

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

23 NOVEMBER 2023

Report Title	Financial resilience and Community Funding (Crowdfunding)			
Purpose of Report	The Committee resolves to agree the proposition and the next steps required for implementation.			
Decision(s)	<p>The Committee RESOLVES:</p> <p style="padding-left: 40px;">a. To agree the purchase and implementation of a Community Funding solution provided by Spacehive</p> <p style="padding-left: 40px;">b. To allocate a sum of £100k p.a. from Council reserves for a council match funding pot; and</p> <p>The Committee RECOMMENDS to Council:</p> <p style="padding-left: 40px;">c. To agree to include the contract sum of £35k in the Medium Term Financial Plan for 2024/25</p>			
Consultation and Feedback	Head of Environmental Health, Head of Community Services, SLT including S151 officer			
Report Author	Adrian Blick, Interim Director of Transformation and Change Email: Adrian.Blick@stroud.gov.uk			
Options	<ol style="list-style-type: none"> 1. Approve the proposal 2. Request amendment or Reject the proposal 			
Background Papers	None			
Appendices	Appendix A – Lessons Learnt by Cotswold District Council			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	No	No

1. INTRODUCTION / BACKGROUND

1.1 This document sets out a proposal for implementing a community funding proposition which will support a community group/citizen in publicising a project that brings benefit to the wider community. Members of the community, community groups and corporations then fund the project or venture by submitting pledges via an on-line platform which administers and disperses the funds. The council may also choose to co-fund projects that align with its strategy.

1.2 A community funding proposition aligns with wider council aspirations including:

- Brings community aspirations to life
- Aligns with the council’s objective of empowering communities to action
- Builds civic pride and this encourages further initiatives

- Creates an environment where innovation and collaboration are encouraged
- Displays community and council commitment to achieving positive outcomes
- Reduces reliance on Government funding
- Helps the council determine where to allocate funding, amplifying its impact
- Strengthens the council's position when seeking additional funding from other sources or when making a case for community initiatives to stakeholders.

1.3 Other councils are successfully operating funding campaigns including Cotswold District Council which has been partnering with our chosen vendor and has offered a positive reference (See Appendix A).

1.4 Objective ER 4.2 in the Council Plan sets out that we will “Increase the financial resilience of the district by exploring additional options for community funding”. This proposal will help us to complete that objective.

2. Main Points

2.1 The procurement was conducted using the G-Cloud 13 framework with two vendors offering the service the council requires. The council selected the vendor which specified a pricing structure that offered more pricing certainty as it is based on population size and the District falls well within the banding for the pricing that will apply.

2.2 The council proposes a tried and tested model for operating its community funding initiative whereby it partners with the selected vendor (Spacehive) which will work with the community sponsors and the council to ensure the on-going success of this proposition.

2.3 Operating Model

2.4 The council will fund an SDC-branded microsite which will be managed by Spacehive. The site will be used to:

- Communicate mission and aims
- Display all information in one place
- Curate the community funding opportunities and subsequent projects.

2.5 Typically, two funding rounds will be opened each year and the vendor services and SDC responsibilities are as follows:

- Vendor Account Director will:
 - Help the council decide on a fund strategy (four funds offered by Spacehive with more available at additional cost). For example:
 - One fund covering all opportunities (suggest we adopt this approach year 1 at least)
 - Geo-based funds
 - Opportunity type-based funds
 - Help the council define project criteria and assessment process
 - Design an activation strategy to reach out for community ideas

- Hold fortnightly calls to develop strategy, report progress and review the success of the funding rounds
 - Provide guidance on messaging, branding, and marketing
 - Advise SDC on how it can pledge intelligently
 - Operate a verification service to ensure projects are viable and feasible
 - Build an ecosystem to back the projects
 - Operate a reporting suite that reports impact of the projects.
- The council and the members will:
 - Decide whether a maximum pledge value (per project) is preferred
 - Operate a process for agreeing what projects the council will co-fund
 - Offer a point of contact for the communities to assist and support where needed
 - Provide communications support to assist the ‘funders’ in building and maintaining interest.

3. Next Steps

- 3.1 This report represents a decision to proceed with a crowdfunding scheme. Should this approval be granted then consideration will need to be given as to how such a scheme would operate in the Stroud District. A number of points for consideration are included in the paragraphs below and a detailed proposal will be brought back to Committee in March 2024.
- 3.2 Agree whether any scope restrictions are necessary - the council/members should consider whether all types of projects are eligible (refer to Appendix A for examples of what Cotswold District Council decided) and whether there should be an overarching financial limit for the projects (e.g., maximum total of £50k can be pledged per project).
- 3.3 Develop the council governance process to determine co-funding decisions – identify who should be the decision makers, specify criteria that determine under what circumstances co-funding will be considered and the process for doing so.
- 3.4 Detail council and member roles and agree those to be involved in terms of decision making roles and general support roles (e.g., publicising projects).
- 3.5 Develop a communication strategy for launch to ensure everyone in the District is aware of this proposition and how it works. Also, consider how the council will help publicise the projects that have been identified, to raise awareness and build interest.
- 3.6 Execute contract with Spacehive to purchase the platform and services.
- 3.7 Configure the microsite to reflect appropriate branding and to ensure it operates as required.
- 3.8 Consider potential for joint working with other councils including Cotswold District Council

4. Funding and other commercials

- 4.1 The contract with Spacehive has a 3year term, with the possibility of an expansion for an additional year after that. The annual fee is £35k per annum with an additional 5% success fee for each project that is commissioned. The success fee is a variable charge payable only if a community funding project is successful.

For example:

- £20,000 fund - £1k fee.

- 4.2 Based on Cotswold District Council's experience, where the fees average circa £1k per project, this is proportionate to the effort expended by the vendor.
- 4.3 There will be an option to terminate for convenience. This means the council can cancel the contract, without material penalties, if the proposition is not working as well as expected.

5. Conclusion

- 5.1 This proposition aligns with our Fit for the Future programme mission as it will empower our communities to identify and sponsor opportunities themselves collaborating with others to develop and implement projects that deliver positive outcomes in our District.
- 5.2 The potential benefits of this proposition extend beyond the outcomes delivered by the individual projects as it will engender a positive culture change that will build an even more resilient community.
- 5.3 It is suggested that an additional paper be presented to the March 2024 meeting of this Committee to agree the final governance procedures and proposals for how this Council will consider match funding opportunities.

6. Implications

6.1 Financial Implications

The contract with Spacehive has an annual cost of £35k and this will need to be included in the upcoming 2024/25 Budget and the Medium Term Financial Plan.

A matchfunding pot of £100k is required at this stage and it is proposed that this is found from Council Reserves. £80k can be funded from the Business Rates Pilot reserve as it meets the agreed definition of Community Wealth Building by empowering local communities to generate resilient funding streams for community projects. £20k will be allocated from the "Lucky Severn Community Fund". This is the general pot of funding which comes to the Council through the Lucky Severn Lottery.

The Council must decide how to budget for the 5% success fee for each project. This could either be through an additional allocation to the revenue budget or from the match funding pot. Final proposals will be included in the follow up report covering scheme detail in March 2024.

Andrew Cummings, Strategic Director of Resources

Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk

6.2 **Legal Implications**

The Council has powers under Section 1 of the Localism Act 2011 to do anything that an individual may do unless prevented from doing so by other legislation – known as the General Power of Competency. It would be this power that will permit the Council operating this community funding platform.

The use of the G-Cloud framework is compliant with the Council's Contract and Procurement Procedure Rules and the Public Contract Regulations 2015. Assistance should be sought from One Legal in finalising the contract terms with the chosen supplier.

One Legal

Email: legalservices@onelegal.org.uk

6.3 **Equality Implications**

There are no significant implications within this category.

6.4 **Environmental Implications**

There are no significant implications within this category.