

Cheshire West and Chester

Report to Cabinet

Date	16 October 2024
Report Author	Jane Makin, Senior Manager Communities and Engagement Maria Byrne, Director Environment and Communities
Cabinet Member	Councillor Paul Donovan, Cabinet Member for Democracy, Workforce and Communities
Report Title:	Cheshire West Crowd – Policy Update
Is this a Key Decision? [(one that affects finances over £1m or significantly affects two or more wards)]	No
Exempt Report:	No

1 What is the report about?

- 1.1 The Cheshire West Crowd is the Councils partnership with Spacehive to deliver civic crowdfunding. The approach allows communities to play their part through gaining funding to deliver projects that are aligned to the Council's Borough plan.
- 1.2 The report sets out the proposed revisions to the existing Cheshire West Crowd policy and governance and seeks delegation from Cabinet for the award of grants under the funding rounds.
- 1.3 The report details the proposed parameters for the operating model and how it will be agreed in advance of each future round of the Cheshire West Crowd.

2 Recommendations

- 2.1 To adopt the policy as shown in Appendix 1 and implement the principles when operating crowdfunding.
- 2.2 To agree that the Director of Environment and Communities (or equivalent), in consultation with the relevant Cabinet Member currently Workforce, Democracy and Communities (or equivalent) will review and determine the operating model ahead of each Cheshire West Crowd round.

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- 2.3 To delegate authority to the Director of Environment and Communities (or equivalent) to award grants up to a maximum of £25k to successful recipients of the funding rounds.
- 2.4 That the Portfolio holder for Democracy, Workforce and Communities establishes and chairs a Cross-Party Task and Finish group to consider the Council's approach to civic crowdfunding.

3 Reasons for the Recommendations

- 3.1 Crowdfunding aligns with the Borough Plan to strengthen communities and help them play their part by encouraging civic participation. Civic Crowdfunding has previously been endorsed by Cabinet in March 2021 and aligns with increased participation by communities as outlined in the current Borough Plan¹. A stronger future where we all play our part in thriving, caring and sustainable communities. This approach allows the Council to deliver outcomes by enabling communities to deliver key community projects aligned with the Borough plan.
- 3.2 The Cheshire West Crowd was subject to an internal audit in July 2023. This confirmed a 'reasonable level' of assurance and made key recommendations for future rounds which are addressed in the updated policy.

4 Report Details

- 4.1 Background
- 4.2 Spacehive crowdfunding platform was commissioned by Cheshire West and Chester Council (CWC) in November 2020, in response to the second national Covid-19 lockdown. Spacehive were recommissioned in November 2023 on a 3 plus 1, plus 1 contract following a review at Stronger Communities Board on 27 April 2023.
- 4.3 Spacehive is a crowdfunding platform that integrates grant making with community engagement. 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, businesses, and funders. So far, the platform has been supported by 8015 backers, 132 successful projects and raised £2,243,760 (information correct on 12.09.24) for CWC community projects. In round 4 for every £1 contributed by the Council an additional £1.89 has been raised from external sources.

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- 4.4 Internal audit recommended there should be some clarity and agreement about the process for confirming assessment panel representatives ahead of each funding round. They also recommended that it would be useful to update the policy to make reference to the latest Council priorities/missions, arrangements for managing declarations of interest, and to include details about the minimum number of backers and maximum grant to be awarded for each project. All of which are addressed by the Operating model proposed in paragraph 4.5-4.9 and associated policy.
- 4.5 The parameters of the operating model are detailed in the policy which confirms participants of the assessment panel (minimum and maximum number, and details of appropriate organisations and political representatives), total budget (to be confirmed annually by finance), fund criteria (based on the current relevant priorities of the Council), maximum award (dependent on overall level of funding), nature and number of funding pots, number of community backers required to unlock Council funding and the maximum percentage of a total project value the Council will provide to a project (maximum 75%).
- 4.6 The standard assessment panel will include political representation and appropriate Voluntary, Community and Faith Sector representatives. It will include a minimum of six representatives from the list below.

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Cabinet Member for Workforce, Democracy and Communities.	Essential
Labour Member	To be agreed with the Whip of the respective parties ahead of each assessment process. At least two elected representatives will be on the panel and a maximum of 5.
Conservative Member	
Liberal Democrat Member	
Independent Member	
Green Party Member	
Communities Team	Minimum of one representative from the Communities team to provide administrative support / expert knowledge and advice and connect with relevant services such as equality, diversity, and inclusion team as appropriate.
Cheshire West Voluntary Action	To be agreed ahead of each round. The panel will have a minimum of two representatives from the Community/Voluntary/Faith sector.
Cheshire Community Action	
Cheshire Association of Local Councils	
Westminster Foundation	
Other Community/Voluntary/Faith sector representative	

- 4.7 The maximum award for each funding pot will be agreed prior to each round in the operating model. The maximum award is £25k for an individual project. A project may receive an award from more than one council source (the maximum award should not exceed 75% of the total project value from Council sources).
- 4.8 The number of backers required for any project to receive a contribution from the Council will be agreed ahead of each round. The minimum number being 20.
- 4.9 The maximum contribution as a percentage of the target will be agreed prior to each round. The maximum ceiling being 75% of the funding target. This means at least 25% of a funding target will need to be generated from external sources.
- 4.10 More than 40 local authorities are currently using Spacehive.
- 4.11 Cheshire West will aim to deliver as a minimum one round per year, subject to available funding.

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- 4.12 Project creators can opt into either an 'all or nothing model' which means if a project achieves its funding target in the funding window it proceeds and if it doesn't the project doesn't go ahead. Or alternatively it can opt for a 'Keep what you Raise' option meaning it keeps the contributions received up to the funding deadline. A project can only select the Keep What you Raise option should there be separate elements of the project that can be fully delivered with the received contribution. The Council can choose to withdraw its contribution.
- 4.13 The platform contains in-built performance mechanisms that evidence the difference a project has made. Each project creator is required to complete an impact report that demonstrates how the project has contributed to the delivery of the Borough Plan. The impact reports will be reviewed by the Communities' team and promoted internally and externally.
- 4.14 Prior to participating in the assessment process for the Cheshire West Crowd all Elected Members who are on the panel and external representatives on it will be required to disclose any declarations of interest they have. Elected Members will need to act in accordance with the provisions of the Member Code of Conduct, in particular those relating to Interests as referred to in Section 9 and Appendix B of the Code. A record will be kept of any declaration of interest and this will be available to view by all panel members. More detailed guidance for Members on the declaration process will be provided through a Member Briefing.

5 How does the decision contribute to the Council Plan?

- 5.1 Criteria will be released ahead of each round and project creators asked to put projects forward that will contribute to the current Borough Plan. The criteria will be agreed by the relevant Director currently the Director of Environment and Communities in consultation with the relevant Cabinet Member ahead of each round. On completion of the project each project creator will be asked to complete an impact report which determines what has been delivered. The criteria will be shaped around the Council's priorities, currently the Borough plans 6 missions.
- Starting well.
 - Tackling hardship and poverty.
 - Resilient people living their best lives.
 - Opportunity in a fair local economy.
 - Neighbourhood pride.
 - Greener communities.

6 What engagement has taken place with partners?

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- 6.1 Significant engagement takes place with Town and Parish Councils and the voluntary, community and faith sector prior to and during each funding round. Businesses, philanthropists, and other potential funders are also engaged with and encouraged to financially support projects.

7 What are the financial implications?

- 7.1 Annual budget for the Cheshire West Crowd is £100k, of which £40k funds Spacehive platform costs, project verification, promotion, and impact reporting. The remaining £60k is used to contribute towards projects, currently through the Community Innovation Fund. The Climate Change Board also have an annual budget of £60k to support Climate related capital community projects. The platform can be used by other Council services and external organisations to host their own community funding pots.
- 7.2 Platform costs will be funded via UK Shared Prosperity Fund in 2024/25.
- 7.3 In round 4 for every £1 contributed to projects on the Cheshire West Crowd an additional £1.89 has been generated from external sources
- 7.4 As recommended in the audit report Council funds will be transferred to Spacehive ahead of assessment week to allow streamlined grant making. Any unused funds will be returned to Cheshire West and Chester Council on completion of the round. This will avoid Council funds being held by a third party for a significant period before being transferred to a project owner.

8 What are the legal implications?

- 8.1 Legal Officers have been consulted on the commission and award of the crowd-funding platform contract whilst having regard to securing the most economically advantageous platform to ensure value for public money in line with the Council's Best Value Duty.
- 8.2 The delegation in this report to the relevant Director, currently the Director for Environment and Communities will allow officers to respond to the results of the crowd funding rounds and award grants to the individual organisations on the terms set out in Spacehive's standard funding agreement which has been approved for use by Legal Services, posing little risk to the Council's position.

9 What risks are there and how can they be reduced?

- 9.1 The success of Spacehive is dependent on several key factors. Firstly, it requires people with ideas to come forward and commit to using Spacehive as the best way to raise funds. Crowdfunding for many local groups will be a new way of raising funds. To incentivise participation, the Council should

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demonstrate commitment to this method of supporting local projects by ensuring it is the most appealing route to access funding. Therefore, it is important Cheshire West and Chester and other funders do not run any other grant making schemes with similar criteria during a Spacehive funding round. Where funds are available, the possibility of channelling these funds through the platform should be explored.

- 9.2 A network known as an eco-system is required to increase the number of large donations and therefore increase the likelihood of projects meeting their funding targets. This requires the input of the Council's economic development and procurement teams to engage local businesses and suppliers.

10 How does the decision contribute to the “All Together Fairer” priorities?

- 10.1 The criteria for any funding round will reflect the priorities of the Borough Plan, encouraging a positive contribution to the 6 key missions which reflect the Marmot principles highlighted in the report. The Communities team will work with project creators to ensure they are aware of the missions and the value and importance of ensuring any projects contribute to and help address a fairer and healthier Cheshire and Merseyside. This will contribute towards health inequalities and social determinants of health in Cheshire.
- 10.2 Agreeing this revision to the policy will ensure that any future funding is allocated aligned to current priorities.

11 What is the impact of the decision on equality and diversity issues?

- 11.1 No direct impact. Projects that promote equality and diversity are considered by the panel. Project creators are supported to progress a campaign.
- 11.2 An equality assessment is being created to ensure due regard is considered in delivery of the Cheshire West Crowd.

12 What are the implications of the decision on climate change?

- 12.1 All projects are asked to confirm they cause no harm to the environment. The climate change fund is specifically dedicated to reducing carbon.

13 Are there any other options?

- 13.1 One other Civic crowdfunding platform is in operation in the UK named Crowdfunder. Crowdfunder was considered by the Stronger Communities Board, with guidance from our procurement team, in April 2023 and dismissed due to less due diligence to project verification than Spacehive.

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- 13.2 The Council could also choose to operate a different grant making scheme, however this would eliminate potential to generate significant additional contributions from external sources within existing capacity. It would also require verification and impact reporting to be undertaken by the Council, which with reduced capacity may develop a reliance on diminishing Council sources.

For further information:

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Background Documents:

Appendix 1. Cheshire West Crowd policy.

SUBJECT HISTORY (last 3 years)

<u>Meeting</u>	<u>Date</u>
Cabinet	March 2021
Stronger Communities Board.	27 April 2023