

Environment, Community and Fire Select Committee

9 May 2019

The West Sussex Crowd

Report by Director of Law and Assurance

Summary

This report outlines the background and performance of the new crowd funding approach through which all County Council Member grant funds are deployed and recommends some initial improvements before the process is fully assessed as part of the CLC review begins in late May.

The focus for scrutiny

To review the performance of the West Sussex Crowd funding approach, consider the feedback received from councillors, residents and partners and to comment on the proposed micro fund.

1. Background and Context

- 1.1 Prior to 2018, the County Council grant funding to voluntary and community organisations were complex and varied. There were three member funds: Members' Big Society Fund (MBSF), Community Initiative Fund (CIF), and Small Grants Fund, with no single point of entry, and each with different criteria, application forms, maximum award values and decision making processes. Challenges of complexity, risk of duplication, lack of consistency and reducing budgets resulted in a new approach needing to be adopted.
- 1.2 Reductions in the Public Health Grant and savings required to balance the County Council's budget resulted in an overall reduction in the grant funding available to voluntary and community groups (from Small Grants, CIF and MBSF) from £660,000 in 17/18 to £330,000 in 18/19. This was supported by the Performance and Finance Select Committee in November 2017 and was then agreed by Full Council in December 2017 as part of the saving requirements.
- 1.3 Following a Cabinet Member decision in January 2018, the Council introduced an innovative digital civic crowdfunding model called "West Sussex Crowd". As part of this approach, the Council made available a single grant fund of £330,000 through the Community Initiative Fund (CIF) to be discharged solely through the platform that is run by Spacehive.

2. Why the Council Adopted a Crowdfunding Approach

- 2.1 Civic crowdfunding is still in the early stages of development and the market is growing rapidly. The approach is being adopted increasingly by local authorities due to the numerous economic and social benefits it can deliver.
- 2.2 These benefits include:
- The ability to leverage additional funds towards local-area-improvement projects.
 - A new approach to citizen engagement and involvement.
 - The ability to inform smarter investment decisions.
 - The ability to increase innovation and experimentation while reducing risk and cost of failure.
 - Improved community cohesion and resilience.
 - Increase transparency of decision-making
 - Improving awareness of issues that are important to local communities
 - A collaborative approach to problem solving alongside residents, partner agencies and businesses.
- 2.3 Both financial and social value benefits drew the Council to explore a civic crowdfunding approach it was the social benefits that matched the aspirations of the 'unlocking the power of communities' programme that led to its adoption.
- 2.4 In particular, the new approach to citizen engagement and participation enabled by civic crowdfunding has become very valuable to local authorities developing participation, capacity and skills. Citizens have been expressing a desire to have a more participatory role in government decision-making, particularly in the planning and budget allocation processes. Civic crowdfunding enables a more proactive approach to citizen engagement and participation, providing an opportunity for citizens to propose, contribute to and participate in projects that reflect their own values and areas of interest. Civic crowdfunding essentially facilitates a marketplace-led model, where citizen demands and institutional supply can meet more effectively with councillors direct input and support.
- 2.5 For the 2019/20 budget the Council has agreed a reduction of £50,000 from the CIF budget, from £330,000 to £280,000. It has also agreed in principle to reduce this further subject to a review of County Local Committees (CLCs) that is due to begin in late May 2019.

3. West Sussex Crowd Performance

- 3.1 The West Sussex Crowd was launched on the 9th May 2018; to date the site has raised £456,700 for 75 successful projects from a total of 1,908 backers. A total of 162 organisations have accessed the platform and have uploaded an idea, 106 of these have currently 'gone live' and used it raise funds for projects. These have included financing a comedy tour of care homes for people living with dementia, backing a children's playground transformation, supporting community festivals and upgrading community facilities.

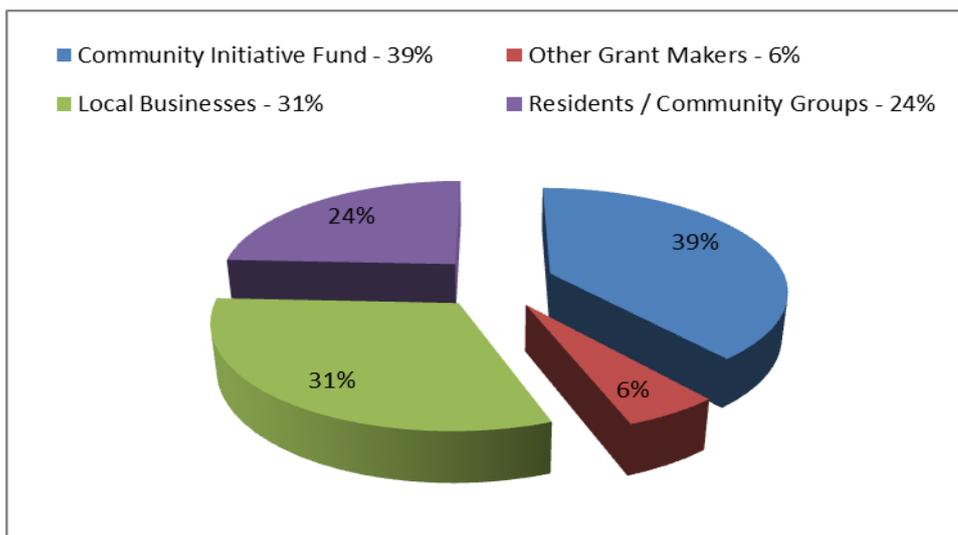
3.2 Appendix A provides case studies of some of the innovative projects that have been funded through the West Sussex Crowd. Information on all successful projects is available via [The West Sussex Crowd](#) website.

3.3 Of the 162 projects currently on the platform:-

- 75 have successfully secured the funding required
- 5 did this without WSCC funds
- 15 are still crowd funding
- 56 are currently on the platform in the preparation stage
- 16 have been unsuccessful

3.4 The platform has seen 1,908 individual backers so far in the first year. These backers have come from a range of sources including residents, businesses, WSCC Community Initiative Fund and other grant makers on the platform. To date of the £456,700 spent on the platform, £177,675 has come from West Sussex County Council, £279,025 has been spent by the 'crowd'. This means that for every £1 pledged by WSCC the 'crowd' has pledged approximately £1.60.

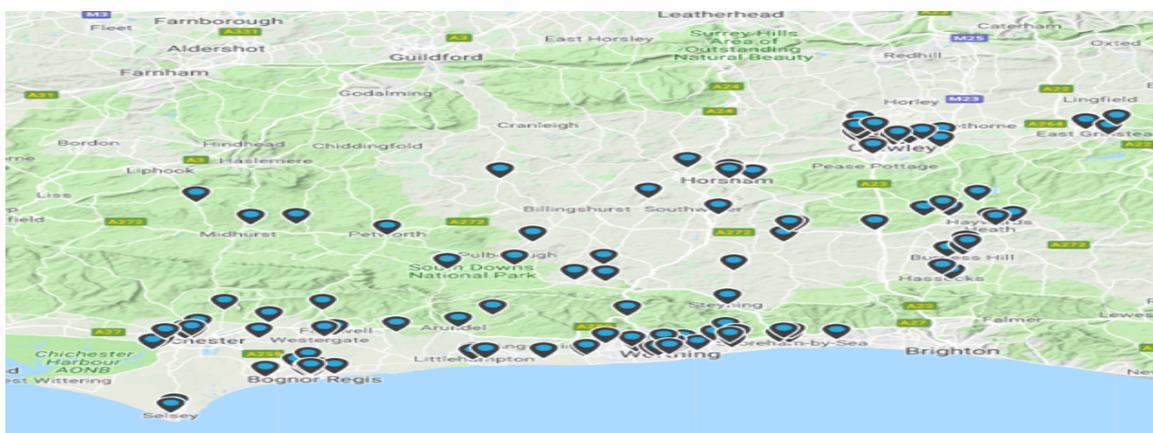
3.5 The table below provides a breakdown across these sources.



3.6 The 16 projects that were unsuccessful failed for similar reasons, including not meeting the criteria for allocation of CIF; not having sufficient time or skills to deliver a crowd funding campaign; and not wanting to use the payment method associated with the platform. These have been redirected to the Council for Voluntary Service, the Communities Team and other partners as appropriate to help them find more suitable funding streams (feedback from these groups is also outlined in Appendix B).

3.7 There are currently 15 projects still crowdfunding on the West Sussex Crowd at a total project value of £230,956 and CIF has allocated approximately £31,000 to these 15 projects. If successful this will increase overall spend from CIF. Should all 15 projects be successful then the total spent on the platform in the first year would be £687,656 to 88 projects with CIF contributing £208,899.

3.8 The West Sussex Crowd has seen 106 projects interacting with the platform this year with a good balance of projects coming from all areas of the County as shown in the picture. Appendix C provides information on the performance of and gaps in applications to the CIF fund.



4. Community Initiative Fund (CIF) Performance

4.1 With the introduction of any new fund it is expected that there will be a reduction in applications and spend as residents adapt to the new approach. This was outlined in the report to this Committee in February 2018, but we are now in a position to confirm the impact of the changes as outlined in the table below. Figures show a reduction in application numbers and spend however compared to our initial projections the fund has performed better than anticipated.

	2016/17 (larger fund)	2017/18	2018/19
Applications Received	296	198	142
Projects Supported By Members	248	153	90
Applicants who have dropped out	11	14	26
Rejected Applications	27	24	10
Pending or deferred	6	0	4
Failed Applications	4	1	12
Total Spend	£371,091	£291,774	£177,675 To date 17/04/19

4.2 To date the current spend for CIF is £177,675 therefore the fund has unlocked 2.5 times as much from third party sources. This will also go up significantly should the remaining 15 projects successfully reach their crowd funding targets.

- 4.3 Residents and members have been offered support in building their understanding of the new approach and the advantages crowd funding has to offer. This has included the following;
- Presentations at all the first CLC meetings in the year
 - 255 sessions and enquires supported by West Sussex County Council officers
 - 15 engagement event run by Spacehive
 - 9 webinars run by Spacehive
 - 18 engagement interactions through libraries
 - 2 feedback sessions from residents (North and South)
- 4.4 Through this, considerable feedback has been received from residents, partner organisations and members on some of the key issues that they have had with the approach. We have looked to address some of these issues throughout the year with improved guidance, workshops and presentations as well as changes to the platform itself. Key themes arising through this feedback are set out below. This information will be considered in more detail as part of the Members CLC review later this year.
- Crowd funding not being suitable for projects needing small amounts of funding.
 - Support from Spacehive and the County Council has been excellent.
 - Concerns with payment process for resident adding pledges.
 - Concerns with payment process for projects agreeing to go cardless/paypal terms and conditions.
 - The time it takes to run a crowd funding campaign.
 - Skills and knowledge develop through running the campaigns have been beneficial for community groups.
 - The transparency of the system is very good.
 - Duplication of questions asked has been frustrating for project creators.
 - More transparency of fees earlier in the process.
 - Clunky application process.
 - Good opportunity for projects to widen their appeal and get additional funds.
 - Timing of grant funds given by West Sussex County Council can be unhelpful in terms of building a crowd funding approach and attracting backers.
- 4.5 As the CLC review is not due to deliver its findings to Governance Committee until September, the Cabinet Member for Safer, Stronger Communities is proposing to introduce a new 'Micro Fund' in relation to CIF grant funding. This is to address smaller-scale projects seeking to secure funding of no more than £750 for their total project costs.
- 4.6 It has been noted that crowd funding may not be suitable for all groups seeking funding and therefore instead of applying for funds through the Spacehive Website, groups would be required to complete a paper-based grant application form as an alternative. This option aims to attract small

groups with low project costs to propose their idea and apply directly to the Council through CLCs. Further information is available through the draft proposal to introduce a new Micro-Fund in Appendix D.

5. Issues for consideration by Select Committee

- 5.1 The Select Committee is asked to consider the high level outcomes of the civic crowdfunding approach, the performance of the CIF, feedback from residents, partners and members and consider the implementation of a micro grant as set out in Appendix D.

6. Resources

- 6.1 As part of the initial decision to use a crowd funding approach staff savings were delivered. At this time it is difficult to predict if there will be opportunity to deliver further efficiencies through this approach – but this will be considered as part of the CLC Review.
- 6.2 Should the proposal for a new micro fund be progressed, there is a risk of increased officer time being spent on managing two different processes. This will be mitigated though keeping both funds as joined up as possible, including with the same decision mechanism (CLCs).

7. Consultation

- 7.1 CIF applicants have been invited to informally feedback their comments on the process as they progress their crowdfunding campaigns. Two focus groups were held in March 2019 with partners, applicants and officers to consult them on how the process has worked. The output of these sessions is set out at Appendix B. County Councillors also have provided their comments throughout the year and these seem to be consistent with Appendix B.

8. Governance

- 8.1 The governance arrangements as set out in Appendix E have at times been challenging to match with an agile changing crowdfunding programme and it is expected that the CLC review will consider opportunities to improve this.

9. Other Options Considered

- 9.1 Not applicable. This report is commenting on the performance of the West Sussex Crowd funding approach and any options for consideration to change will be included in the CLC review later in the year.

10. Equality Duty

- 10.1 There is no direct impact on people with protected characteristics as a result of this report. Moving to a crowdfunding model in 2018 was not assessed as having any disproportionate impact on those with protected characteristics.

11. Social Value

- 11.1 Grant funding helps voluntary and community groups to contribute to the social, economic and environmental wellbeing of their communities.

12. Crime and Disorder Implications

- 12.1 None.

13. Human Rights Implications

- 13.1 There are no known Human Rights implications associated with this proposal.

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Appendices

- A** – Case studies from the West Sussex Crowd
- B** – Stakeholder Feedback
- C** – CLC Performance and gaps in applications to the CIF fund
- D** – Proposal to introduce a new Micro-Fund
- E** – Governance and Application Process

Background Papers

None