



Lewes District Council



Working in partnership with Eastbourne Homes



BUSINESS SCHOOL

SCIENCE POLICY RESEARCH UNIT

A large, stylized green graphic of the word 'MOM' is the central focus. The letters are filled with a dense, textured pattern of green moss or lichen. Two hands are shown at the bottom, one on the left and one on the right, appearing to hold or support the word. The hands are also tinted green. The background is a soft-focus green bokeh.

CITIZENS + CLIMATE CROWDFUNDING FOR NET ZERO



DIFD 'Investing for a better world report' (2019)

While civic crowdfunding in the UK is still in the early stages of adoption, the future is looking extremely promising. Local authorities are beginning to see the approach as more than a way of generating additional funds, with leading authorities viewing civic crowdfunding as an integral addition to community engagement and participation strategies.

Intro	3
Investment based crowdfunding	5
CMI model p7, Workshop p8, Case study p9	
CSP model p10, Workshop p11, Case study p12	
Donation based crowdfunding	13
Local business crowdfunding p15, Workshop p16, Case study p17	
Citizen crowdfunding p18, Workshop p19, Case study p20	
What next	21
Decision tool 22	

“In Lewes, the Council has put the twin goals of community wealth building and sustainable transition from fossil fuels at the heart of its corporate plan” Zoe Nicholson, Leader of Lewes District Council



Citizens supporting the transition to net-zero

Climate and biodiversity crisis

The Declaration of ‘Climate Emergencies’ means Local Authorities (LA) must bring forward low carbon infrastructure ‘at pace’ before 2030. There is a further desire to distribute benefits equitably within local communities to ensure a ‘just transition’. Lewes District and Eastbourne Borough Councils have both therefore declared a Climate Emergency along with 75% of councils and combined authorities in England ^[1].

Biodiversity is declining at a faster rate than in a time in human history^[2]. Since

1970 there has been a 13% decline in average abundance of UK wildlife, with species’ distribution down 5% since 1970 and 2% since 2005. Indeed 15% of species have been classified as threatened with extinction in Great Britain, and 2% are already extinct. These challenges have led each council to produce their own biodiversity strategies ^[3] to proactively arrest biodiversity losses, restore habitats and species and work for climate resilience to promote healthy and thriving communities through nature-based solutions.

The investment challenge

These related challenges will require significant investment in low carbon and natural infrastructure over the coming years. However, cuts in central government funding and council tax freezes have reduced the net spend per person by councils by 23% over the past decade^[1]. Many frontline services have suffered as a result, with limited resources to invest in sustainability challenges. Indeed, recent research by the Green Alliance suggests that many English councils can fund perhaps 25–35% of their net zero pledges, with some expecting the cost to exceed their entire discretionary spend to 2030^[1]. In addition, the cost of conventional borrowing through the Public Works Loan Board (PWLB) was suddenly increased by 1% in October 2019, suggesting alternative financing options may be increasingly attractive.

Community led finance – part of the solution?

One potential solution to addressing these challenges is to involve local communities in the financing and ownership of low carbon and natural infrastructure. This ‘community led finance’ may include different forms of philanthropy, community share offers or community bonds. These models – increasingly framed under the umbrella of ‘community wealth building’^[4] – aim to deliver social and environmental goals, whilst also retaining capital flows locally; broadening ownership and giving citizens the opportunity to proactively govern the transition to a more sustainable future.

Different investments have different characteristics, with some directly generating revenue, and others without financial returns. In this project funded by the Local Government Association Net Zero Innovation Programme (LGA NZIP) Lewes and Eastbourne councils partnered with researchers from the University of Sussex to explore alternative community finance mechanisms. This included two workshops (April and June 2021) with senior council staff to evaluate their appropriateness for different classes of sustainable infrastructure.



Community Finance for Net Zero

There has been a growing interest in ‘civic crowdfunding’ for local authorities where “citizens ... in collaboration with government, propose, fund and deliver projects that aim to provide a community service or deliver public value through a local-area-improvement project.” (Energy Systems Catapult)^[5]. These projects are either characterised as ‘Investment-Based Crowdfunding’ - where people provide capital on the basis of receiving a financial return, or ‘Donation-Based Crowdfunding’ – where citizens or businesses provide philanthropic donations to projects which align with their social and environmental values^[6]. In the following sections we explore some of these alternative models drawing on illustrated case study examples from our two workshops.

Investment based crowdfunding

Investment-based crowdfunding involves debt or equity investment where investors either receive a fixed income from loans or savings products or receive dividends from shares based on performance. These models suit projects which generate a financial return and are increasingly common in the community energy space, for example funding rooftop solar or windfarm developments. During our first workshop we explored two promising investment-based crowdfunding models for LAs: The **Community Municipal Investment** and **Community Share Partnership** models.

What problem are we trying to solve?

On the 29th of April 2021 Lewes and Eastbourne Council and Sussex University ran a virtual workshop to explore the options for investment-based crowdfunding in the district. The workshop was focussed on funding projects which both generate a financial return – such as solar farm - and help deliver the objectives of the Climate Emergency. Participants were first asked to reflect on what problem they were trying to solve with investment-based crowdfunding.

Councillors



Matthew Bird Interested in developing a hybrid model of LA expertise and community experience to fund green projects. **“it’s definitely the nub of it for me, that engagement and how you get [a] really good...working approach between authorities and communities”**.

Also interested in how council makes up for a funding shortfall for climate emergency.



Jonathan Dow Wants to find finance solutions to fund the projects they have plans for but are told there’s no finance available to enable **“I’ve assumed that you can do that community municipal investment on anything that makes a return, as long as it makes [above] 1.5- 2%?”** Thinks community projects are paramount; district has wealthy regions and people with available income to invest locally that would bring them a financial return better than a bank.



Emily O'Brien Interested in how we use the planning system to support and fund both the infrastructure for energy and the financing. Emily is at the workshop to learn and be part of something exciting, and how the models can help fund projects which may be slightly out of the council's current capital program, e.g., active travel, green spaces or food projects.

Officers



Ola Owolabi - Deputy Chief Finance Officer Interested in how LDC & EBC can diversify their borrowing. Has special interest in **“finding a credible source of funding to be able to beat PWLB...- which one of them is credible, and sustainable enough to be able to deliver the project?”**. Also interested in how they can “look... at something that the community will be able to take ownership”.



Ian Fitzpatrick - Deputy Chief Executive Interested in how these models can create **“a market for ...ethical investment in housing, affordable housing, and possibly other areas that could become a balanced portfolio that could hedge each other”** reducing risk overall. Keen to understand if these models can overcome lack of council resource time/money/staff and how can we make it ‘easy’.



Kate Richardson - Strategy & Partnership Lead **“We’ve got a climate crisis, how do we fund the sustainability ‘extras’ that might drop off due to financial constraints? we probably [have] loads of projects that we’d like to put in the capital program, but haven’t... because we’re not sure if we’ve got any money for it.”**

How can this model help us meet Net-Zero?

- Can beat the PWLB - a 1.2% p.a. for 5 years – 0.5% lower
- Can fund projects in existing capital program
- Community Wealth Building for risk averse citizens – akin to ISA

What are the challenges for introducing it?

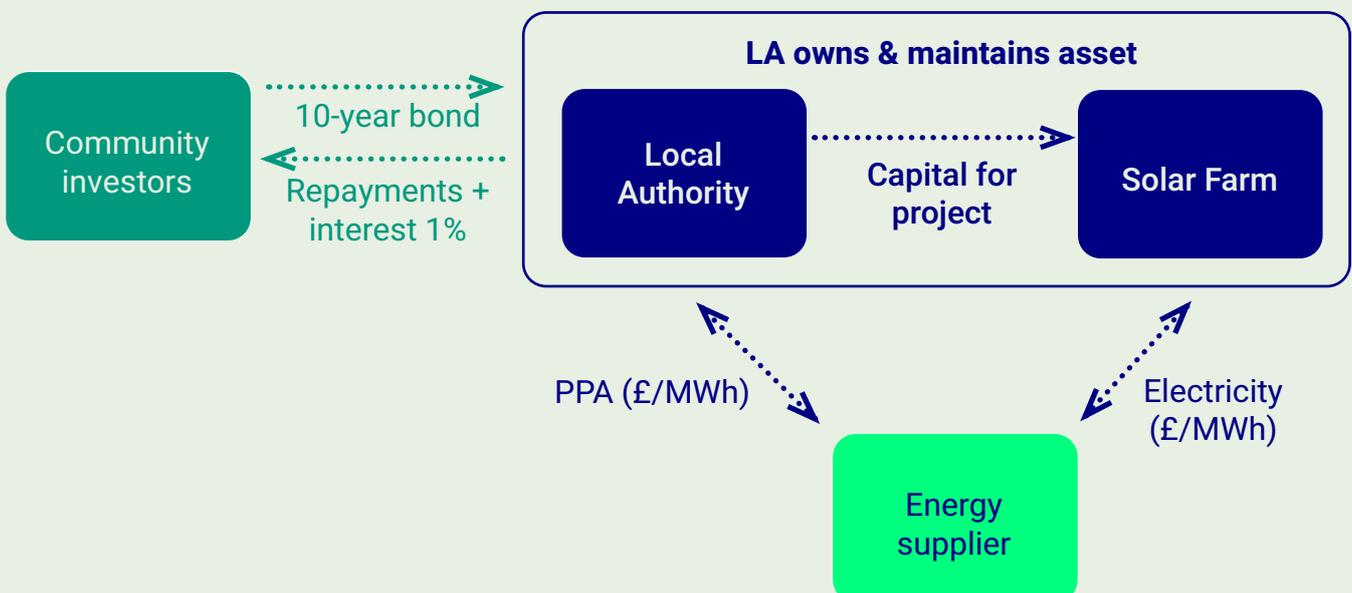
- Citizen awareness/engagement requires extensive comms strategy
- On balance sheet risk for LAs
- Small scale requires feasibility funding before self-sustaining

Community Municipal Investment (CMI)

A CMI is a bond or debenture mechanism issued by a council directly to the public. It is currently being provided in partnership with the online crowdfunding platform Abundance Investment. CMIs can be used to supplement, diversify or replace sources of borrowing to fund-specific infrastructure projects, or to refinance existing debt. CMIs are secured on the balance sheet of the local authority and are well suited to projects where the council wishes to retain ownership of the asset.

The CMI provides a very secure form of investment and the examples trailed in the UK to date, have resulted in a cost of capital of around 1.2% p.a. for 5 years – lower than the PWLB.

These models are therefore seen as a highly cost-effective route to financing revenue generating assets such as solar farms, where the CMI may 'beat the PWLB' from an affordability perspective. CMIs involve a lower investment return than community shares – more comparable to Government Gilts - although higher than many poorly performing savings ISAs. They are therefore likely to appeal to a larger number of citizens who have a lower risk appetite than community share investors.



CMI Workshop Findings

For the CMI we had presentations from West Berkshire Council – Joseph Holmes and Warrington Council’s Danny Maher. We were also joined by Karl Harder from Abundance – the platform provider.

How can this model help us meet Net-Zero?

While officers and councillors focused on different aspects, many of their queries were along similar lines surrounding affordability and the potential for citizen engagement. Overall, the simplicity of the CMI and the fact that the council could act alone were seen as big plusses.

Citizen engagement “We’re trying to mobilize different parts of the community that are currently engaged in this conversation and may feel themselves excluded, and they don’t feel part of it.”

Alastair McPherson, Plymouth Energy Community (PEC)

Can beat the PWLB “the key base of this is ...a form of borrowing, which is cheaper than the PWLB.” Joseph Holmes, West Berks CFO

Fund projects in existing capital program “I was really keen ...to do it on schemes that were already in the capital program...it was just a matter of our legal team...going through it to make sure that they were happy with it. But it was relatively routine... there wasn’t a vast amount of work” Joseph Holmes, West Berks CFO. “We wouldn’t be linking this lending directly ... to that asset, ...and ... allocate it to that, in fact, it’s within our entire treasury management strategy.” Ian Fitzpatrick.

Bundle projects together “I can imagine we have many more projects that you might want to package up.” Kate Richardson “allowing participants to contribute their interest returns helping to subsidise non-revenue generating projects “[Councillors] really liked... the option, [for] people that invest in the CMI have the option to donate their profits.” Facilitator

Refinance existing debt There was also an interest in “refinancing [with the] CMI ..., could it be used for refinancing?... is there an argument so actually getting a balanced

portfolio of assets - might help in terms of managing risk and, and be attractive to potential residents for investors?” Ian Fitzpatrick. This was viewed as feasible by Abundance, although would require an alternative narrative than one solely focussed on sustainability.

Community Wealth Building Unlike community shares the CMI is a lower risk, lower return product – more akin to traditional savings products like ISAs, which could reach a wider pool of more risk averse investors “for every 100,000 people on average, there’s 4 billion of savings that can be accessed through a crowdfunding platform...So yeah, I think it always comes down to this, the stories that we can tell.”

Karl Harder, Abundance

What are the challenges for introducing it?

Small scale compared to the size of the net-zero challenge, “the actual capital required to do this necessary transition has got a lot more zeros after it” Alastair McPherson, PEC.

On balance sheet risk – unlike a community share partnership – the CMI is debt on the council’s balance sheet. “So, is it a guaranteed investment for us? So, in other words, do we take the risk of the debt? And then effectively, people that pay into it get guaranteed 1.2%?” Ian Fitzpatrick

Citizen awareness/engagement – communications and achieving visibility for councils funding net-zero projects was viewed as an important challenge. “none of the residents ... even knew we declared a climate emergency” Joseph Holmes, West Berks CFO

Feasibility funding - a further key area identified was the lack of resourcing for exploring project feasibility in their early stages “how do you get over that sort of feasibility financing hurdle” Emily O’Brien.



CMI CASE STUDY: WEST BERKSHIRE

How was the money spent?

In summer 2020, West Berkshire launched the UK's first CMI, offering residents and community groups a unique way to invest in green projects to help the district become carbon neutral by 2030. In October 2020, they achieved their goal of raising £1 million. Overall, 640 investors contributed nationwide, with 23% of total investment coming from West Berkshire residents. By April 2021, 1 in 6 investors donated their interest returns back to be re-invested into a Wildflower Verge natural infrastructure project.

Since the CMI launch, West Berkshire have funded £520k for six Solar PV roof-based projects on council facilities, including a school, leisure centre, care facility, and council offices. The remaining £0.5m has been used for a variety of schemes, including:

- Berkshire, Buckinghamshire, Oxfordshire Wildlife Trust Capital Improvements
- Urban Tree Planting
- New footpaths and rural access schemes
- Active travel infrastructure improvements
- Tree planting and habitat creation as part of flood alleviation projects
- Energy efficiency upgrades for traffic signals and street lighting



How can this model help us meet Net-Zero?

- Engaging with the community – through local partnerships
- Reduced risk – than if councils act alone
- Overcoming issues with capacity –that may not exist within the council

What are the challenges for introducing it?

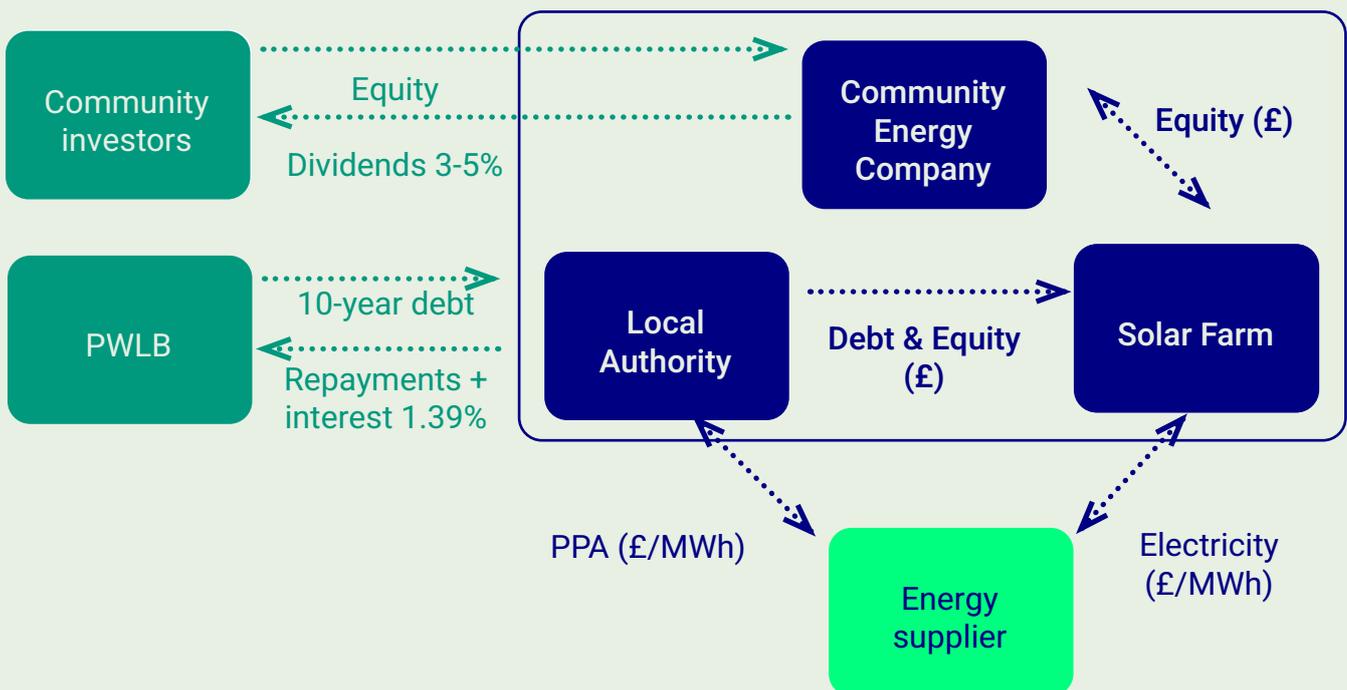
- Can't beat the PWLB – 2-5% dividends higher than the PWLB
- Lack of control–delegation or sharing of authority with other organisations
- Scale and pipeline – less suited to funding traditional council projects

Community Share Partnership (CSP)

'Community shares' are a form of withdrawable equity capital unique to co-operative and community benefit legislation. This type of share capital can only be issued by co-operative societies, community benefit societies and charitable community benefit societies.

While this type of funding has been used extensively in the burgeoning community energy (CE) scene, there are emerging examples of Local Authorities developing partnerships with CE companies to develop hybrid delivery models. In these examples councils will either support a project, provide loans or part own low carbon infrastructure – such as a solar farm – transferring some of the risk, delivery and control onto a community partner.

These models can be advantageous where a council does not wish to be the sole owner and developer of a project and can collaborate with community partners who may have particular skills and experience in the delivery of these projects. While the equity share capital is likely to be a more costly financing route than the PWLB or a CMI, community shares are typically offered with dividend expectations that are much lower than traditional forms of share capital i.e., <5% p.a.



CSP Workshop Findings

Plymouth Energy Communities (PEC) Alastair McPherson presented the CSP model alongside Paul Elliot from Plymouth City Council.

How can this model help us meet Net-Zero?

In general, both officers and councillors viewed the CSP as a good option where the council is looking to play a supporting role or transfer some risk. This could be particularly important if there is a pre-existing project they can support or where extensive community expertise can be tapped into.

Engaging with the community “community energy is not just about an investment model, it is about approach to effectively moving and enabling people that are local... around the climate journey. And some of that will be about investment. But actually, some of us can be about looking at change and engaging in ways that our local authority can't do” Alastair McPherson, PEC.
Reduced risk CSP models allow Councils to bring forward low carbon infrastructure while taking less risk and responsibility than if doing so themselves. “You can't do it by yourself. None of us can do it by ourselves. So that's the main problem is this this this problem is way too big.” Alastair McPherson, PEC.

Overcoming issues with capacity CSP models can bring forward skills and experience that may not exist within the council itself. “the ability for different component parts of our community, local government, ... [social] enterprises, private sector organizations and business to play to their respective strengths ...so the first ask is don't be tribal...Can you move quick enough, here? Do you have the capacity? And is it the best place for you to play?” Alastair McPherson, PEC.

What are the barriers and challenges for introducing it?

In general, the issues identified for the CSP model surrounded the exact nature of the relationship between the council and the community group.

Can't beat the PWLB community shares have often been issued at a 5% dividend, although expectations on returns have recently reduced to as low as 2% with 3% common – much higher than the PWLB
Scale economies “What benefits can we gain from working with you [community group] that we can't get by just being part of some kind of bulk purchasing scheme and doing it ourselves?” Kate Ricardson
Lack of control Unlike the CMI, the CSP involves a delegation or sharing of authority with other organisations we had a discussion earlier where the presenters said, “it would be difficult for a Council to do it alone”. And what you have done is that you're [West Berks] actually promoting this and doing this alone. What do you say to that? Ola Owolabi
Project Pipeline “I think the blocker at the moment is bringing in projects forward, ... trying to find a scheme and are ready to go and get it out, you know, in the post subsidy world, you'll see has been a massive drop off” Alastair McPherson, PEC.
Feasibility funding “getting that initial feasibility stage, that's something that it seems to [have] a lack of resource for... I'm sure that applies, [to the] community energy side as well.” Paul Kemp, South East Energy Hub



CSP CASE STUDY: PLYMOUTH ENERGY COMMUNITY



Plymouth Energy Community (PEC) was established by local residents to tackle the climate crisis and the high levels of fuel poverty in Plymouth. PEC operates through a mix of community share funding, grants and external loans, with any profits flowing back into the community. They undertake a wide variety of projects intended to fulfil their mission to increase local ownership and influence over local energy systems, tackle fuel poverty and reduce carbon emissions.

Plymouth City Council, played a key role in the early days of PEC, pledging to set up an energy co-op in their manifesto and supporting its foundation as a community benefit society, helping recruit 100 founder members, and developed a business plan. Several staff members have job-share arrangements between PEC and the local council and there is a

strong ongoing partnership between the two. However, the organisation operates independently, with a membership of more than 1,600 individuals. This arrangement is mutually beneficial – as an established organisation, **PEC is now able to demonstrate impact and insight that benefits the council and helps it to meet its strategic goals. PEC is now a trusted delivery partner, providing expertise and credibility to inform the council's wider work on climate and fuel poverty.**

In 2015, PEC worked with Four Greens Community Trust to help turn derelict land into a community asset. PEC raised funds to build a 4.1MW community-owned solar farm on local brownfield land that would reduce fuel poverty by generating enough clean energy to meet the annual needs of 1,000 homes. The costs of the loan were partly paid back through a community share offer that raised £1 million.

Donation-based crowdfunding

Donation-based crowdfunding is a ‘non-investment model’ in which no legally binding financial obligation is incurred by fund recipients to donors. Typically, a large group of contributors donates small amounts towards a project or campaign without expecting anything in return ^[5]. These models must therefore emphasise social and environmental benefits to an even greater degree than the investment-based models. Our research suggests that Nature Based Solutions (NBS) to climate change are an ideal type of local authority project for these models. During our second workshop we explored two variants, one based on Local Business Crowdfunding, and the other Local Citizen Crowdfunding – recognising that these models could be combined in practice.



Eastbourne Eco-Action Network

“This is really about testing things, trying things and being brave. Saying ‘we have an ambition and a vision for this, let’s see if we can make this work’”

Julie Middleton, Sussex Nature Partnership



How can this model help us meet Net-Zero?

- Enable local businesses to meet their carbon offsetting & Environmental, Social and Governance (ESG) goals locally
- Council can facilitate; helping to identify local projects and partnerships

What are the challenges for introducing it?

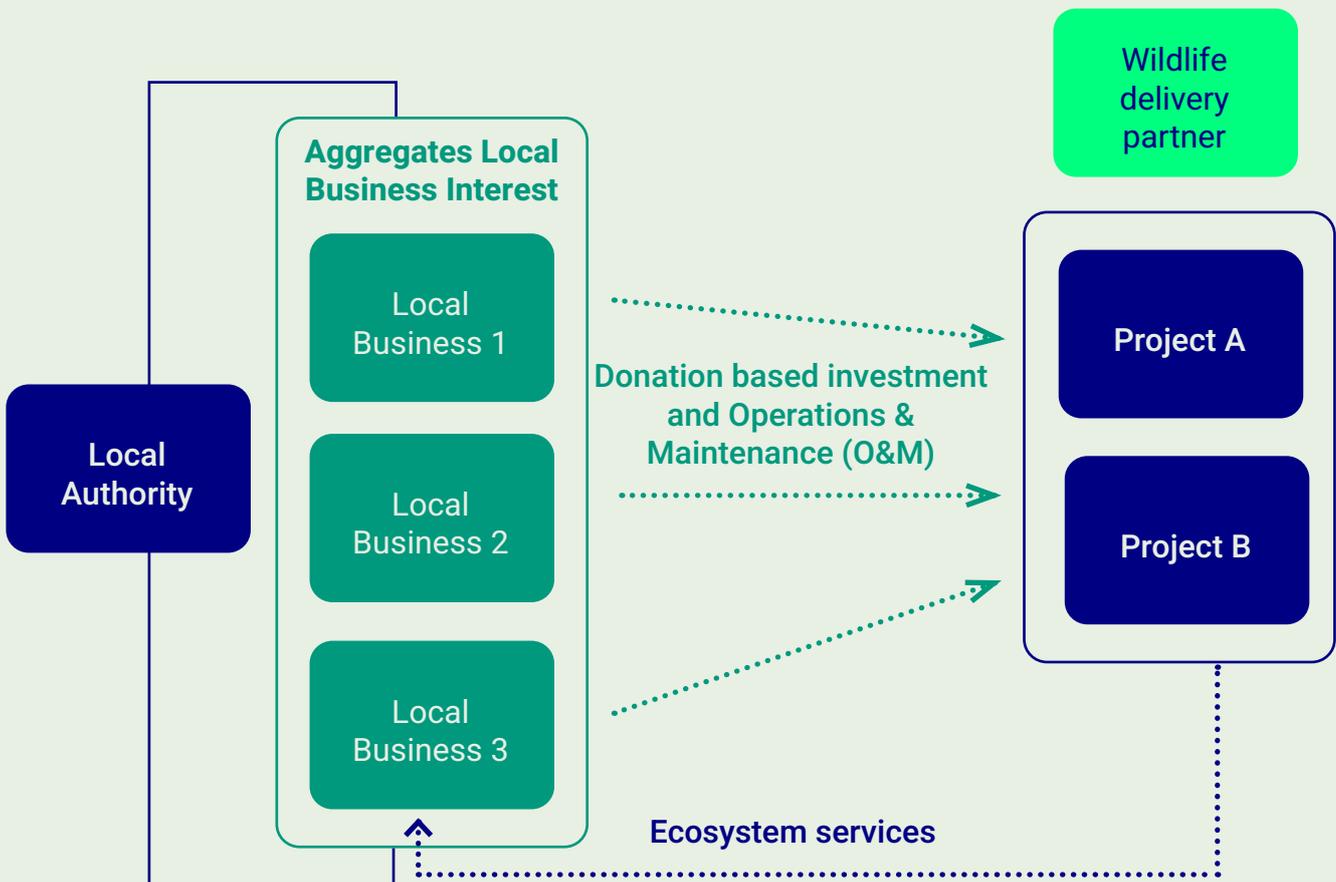
- Lack of resources and knowledge in small firms of how to engage with local projects
- Lack of standardisation and metrics hampers measurement benefits
- Few existing examples to learn how best to govern these models

Local Business Crowdfunding

In these emerging models, local businesses provide funding for projects which align with their social and environmental goals. These tend to be projects that are highly visible and deliver community benefits, while also showcasing the companies’ commitment to delivering sustainability objectives. LAs may play a coordinating role in partnership with other stakeholders such as local wildlife NGOs or county councils.

Businesses may choose to make a one-off donation or supply ongoing project support. This is likely to occur at the level of individual businesses, however collective action may emerge if several businesses benefitted from the same regional ecosystem services.

Because these models are designed to fund projects that do not directly create revenues, a broader range of projects can potentially be funded through this route. However, the extent of local business philanthropy is likely to limit the scale of funding which can be delivered through this route.



Local Business Workshop Findings

During the second workshop we had presentations from both Hannah Clay from the Sussex Community Foundation (SCF) and Shelaine Siepel from the Sussex Sustainable Business (SSBP) Partnership. Both presentations were focussed on how local businesses could support Nature Based Solutions, which do not generate a financial return.

How can this model help us meet Net-Zero?

By providing local business with real projects to invest in, these models enable both small and large firms to support projects that help them deliver on their net-zero and wider ESG objectives.

Delivers immediate, visible impact small business philanthropy provides firms with a means of addressing their own environmental and social sustainability targets in a hyper-localised way. For example, “[The Lewes] Railway Land Trust in Well-Being in Nature Program... allows members of the community, often those with complex mental and physical health needs to come together and connect with nature-based activities for therapeutic benefits” Hannah Clay, SCF. This program is supported by Lloyds Banking Group .

Bypasses complex carbon offsetting which remains an uncertain and contested space. By funding regional nature-based projects these models could enable businesses to deliver more localised benefits “once organisations who signed up to these very challenging carbon neutral targets start to realize that they’re actually very hard...they can’t calculate their carbon footprint... confirm which scopes are included, align their existing environmental policies, create a carbon action plan..[etc] So... it’s at this point that you need to be in people’s mind saying, these are the local projects that you could invest your money in” Shelaine Siepel, SSBP. Further, the carbon impact of these projects could be calculated either now or later, as project aggregation and monitoring might occur on a regional level in the future.

Creates a new, long term funding stream if designed as an annual contribution these models can “lead to an ongoing relationship. And ... to be blunt, that’s where the money really starts to flow. Because you know, it’s that long term core funding that organisations need that is so hard to get” Shelaine Siepel, SSBP. It therefore has the potential to boost and strengthen a broad range of long-term solutions that the council could coordinate to ensure that projects made the strongest contribution possible to meeting local net zero targets.

What are the challenges for introducing it?

Lack of resources and capabilities Smaller firms possess limited capacity to find and engage with local projects. If relationships are not already present it is not obvious how opportunities could be found and nurtured.

Challenges in measuring benefits an ongoing issue in NBS is the measurement of benefits and the standardisation of metrics and systems of measurement “there’s such a lack of confidence in some of the data” Matthew Bird

Creating a coherent governance framework Few systematic examples of council- local business crowdfunding partnerships exist to learn from “it tends to be very ad hoc. there’s not a lot of frameworks in place for linking up businesses, particularly smaller businesses with good causes” Shelaine Siepel, SSBP



LOCAL BUSINESS CROWDFUNDING:



Sussex Community Foundation is a charity that makes grants to other not-for-profit organisations across Sussex and have raised over £46 million to support Sussex communities since 2006. Connecting individual and business donors to the groups they want to support; they have given grants totalling £22 million to around 2,000 charities and community groups.



The Sussex Sustainable Business Partnership represents over 2500 local businesses, which, due to the emerging net zero narrative, are now seeking to offset their carbon footprint. At present these businesses are simply googling ‘carbon offsetting’ to find projects and companies that can assist them in achieving this. This is problematic due to offsetting firms moving into this space that may have low credentials, leading to green-

WELL BEING IN NATURE PROJECT

An example of how such a partnership could be developed is the Well Being In Nature Project, on the Lewes Railway Land site. The project runs free, friendly sessions that are open to anyone who experiences poor mental health. It is based on the huge amount of evidence about the benefits that being outdoors in a natural environment can bring to everyone’s mental health. The project is based on the principles of participation and co-design. The project is part funded by both the Sussex Community Foundation and Lloyds Banking group.

Future projects of this nature could adopt such a partnership model using a combination of local business philanthropy and citizen crowdfunding with the council playing a co-ordinating role.



Railway Land Project

washing. It also fails to connect these businesses with projects in region, which can provide additional impact via local community and relationship building.

The Sussex Sustainable Business Partnership could provide a collective of businesses that form an additional funding stream in the region, complementing the efforts of larger businesses engaged in NBS and carbon offsetting. Smaller businesses and citizens could make contributions through the Sussex Community Foundation, with suitable projects and partnerships coordinated by Local Authorities.

How can this model help us meet Net-Zero?

- Fund projects which have no obvious revenue creation
- Involve citizens in the ownership and governance of projects

What are the challenges for introducing it?

- Administrative costs of council running its own platform
- Questions over how the projects would be governed by council & citizens

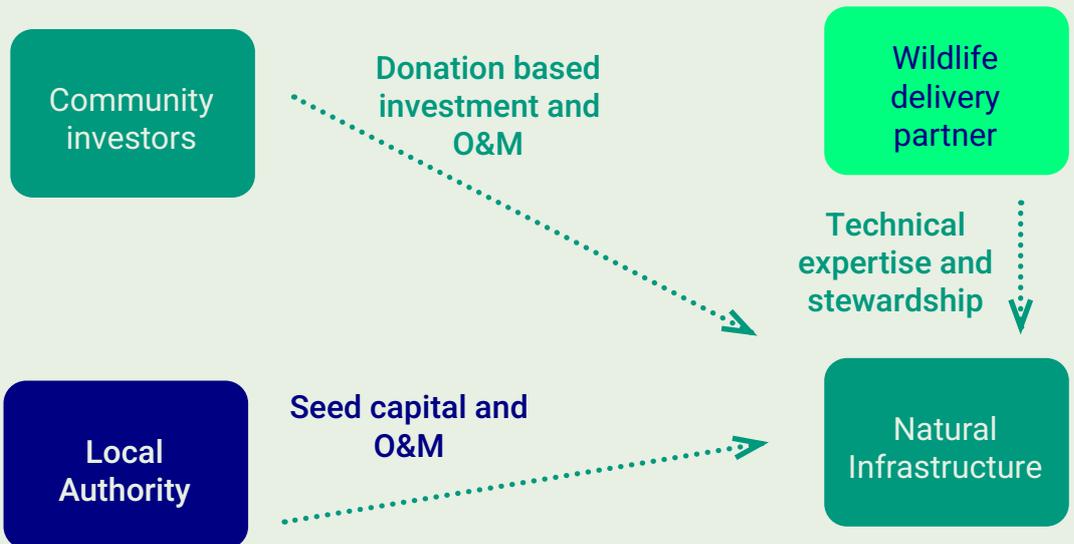
Citizen crowdfunding



In a Citizen crowdfunding, multiple citizen investors provide a large number of donations towards local projects. This is the most common manifestation of donation-based crowdfunding and has been used to fund a wide range of projects in the UK, from nature reserves to community cinemas. Citizens may also be involved in the selection of projects and their ongoing governance through cooperative membership structures.

There are multiple different crowdfunding platforms available that can be leveraged by LAs to fund community projects. Some examples see the LA managing and maintaining the platform and providing seed money for successful projects, while others involve partnerships between councils and existing crowdfunding initiatives.

Offerings include Spacehive, the only UK-based online crowdfunding platform solely for projects aimed at improving local civic and community spaces. Another example is Hubbub, a white-label crowdfunding platform that aims to be the leading provider of digital fund-raising solutions for the education and non-profit sectors.



Citizen crowdfunding findings

In the second workshop we had a presentation from Rachael Allen from West Sussex County Council who have developed their own civic crowdfunding initiative using Spacehive.

How can this model help us meet Net-Zero?

This model leverages the desire for local citizens, especially in the aftermath of COVID-19, to invest in green, inclusive spaces in their locality that build community capital, mitigate climate change, provide access to nature and increase levels of biodiversity.

Cash for 'hard to fund' projects community crowdfunding has the potential to leverage hundreds if not thousands of donations from local citizens in projects that councils would otherwise struggle to fund through existing capital programs **"There was a very successful project on Chichester Canal, lots around community gardens, allotments for young people. So, it is something that I do believe could lend itself really well to projects such as this"** Rachael Allen, West Sussex Council

Blending with existing funding sources Citizen crowdfunding has the potential benefit of complementing investments being made by the council, businesses and other philanthropic platforms, enabling larger projects that may not have had enough capital to succeed. **"we did get Crawley Borough Council with their CIL money on to it...the next stage [was] to talk to district and borough colleagues to see if there were other funds we could put through it"** Rachael Allen, West Sussex Council

Giving citizens ownership of local projects as citizens become investors in local sustainable infrastructure, this creates a culture of inclusivity and the 'democratisation of finance'; provided the investment hurdle is small enough, the majority of constituents can participate. In some models this can also include board representation and ongoing governance of projects.

What are the challenges for introducing it?

Cost burden of running own platform If the council were to administer the platform, this requires additional human and financial resources **"we've... had to stop our community initiative fund. And that's entirely due to budget constraints."** Rachael Allen, West Sussex Council – suggesting a sensible route forward could be to 'piggyback' on existing crowdfunding initiatives in the area.

Barriers to entry These initiatives may also become slanted towards a certain type of project or investor **"some felt it was over complicated, and some people were not very happy that they had to pay a fee... especially maybe if you're not very computer literate, because it works very well through social media, that can be difficult."** Rachael Allen, West Sussex Council

Integration with existing council processes - Issues for the council included the selection of projects for funding **"being democratic services we found it hard to fit the campaigns into our decision-making process. So, it would go officially to our county local committees, which met [only] three times a year."** Rachael Allen, West Sussex Council

Homefield, Worthing People's Park

By Friends of Homefield Park | Worthing | Delivery



FUNDED ON
06 MAR 2019

8 backers
£5,820 raised

Grow Chichester Community Garden

By Transition Chichester | Chichester | Delivery



FUNDED ON
15 AUG 2018

35 backers
£5,297 raised

Worthing Honey Collective

By The Bee Foundation CIC | Worthing | Delivery



FUNDED ON
21 JAN 2019

36 backers
£8,970 raised

Teens Construct To Connect

By The Apuldrum Centre | Chichester District | Delivery



FUNDED ON
18 FEB 2019

42 backers
£2,095 raised

Go Gardening

By The Apuldrum Centre | Chichester District | Delivery



FUNDED ON
18 FEB 2019

75 backers
£10,641 raised

CASE STUDY: WEST SUSSEX COUNTY COUNCIL



Prior to 2018, the way West Sussex County Council provided grant funding to voluntary and community organisations was varied and complex. This led to a digital civic crowdfunding model called West Sussex Crowd to be introduced. As part of this approach, a single grant fund was made available through the community initiative fund, discharged solely through the platform run by Spacehive.

This approach gave the council the ability to leverage additional funds and take a new approach to citizen engagement and involvement. This enhanced the ability to increase innovation and experimentation, improve community cohesion and raise awareness of issues that are important to local communities. It was also hoped that the council would be able to draw other funding pots to the West Sussex Crowd and reduce resource and administrative burden.

The contract with Spacehive included the hosting and the maintenance of the West Sussex Crowd website. They additionally provided resources to educate and engage the local community in submitting projects, ran webinars and workshops and vetted projects in relation to planning permission or financial viability.

Since 2018:

- 200 projects have been successfully funded
- The County Council have contributed nearly £300,000
- An additional £358,000 has been raised by community members
- Nearly 4900 project backers have been engaged
- £10 is the most popular pledge amount

Whilst projects have covered a range of activities, successful NBS projects include canal way restoration, community garden development and allotments for young people.

Next steps for Lewes and Eastbourne...

This research has led to a series of next step recommendations for Lewes and Eastbourne councils, which are summarised below. We have also adapted Davis and Cartwright's^[6] 'Crowdfunding Decision-Making Tool' to help the council evaluate the suitability of different projects for the crowdfunding route – shown overleaf.

Investment based crowdfunding

CMI is a shovel ready solution: Following the groundwork already undertaken by West Berks and Warrington, the additional challenges of Lewes and Eastbourne issuing a CMI are relatively limited. Given the cost savings on the PWLB and the potential for Community Wealth Building, our research suggests the council should pursue a pilot of the model and begin integrating it into their treasury management strategy.

Comms strategy is critical: All of the models discussed require a strong communications strategy to be effective. Our research suggests getting this right and the necessary partnerships and channels is the make-or-break factor for these crowdfunding initiatives.

Develop effective partnerships: In many instances the council can amplify its impact through community partnerships and funding models such as the CSP. This requires a pragmatic view of when the council should deliver a project in house and when it should do so in a supporting role. This can include providing soft loans to projects, joint ventures or simply to facilitate projects as a trusted partner.

Feasibility funding remains an issue: Our research has shown that finding capital funding is often of secondary importance, compared to the resources need at the feasibility stage. Whilst some funding pots exist for feasibility for community

renewables, this area remains a funding gap. Solutions include using CMI interest donations and cross subsidisation from other schemes. However, increased revenue funding is likely to also be needed.

Donation based crowdfunding

Adopt existing platforms & provide matchmaking and validation service:

Given the plethora of crowdfunding platforms already in existence, it makes greater sense to channel projects through pre-existing platforms such as the East Sussex Crowdfunding platform and undertake a facilitation role. This could take the form of existing a citizen based crowdfunding platforms, showcasing projects on existing webpages to funders and signposting projects to further advice or funding options.

Provide and identify suitable land: Land was identified as a key limiting factor. The council could make public land available for NBS and match suitable land to different projects. For example, reforestation projects would be best positioned next to existing woodland.

Create collaborative governance structures: Regional and county councils could explore umbrella partnerships to help link experience and knowledge of crowdfunding. This could enable projects to be aggregated, driving scale and making investment more attractive to private funders. It may also form the basis of regional programme for council-led carbon offsetting.

Better link social, environmental and economic benefits across council activities:

The interlinked value of NBS feeds into activities across multiple council departments. If this value could be collectively recognised and leveraged this would enhance the council's current activities.



Lewes District Council



Working in partnership with Eastbourne Homes



BUSINESS
SCHOOL

SCIENCE POLICY
RESEARCH UNIT

References

- [1] P. Borrowman, R. Singh, R. Bulleid, The local climate challenge: A new partnership approach, (2020) 30. www.green-alliance.org.uk (accessed December 4, 2020).
- [2] H. Treasury, The Economics of Biodiversity: The Dasgupta Review Headline Messages, 2021. www.gov.uk/official-documents. (accessed June 1, 2021).
- [3] LDC, Lewes District Council Biodiversity Strategy, 2021.
- [4] CLES, COMMUNITY WEALTH BUILDING 2020 , 2020.
- [5] M. Jäckels, Civic Crowdfunding, (2019) 73–95. https://doi.org/10.1007/978-3-658-26765-0_4.
- [6] M. Davis, L. Cartwright, Financing for Society: Assessing the Suitability of Crowdfunding for the Public Sector. Leeds: University of Leeds., Leeds, 2019.

CITIZENS +CLIMATE

Authors

Dr Donal Brown – Research Fellow, Science Policy Research Unit (SPRU),
University of Sussex

Dr Anna Watson – Research Associate, SPRU, University of Sussex

Design

Ingrid Shields – MoreThanThis.space

Crowdfunding decision making tool

(Adapted from Davis and Cartwright 2019)

