be consulted during this project.

10. FINANCIAL

10.1 As detailed in section 2.14 the initial set up cost for the scheme across the Partnership is £34,000. With a further 'funding pot' contribution from each of the three councils.

10.2 It is proposed further funding of £30,000 will be allocated to the East Lindsey Crowd Fund from Economic and Growth Reserve.

10.3 Subsequent annual cost of Spacehive is £34,000 split over the partnership, this would mean an ongoing cost for the life of the contract of £11,333.

11. RISK MANAGEMENT

11.1 None

12. STAKEHOLDER / CONSULTATION / TIMESCALES

12.1 It is estimated that the Crowd Fund can be in operation within 10 to 14 weeks.

13. REPUTATION

13.1 A Crowd Fund Scheme will have a positive impact on the reputation of the S&ELCP as it has the potential to maximise support to community projects and initiatives.

14. CONTRACTS

14.1 On behalf of the Councils within the partnership, it is proposed that Boston Borough Council will contract with Spacehive to provide a Civic Crowdfund and this will be closely monitored. East Lindsey District Council would be a named party within the contract.

14.2 East Lindsey District Council's Contract Procedure Rules permit the Council to enter into collaborative arrangements with other local authorities.

14.3 Having completed research it has been established that Spacehive are the only Civic Crowd Funding Platform. Spacehive are on the Government's G Cloud 12 Procurement Framework, allowing Boston Borough Council to enter into a contract with Spacehive through this Framework agreement. Awarding a contract through a Framework agreement complies with East Lindsey District Council's Contract Procedure Rules.

14.4 The contract with Spacehive is a rolling annual contract. There is a break clause each year in the contract, should the Councils wish to exit earlier. The Scheme will be kept under review and officers will monitor the outcomes of the projects supported.

15. CRIME AND DISORDER

15.1 None

16. EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

16.1 The establishment of a Crowdfunding platform does not have any identified disproportionate impacts on groups with protected characteristics. The following has been considered: -

Good causes and groups

The Civic Crowd Funding 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.

17. HEALTH AND WELL BEING

17.1 A Crowdfunding Scheme will enable support to be provided to community groups across the District to support communities with health, wellbeing, resilience, COVID recovery and wider issues.

18. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

18.1 There are opportunities to support local groups across a range of specialisms. These may include environmental groups that support our communities.

19. ACRONYMS

19.1 *The following have been used within this report and are explained below:*

- **S&ECLP – South and East Lincolnshire Council Partnership**

APPENDICES

Appendices are listed below and attached to the back of the report: -

<i>APPENDIX A</i>	<i>SPACEHIVE PROPOSAL</i>

BACKGROUND PAPERS

'No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.'

CHRONOLOGICAL HISTORY OF THIS REPORT

'A report on this item has not been previously considered by a Council body'.

REPORT APPROVAL

Report author:	Emily Spicer – Assistant Director – Wellbeing and Community Leadership
Signed off by:	John Leach, Deputy Chief Executive – Communities
Approved for publication:	Deputy Leader of the Council and Portfolio Holder for Partnerships, Councillor Graham Marsh, East Lindsey District Council

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES

(CAPITAL AND REVENUE BUDGETS)

FROM: Chris Hook, Finance Business Partner (PSPS)

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED

REPORT: Procurement of a South and East Lincolnshire Councils Partnership Crowd Funding Scheme

REPORT DATE: 6th July 2022

OPTION 1	£ Year 1 2022/23	£ Year 2 2023/24	£ Year 3 2024/25	£ Year 4 2025/26	£ Year 5 2026/27
Revenue					
One Off – Set Up	11,333				
One Off – Contribution	30,000				
Ongoing – Spacehive		11,333	11,333	11,333	11,333
Total Revenue Cost	41,333	11,333	11,333	11,333	11,333

Funding required:

Total capital cost £

Considered by:

Date:

Revenue cost £ 86,665

Financial Services Comments

Supporting this project would initially cost ELDC £41,333 – this is proposed to be met from the Economic and Growth Reserve. Additional ongoing costs of £11,333 as part of the Spacehive contract would be a cost pressure.

Risk

The ongoing cost creates a cost pressure for the council.

Procurement

The suggested provider is the only dedicated civic crowdfunding platform provider on the Governments G Cloud procurement framework, which enables a call-off on a competitive tender by the council.

Value for Money Efficiency

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.