

Crowdfunding Community Investment Toolkit by Nesta







Facilitation guide

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How to use the toolkit

Nesta Crowdfunding Community Investment Toolkit

A set of three activities and provocations to help community projects explore the potential of crowdfunded community investment tools in their organisation's next steps.

					
Slides	Worksheet	Slides	Worksheet	Worksheet	Activity
Understanding crowdfunding community investment	Activity one: the project	The pros and cons of crowdfunding tools	Activity two: the tools	Activity three: are you ready?	Sharing your ideas & next steps

The chart above sets out the different stages which the toolkit follows.

What's in the toolkit

The downloadable toolkit contains the following, in one PDF document:

Facilitation guide (this document)	To be used in advance and in workshop(s): support for facilitator. Provides full instructions and tips for each activity.
Slide presentation	To be used in workshop(s): presentation to group at start and between activities (provides information on tools etc.)
Worksheets for each activity: <ul style="list-style-type: none"> Worksheet one - the project Worksheet two - the tools Worksheet three - are you ready? 	To be used in workshop(s): participant materials

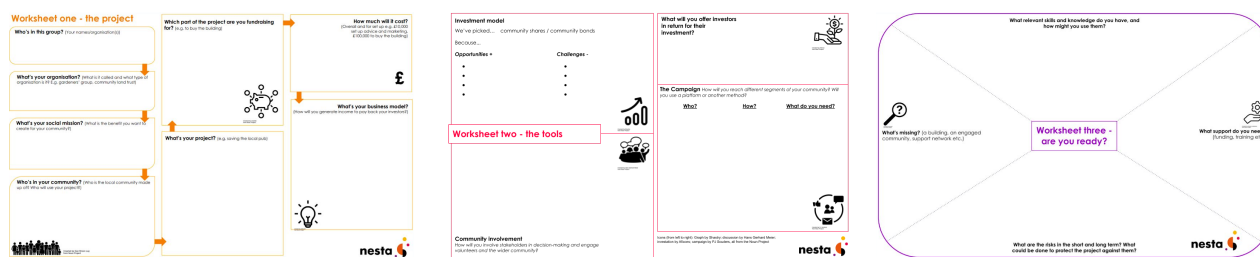
Supporting resources:

The activities in the toolkit are supported by the following online resources (you may wish to print parts of these if internet access is not available during the activities):

“Taking Ownership: Community empowerment through crowdfunded investment” report	To be used in advance and in workshop(s): support for facilitator and participants. Specific sections are suggested to support each activity, in the facilitator notes.
“Powering local regeneration through crowdfunded investment” 10 case studies	To be used in workshop(s): participant support materials (activities 1 and 2). Provides a range of case studies of projects which have used these tools, and may provide inspiration for the activities.

Printed copies:

You will need **printed copies of the worksheets** for the activities (for worksheets we suggest minimum A3 size, or access to edit documents digitally within a group) and may wish to have a **printed copy of this document**. The rest of the materials can be referred to digitally or printed.



Additionally, you will need:

A physical space to run the workshop(s)
One or more facilitators who can guide the group through the materials (depending on size of group and structure of sessions)
Pens
Sticky notes
3hrs+ , can be run as one workshop or over several sessions (depending on how you wish to run the activities)

The activities

The toolkit has six stages and is based around three worksheets which guide participants on a journey to understand how crowdfunded community investment could help their project, which of the tools would suit it best, and what support they may need to make it happen.

Worksheet one - the project

In the first worksheet you will explore the project that you think could benefit from crowdfunded community investment and answer questions about the context of the community group, the specific project you would like to fund, and how much it might cost.

Worksheet two - the tools

The second worksheet introduces community shares and bonds, and guides you through consideration of which would suit your project best, how you could involve your community in decision-making, and what the investment campaign might look like.

Worksheet three - are you ready?

The final worksheet gets you thinking about how ready you feel to take on the task of raising community finance, and to identify the types of support you might need to have a successful campaign and a sustainable project.

We suggest that you use the slide presentation to work through the workshop (before and in between activities), which follows the chart at the start of this document. The activity notes below are designed to provide additional content to help facilitators to guide participants through each of the activities set out in the toolkit.

While minimum time suggestions are given, each of the exercises can be adapted to fit the time period available, and the stage that the group is at in terms of crowdfunded community investment project planning.

Relevant sections of Nesta's report "[Taking Ownership: community empowerment through crowdfunded investment](#)" are suggested to provide further content for each task. There is a glossary of terms on p84 of the report.

The three activities can be run with a focus on the development of an existing project, or with a group who want to generate ideas for the potential of these tools, by using an example project. In both cases, the same project idea should be built upon across the worksheets.

Suggested agenda

The three activities in this toolkit can be run in a number of ways, depending on the participants, context and size of group. A couple of examples of suggested agendas are set out below.


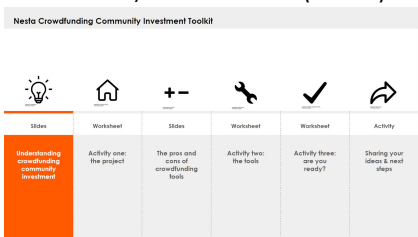
The slide presentation provides background information which will help the group understand the context of the activities, and is designed to be presented as a guide to help structure the activities.

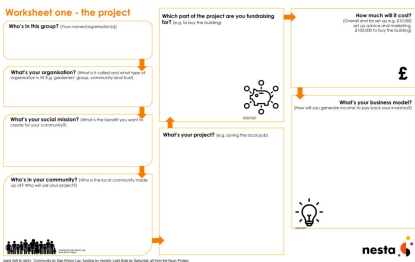

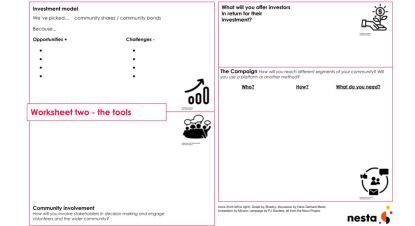
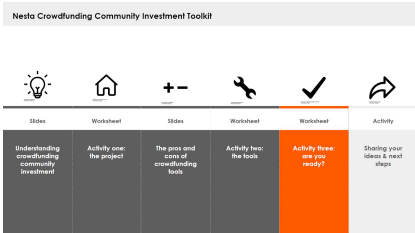
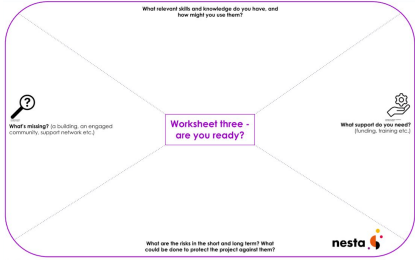
Option one

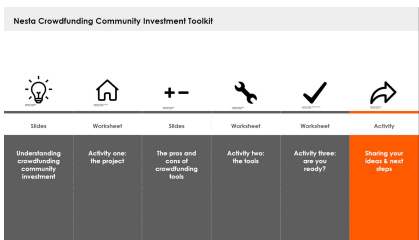
Group: 7 individuals from a community project leadership team

Context: the leadership team of the organisation wants to explore future financing options for the next stage of the project (e.g. securing a building)

Timings: Run as a half-day workshop

Timings	Activity	Notes
15 mins	<p>Welcome, aims of the day & introduction</p> 	<p>Sets out the context of the day, the toolkit and the expectations/focus of the group.</p> <p>The facilitator uses the slide presentation to introduce the topic (and the information between activities).</p>
30 mins	<p>Understanding crowdfunding community investment (slides)</p>  <p>Activity one: the project</p>	<p>Activity run as one group</p> <p>Slides "Understanding crowdfunding community investment"</p> <p>Worksheet one: the project (facilitation notes in this document)</p>

		
45 mins	<p>The pros and cons of crowdfunding tools (slides)</p>  <p>Activity two: the tools</p> 	<p>Activity run as one group</p> <p>Slides "The pros and cons of crowdfunding tools"</p> <p>Worksheet two: the tools</p>
15 mins	Break	
45 mins	<p>Are you ready? (slides)</p>  <p>Activity three: are you ready?</p> 	<p>Run as two smaller groups</p> <p>Start with slides "Are you ready?"</p> <p>Worksheet three: are you ready?</p> <p>Extension activity - where can we find the support we need?</p>
30 mins	<p>Sharing ideas & next steps (slides)</p>	<p>Slides "Sharing ideas & next steps"</p> <p>Gives the group a chance to think about how the activities have helped them move forward with their project, to share reflections, decide on next steps and conclude the exercise.</p>



		
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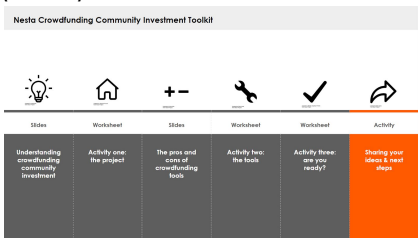
Option two

Group: 20 individuals from a variety of community organisations

Context: the organisations are all interested in learning about alternative funding options

Timings: run as capacity building activities over the course of three fortnightly network meetings







Timings	Activity	Notes
Week one		
15 mins	<p>Welcome, aims of the series of workshops & introduction</p> 	<p>Sets out the context of the workshop series, the toolkit and the expectations/focus of the group members.</p> <p>The facilitator uses the slide presentation to introduce the topic (and the information between activities).</p>
45 mins	<p>Understanding crowdfunding community investment (slides)</p> 	<p>Activity run in groups of 5, choosing one project idea to focus on</p> <p>Slides "Understanding crowdfunding community investment"</p> <p>Worksheet one: the project (facilitation notes in this document)</p>
Week two		
60 mins	<p>The pros and cons of crowdfunding tools (slides)</p>	<p>Activity run in the same groups of 5, building on the first activity</p> <p>Slides "The pros and cons of crowdfunding tools"</p>

		Worksheet two: the tools
Week three		
30 mins	<p>Are you ready? (slides)</p> 	<p>Activity run in the same groups of 5, building on the second activity</p> <p>Start with slides “Are you ready?”</p> <p>Worksheet three: are you ready?</p> <p>Extension activity - where can we find the support we need?</p>
20 mins	<p>Sharing ideas & next steps (slides)</p> 	<p>Everyone moves around the room to look at and comment on the worksheets of the other groups. Participants get more of an overview of different options and a chance to speak to other organisations about their projects</p> <p>Participants note down some actions to take back to their own project.</p>
10 mins	Reflections and conclusions	<p>Gives the group a chance to think about how the activities have helped them learn about methods that they could use with their projects, to share reflections and conclude the exercise.</p>

Activity notes

Understanding crowdfunding community investment







(10 minutes+)

Nesta Crowdfunding Community Investment Toolkit					
					
Slides	Worksheet	Slides	Worksheet	Worksheet	Activity
Understanding crowdfunding community investment	Activity one: the project	The pros and cons of crowdfunding tools	Activity two: the tools	Activity three: are you ready?	Sharing your ideas & next steps

See slides. Introduces the topic of crowdfunded community investment and what the tools can be used for.

Activity one: the project

(30 minutes+)

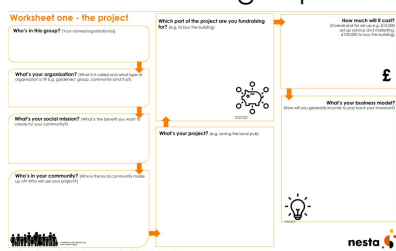
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Slides	Worksheet	Slides	Worksheet	Worksheet	Activity
Understanding crowdfunding community investment	Activity one: the project	The pros and cons of crowdfunding tools	Activity two: the tools	Activity three: are you ready?	Sharing your ideas & next steps

Activity overview:

- Groups discuss type of projects and decide on one they think would be interesting to focus on for task two and three (could be their own project or an example)
- Groups fill in worksheet one on: **project**, **community** and **sustainability model**, and the **social mission**, reason for **fundraising** as well as how much it will **cost** (overall and set-up)

Resources:

- **Worksheet** for each group to record choices



- Pens, sticky notes, paper
- ['Taking Ownership' report](#)
- **Case studies** (in Nesta [report](#) and [blog](#))

Facilitator prompts (by worksheet section):

Worksheet section	Notes/examples	Support materials
Who's in this group?	Names of the people/organisations who are in the group.	
What's your organisation?	Group picks an example organisation - name and type. It could be one of their own, or inspired by one of the case study examples. E.g. <i>"Blackfriars Community Gardeners" - a group of volunteers who love gardening on roofs in the Blackfriars area.</i>	<ul style="list-style-type: none"> • See case studies
What's your social mission?	The social/community vision/purpose of the organisation. E.g. <i>"We want to provide a space for the community to come together and improve the local environment through setting up a garden".</i>	<ul style="list-style-type: none"> • See case studies
Who's in your community?	Try to get the group to think about the whole range of individuals and groups that might exist in their community and who will come into contact with the project (e.g. users). E.g. <i>geography (e.g. village, urban), demographics: income level/deprivation, age, diversity, other community or social groups.</i>	<ul style="list-style-type: none"> • 'Taking Ownership' P21 - "Five elements of crowdfunding community investment" • 'Taking Ownership' P34 - "Six things to consider before setting up a community investment campaign" • 'Taking Ownership' P66 - "Representing the community - ensuring equality, participation and inclusion"
What's your project?	The thing that they are trying to do - doesn't have to just be the bit they	<ul style="list-style-type: none"> • 'Taking Ownership' P21 - "Five elements of crowdfunding community investment"







	<p>are fundraising for.</p> <p><i>E.g. set up a community centre, expand a community arts project.</i></p>	<p>investment"</p> <ul style="list-style-type: none"> 'Taking Ownership' P13 - "Why do organisations crowdfund community investment?"
What are you fundraising for?	<p>The particular thing(s) that community investment will pay for.</p> <p><i>E.g. the purchase of the building, the new ramps in the skatepark.</i></p>	<ul style="list-style-type: none"> 'Taking Ownership' P13 - "What can be funded through crowdfunded community investment?"
How much will it cost? (overall and for set up)	<p>Try to get the group to come up with realistic estimates here, then work with these assumed figures for the rest of the workshop.</p> <p><i>E.g. £10,000 set up costs (1-1 advice, promo video, platform fees) + £100,000 purchase of asset + £40,000 organisational set up costs (e.g. staff, systems etc.).</i></p>	<ul style="list-style-type: none"> 'Taking Ownership' P34 - "Six things to consider before setting up a community investment campaign"
What's your business model?	<p>How they will generate income to eventually pay back the investments (+ any interest). Try to get as much detail as possible, especially on operation post set-up (but with no expectation of full costings).</p> <p><i>E.g. we will generate income from food and drink sales in the cafe and the rent of desk space.</i></p>	<ul style="list-style-type: none"> 'Taking Ownership' P21 - "Five elements of crowdfunding community investment" 'Taking Ownership' P34 - "Six things to consider before setting up a community investment campaign"

Tips:

- It might make the following activities more difficult if there isn't at least something in each of the boxes in worksheet 1. It might help to say that to the group at the start and give time updates e.g. every 5-10 mins.
- Make sure there's time for the last 4 questions as those require the most thinking.

The pros and cons of crowdfunding tools




(10 minutes+)

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Understanding crowdfunding community investment	Activity one: the project	The pros and cons of crowdfunding tools	Activity two: the tools	Activity three: are you ready?	Sharing your ideas & next steps

See slides. Gives an overview of the community shares and community bonds tools.

Activity two: the tools

(45 minutes+)

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Slides	Worksheet	Slides	Worksheet	Worksheet	Activity
Understanding crowdfunding community investment	Activity one: the project	The pros and cons of crowdfunding tools	Activity two: the tools	Activity three: are you ready?	Sharing your ideas & next steps

Activity overview:

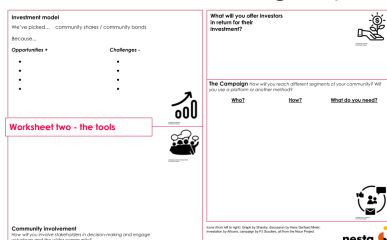
- Groups discuss different options of crowdfunding community investment tools and governance models, and think about the campaign
- Groups decide which would work best for their project, deciding on 2 elements of the 5 elements of crowdfunding community investment: **investment model** and **governance model** as well as a **campaign plan**
- Groups discuss the reason behind these choices and the associated opportunities and challenges
- Groups fill in worksheet two

Resources:

- Digital access to/print out of crowdfunding tools slides



- **Worksheet** for each group to record choice, rationale and opportunities/challenges



- Pens, sticky notes, paper
- ['Taking Ownership' report](#)
- **Case studies** (in Nesta [report](#) and [blog](#))

Facilitator prompts (by worksheet section):

Worksheet section	Notes/examples	Support materials
<u>Investment model</u>	The idea is to have a discussion around the options (community shares & bonds) and work out which they think would be best for their project fundraising idea, and why.	<ul style="list-style-type: none"> • 'Taking Ownership' P21 - "Five elements of crowdfunding community investment" • 'Taking Ownership' P25 - "Types of financial instruments" • 'Taking Ownership' P35 - "Selecting which financial instrument to use"
We've picked...	The model they have chosen (community shares or bonds/debt)	
Because...	The reasoning behind this choice	
Opportunities	What makes it a good model to use in their context, how it will benefit them etc.	
Challenges	Any barriers they think they might face in using it, aspects of other model that they will miss out on etc.	
<u>Community involvement</u>	This section is meant to encourage a discussion around governance but framed as how the organisation will work, how the community will be involved in the decision-making and engaged in the project more generally.	<ul style="list-style-type: none"> • 'Taking Ownership' P21 - "Five elements of crowdfunding community investment" • 'Taking Ownership' P28 - "The community as decision-maker" • 'Taking Ownership' P46 - "Creating the best governance model to suit the organisation" • 'Taking Ownership' P66 - "Representing the community - ensuring equality, participation and inclusion"
How will you involve stakeholders in decision-making and engage volunteers and the	<i>E.g. we will run as a co-operative so that everyone can be involved - users of the cafe, workers, volunteers. We'll hold monthly meetings where everyone will have</i>	

wider community?	<i>a vote because of their community shares, shares bought for volunteers and reserved places for young people.</i>	
What will you offer investors in return for their investment?	Will they offer interest, tax-relief or rewards?	<ul style="list-style-type: none"> • 'Taking Ownership' P35 - "Selecting which financial instrument to use"
The Campaign	<p>Here the idea is to have a quick think about the sort of campaign they would run.</p>	<ul style="list-style-type: none"> • 'Taking Ownership' P24 - "The investment crowdfunding process" • 'Taking Ownership' P34 - "Six things to consider before setting up a community investment campaign" • 'Taking Ownership' P58 - "Planning and running a successful investment crowdfunding campaign" • 'Taking Ownership' P66 - "Representing the community - ensuring equality, participation and inclusion" • 'Taking Ownership' P59 - "Running a successful campaign"
How will you reach different segments of your community? Will you use a platform or another method?		
Who		
How	<p>The method they would reach out to potential investors</p> <p><i>e.g. video on social media, letter to community group etc.</i></p> <p>Will a platform suit their community and budget? Other options: <i>website, in person etc.</i></p>	
What do you need?	<p>What they would need, in order to do the 'how'.</p> <p><i>E.g. information about who lives in the local area, list of local community groups to reach out to, page on a platform, someone who can make a video, flyers to take door to door etc.</i></p>	







Tips:

- This activity isn't so much about the answer, rather what they think would be easy, what would be difficult and why - try to think practically especially in the campaign section.

Activity three: are you ready?

(30 minutes+)

Nesta Crowdfunding Community Investment Toolkit

					
Slides	Worksheet	Slides	Worksheet	Worksheet	Activity
Understanding crowdfunding community investment	Activity one: the project	The pros and cons of crowdfunding tools	Activity two: the tools	Activity three: are you ready?	Sharing your ideas & next steps

Activity overview:

- Slide presentation highlights some of the common challenges groups may face.
- Based on what they have discussed in the previous two activities, participants discuss whether they feel their project would be ready to go:
 - What is missing?
 - Do you have the capacity?
 - What are the unknowns?
 - What support do you need?
- Groups fill in worksheet three

Resources:

- **Worksheet** for each group to record choice(s) and rationale



Worksheet three - are you ready?

What relevant skills and knowledge do you have, and how might you use them?

What's missing? (e.g. building an engaged community, support network etc.)

What support do you need? (e.g. training, etc.)

What are the risks in the short and long term? What would be done to protect the project against these?

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- Pens, sticky notes, paper
- ['Taking Ownership' report](#)
- **Case studies** (in Nesta [report](#) and [blog](#))

Facilitator prompts (by worksheet section):

Worksheet section	Notes/examples	Support materials
What relevant skills and knowledge do you have, and how might you use them?	What skills and knowledge do they have which will enable the group to undertake this process?	The challenges section of the 'Taking Ownership' report (p57) may help identify gaps.







	<i>E.g. capacity and funding, governance and business skills.</i>	
What's missing? (the asset, an engaged community, support network etc.)	<p>Have they got to this point and realised that they haven't worked out how to actually get the asset? Or that they're not sure the community will actually support the project? Try to think about the weak points or gaps (there might not have been time to discuss everything but it's still helpful to think what would be a priority to then address).</p> <p><i>E.g. funding, training & skills development, accessing assets/space, collaboration, community building, advocacy.</i></p>	
What are the risks in the short and long term? What could be done to protect the project against them?	<p>Building on the weakest parts, what do they see as the biggest risks to the project? What can they do to mitigate them?</p> <p><i>E.g. there's a big risk that we won't reach our community shares target in the time available, but we could use 3 months before we open it to get people ready to invest right at the start.</i></p>	
What support do you need? (funding, training etc.)	<p>Start with the practical things that they need (at all scales).</p> <p><i>e.g. help writing the offer document, information on who owns the building currently.</i></p> <p>Then think about what they would like that support to look like.</p> <p><i>e.g. one-to-one days with a professional advisor, training workshops on governance.</i></p> <p>Finally (extension activity), see if they have ideas on who would be best placed to deliver this.</p> <p><i>e.g. the local authority owns most of these buildings so they could create a list of assets.</i></p>	<p>Extension activity:</p> <p>Nesta's Taking Ownership report contains some examples (p.27 crowdfunding platforms, p.37 community shares support, p.41 community bond support, chapter 4 - p.68 for how institutions can provide support)</p>

Tips:

- Try to find out what the group thinks would be the best types of support, before giving them ideas, e.g. what specifically they could see helping, and how they'd like that to be delivered.

Sharing your ideas & next steps

(15 minutes+)

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Understanding crowdfunding community investment	Activity one: the project	The pros and cons of crowdfunding tools	Activity two: the tools	Activity three: are you ready?	Sharing your ideas & next steps

The groups prepare what they would like to share with the wider group, and how. For example, give each group 10 minutes to prepare and a 3 minute presentation slot.

Things for each group to decide:

- content (which things they discussed are most important to share)
- method (speaking, flipchart?)
- presenter(s) (will one person present or more?).

Tips:

- It's important for the groups to prioritise what they will share as they only have a few minutes to do so. You may wish to collect everything that they have written down afterwards.

Further suggestions:

- After the groups have shared, you could ask the room to vote for the project that they would invest in.
- You may wish to gather some reflections and/or feedback from the group on the toolkit and each activity.
- This is a good point for reflection on next steps, if the group would like to use crowdfunding investment tools.

Sharing and feedback

We hope that this toolkit is helpful to the organisations that use it. We would love to hear how you used it and what it helped you with. Share how you used the toolkit on social media using the hashtag **#NestaCrowdfundingToolkit**. Please do send any feedback on how the toolkit worked for you, to information@nesta.org.uk.



Crowdfunding community investment toolkit

by Nesta

Workshop slides

nesta

We are an innovation foundation.

We back new ideas to tackle the
big challenges of our time.

*Could
crowdfunded
community
investment make
it happen?*

A set of three activities and provocations to help community projects explore the potential of crowdfunded community investment tools in their organisation's next steps.

Nesta Crowdfunding Community Investment Toolkit

A set of three activities and provocations to help community projects explore the potential of crowdfunded community investment tools in their organisation's next steps.



Created by Sparkwell
Nesta Neighbour Project



Created by Sparkwell
Nesta Neighbour Project



Created by Clark Kent
Nesta Neighbour Project



Created by Nelly_A22
Nesta Neighbour Project



Created by Nelly_A22
Nesta Neighbour Project



Created by Nelly_A22
Nesta Neighbour Project

Slides

Worksheet

Slides

Worksheet

Worksheet

Activity

Understanding
crowdfunding
community
investment

Activity one:
the project

The pros and
cons of
crowdfunding
tools

Activity two:
the tools

Activity three:
are you
ready?

Sharing your
ideas & next
steps

Nesta Crowdfunding Community Investment Toolkit



Created by Katherine
from Nesta Project



Created by England Support
from Nesta Project



Created by Chris Kent
from Nesta Project



Created by NRG_A22
from Nesta Project



Created by NRG_Chapman From
from Nesta Project



Created by Ben Davis
from Nesta Project

Slides

Worksheet

Slides

Worksheet

Worksheet

Activity

Understanding
crowdfunding
community
investment

Activity one:
the project

The pros and
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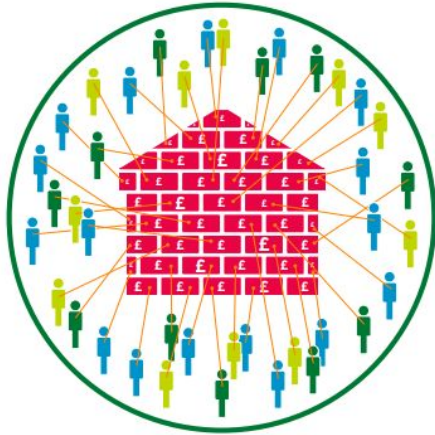
Activity two:
the tools

Activity three:
are you
ready?

Sharing your
ideas & next
steps

Understanding crowdfunding community investment

What is crowdfunding?



Crowdfunding is a way of financing projects, businesses and loans through small contributions from a large number of sources, rather than large amounts from a few.

The process of **raising money for an organisation** from a **group of individuals** (the 'crowd') that will use, volunteer with, work for or otherwise **directly benefit** from that organisation's activities (i.e. they belong to the same community), with the expectation that **investors will have the opportunity to be paid back** at some point in the future, **sometimes with interest** (i.e. it is an investment rather than a donation).

Crowdfunding Community Investment

Motivations for crowdfunding community investment



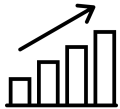
You are starting something new



You are resurrecting something that has shutdown or are saving something about to be shutdown



You want more financial security



You want to grow



You want to engage the community

Opportunities



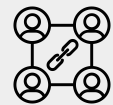
Helping fund projects that would not otherwise get funded



Creating more financially stable community initiatives



Increasing volunteering and tapping in to other non-financial contributions



Strengthening local resilience and community self-determination

- ❑ A **project**: what you are going to do?
- ❑ A **community**: who is going to use, support and benefit from the project?
- ❑ An **investment model**: how you will get it up and running?
- ❑ A **sustainable business plan**: how will you keep the project running?
- ❑ A **governance model**: how will you make decisions?

The 5 elements of crowdfunding community investment

Pubs

The Ivy House
raised
£142,600 through
community shares

Renewable energy

Solar Schools raised
£250,000 through
community bonds

Food, farming and community gardens

Fordhall Farm raised
£850,000 through
community shares

Shops

Benenden
Community Shop
raised £86,000
through community
shares

Sports clubs

Lewes Community
Football Club
raised £220,000
through community
shares

Community hubs and workspaces

Stretford Public hall
raised over
£255,000 through
community shares

Heritage buildings

Portland Works,
raised over
£300,000 through
community shares

Infrastructure

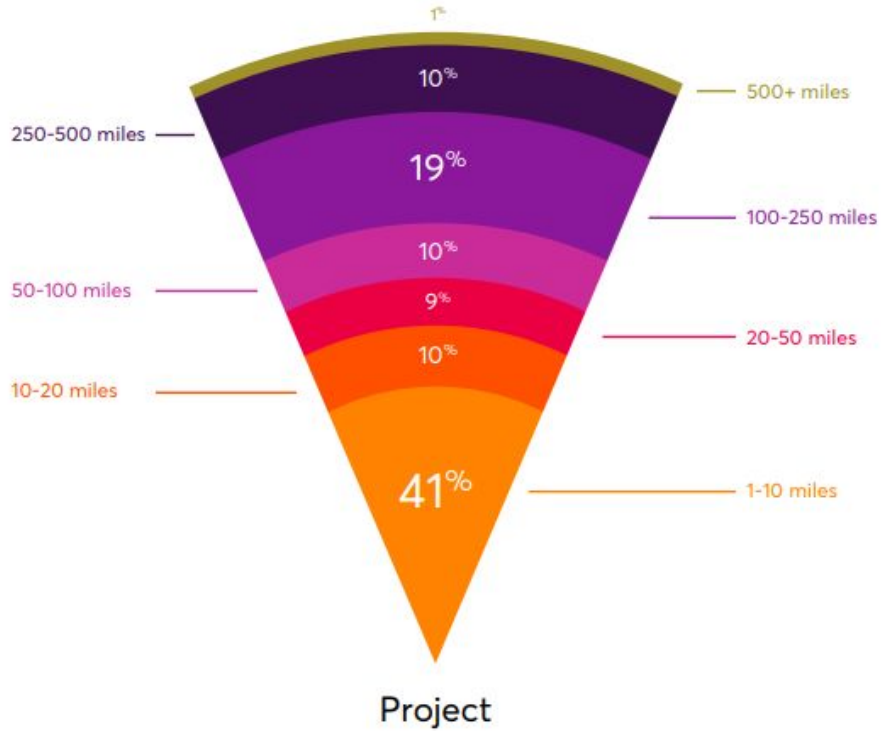
Broadband for the Rural
North Ltd raised £5.5
million through community
shares and bonds

Housing

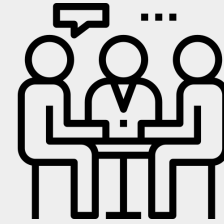
Golden Lane
Housing raised £11
million through
charity bonds

Leisure facilities

Projekts' Skatepark
raised £132,194
through community
shares

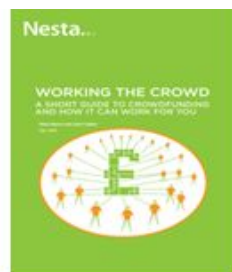


Community



- Geographical
- Communities of interest

Nesta's work on crowdfunding



All available at nesta.org.uk

10% tips to help you reach your crowdfunding goal



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Taking Ownership

Community empowerment
through crowdfunded investment

Rosalyn Old, Jonathan Bone, Dave Boyle and Peter Baeck
May 2019

nesta



SUPPORTED BY
MAYOR OF LONDON



*“Taking Ownership:
community
empowerment through
crowdfunded
investment”*

Nesta report

Nesta Crowdfunding Community Investment Toolkit



Created by Stephanie
from Nesta Project



Created by Stephanie
from Nesta Project



Created by Chris Kent
from Nesta Project



Created by Nelly_A22
from Nesta Project



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from Nesta Project



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from Nesta Project

Slides

Worksheet

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Activity

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community
investment

Activity one:
the project

The pros and
cons of
crowdfunding
tools

Activity two:
the tools

Activity three:
are you
ready?

Sharing your
ideas & next
steps

Worksheet one:

The project

Worksheet one - the project

Who's in this group? (Your names/organisation(s))

What's your organisation? (What is it called and what type of organisation is it? E.g. gardeners' group, community land trust)

What's your social mission? (What is the benefit you want to create for your community?)

Who's in your community? (Who is the local community made up of? Who will use your project?)



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from Noun Project

Which part of the project are you fundraising for? (e.g. to buy the building)



Created by monkik
from Noun Project

What's your project? (e.g. saving the local pub)

How much will it cost?
(Overall and for set up e.g. £10,000 set up advice and marketing, £100,000 to buy the building)



What's your business model?
(How will you generate income to pay back your investors?)



Created by Saifurrijal
from Noun Project



Nesta Crowdfunding Community Investment Toolkit



Created by Stephanie
from Nesta Project



Created by Sophie
from Nesta Project



Created by Chris
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Created by Nelly
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What are the
crowdfunding tool
options?

Crowdfunding models



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from Noun Project

Reward-based: people contribute to projects and receive a non-financial reward or product in return.

Average campaign size - £6,326.



Created by Shashy
from Noun Project

Donation-based: People donate money towards a project. No tangible benefit except for seeing the project go ahead.

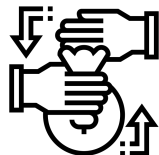
Average campaign size - £714.



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from Noun Project

Equity-based: Enables the crowd to invest for equity, or profit/revenue sharing in businesses or projects, with the hope of a financial return if the business exits. Sub type is community shares.

Average campaign size - £523,978.



Created by Eucalyp
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Lending-based: People seeking a loan apply through the platform, with members of the crowd taking small chunks of overall loan. Profit is made when loan is repaid with interest. Subtypes: P2P lending, bonds, debentures.

Average campaign size - £76,280.

Pros and cons of Crowdfunding tools

Financial Tools Overview

Community Shares

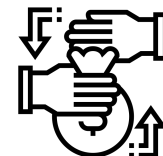
- People who support your project give you their money in return for influence, and a small financial return.
- They can have one vote, along with all the other investors.
- They can be paid annual interest as a 'thank you' for letting you use their money. They can be repaid their investment from either post-tax surpluses, or from new investment by new members.



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Community Bonds (and other debt-based instruments)

- People who support your project give you their money in return for getting their money back with interest.
- They don't have any say in the organisation's governance.
- They must be repaid with interest and can take a 'charge' on your assets, which means they can seize them in the event of you not making your repayments, or otherwise force you into insolvency.



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Pros and Cons of **Community Shares**

Pros

- Not repayable unless you can afford it
- Balance sheet looks healthy and better for grant funders
- Set-up costs small compared to other methods
- Limited chance of organisation becoming dominated by large shareholders (aka very rich people)
- No capital gains possible and shares can't be sold
- Eligible for lucrative tax breaks
- Average Investment £500/person
- Great way to build engagement with future users of the asset

Cons

- Can sometimes be confusing - a bit like debt, a bit like shares
- Society form isn't well understood
- Less flexibility than 'normal' share issues in companies
- Can be too tempting to reduce interest and withdrawal payments
- Need cooperative or community benefit society legal form



Created by nestastudio design 10
from Nesta Project

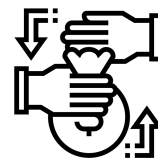
Pros and Cons of Community Bonds/Debt

Pros

- No role in formal governance
- Greater certainty to investors means higher investment amounts
- Potentially high costs unless focus on large amounts from relatively small number of people
- Can be flexible in designing
- Open to more types of organisation

Cons

- The person paying the piper always calls the tune
- Repayments must be made - can create pressure within organisation, especially if means to repay require action against the spirit of the organisation's mission
- Not as useful and generating engagement

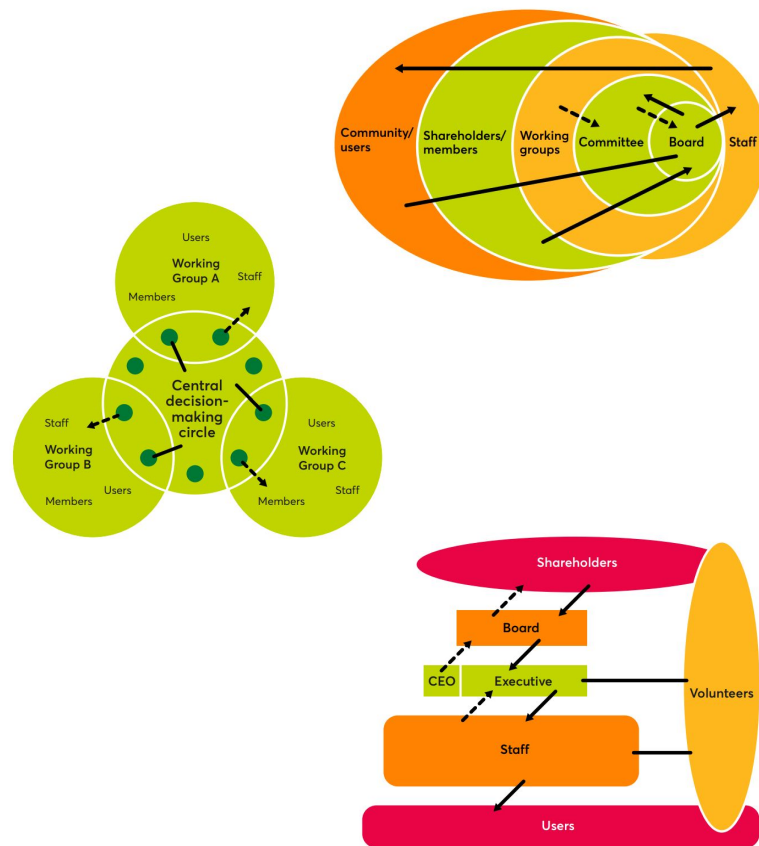


Created by Euclisp
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Involving your community in decision-making

1. Who has a voice in making decisions?
2. How are decisions made?
3. Who is accountable?*

Questions from Institute on Governance, 'Defining Governance', see: <https://iog.ca/what-is-governance/>



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from Nesta Project



Created by Stephanie
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Created by Chris Kent
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Worksheet two:

The tools

Investment model

We've picked... community shares / community bonds

Because...

Opportunities +

-
-
-
-

Challenges -

-
-
-
-



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NounProject



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Worksheet two - the tools

Community involvement

How will you involve stakeholders in decision-making and engage volunteers and the wider community?

What will you offer investors in return for their investment?



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The Campaign How will you reach different segments of your community? Will you use a platform or another method?

Who?

How?

What do you need?



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Nesta Crowdfunding Community Investment Toolkit



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Steele, Nesta Project



Created by Stephanie
Steele, Nesta Project



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Challenges



Gaining access to assets



Planning and running a successful investment crowdfunding campaign



Transitioning from fundraising to running a community business



Representing the community - ensuring equality, participation and inclusion



Replacing government funding

Worksheet three:

Are you ready?

What relevant skills and knowledge do you have, and how might you use them?



What's missing? (a building, an engaged community, support network etc.)

Worksheet three - are you ready?



What support do you need?
(funding, training etc.)

What are the risks in the short and long term? What could be done to protect the project against them?



Nesta Crowdfunding Community Investment Toolkit



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Nesta Model Project



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Nesta Model Project



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Nesta Model Project



Created by Alex Davis
Nesta Model Project

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Sharing

What did you learn?

What are the next steps?

We hope you found this
toolkit helpful.

We'd love to hear any feedback/how you used
it/what it helped you with

#NestaCrowdfundingToolkit

Icons from the Noun Project

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Investment model

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Because...

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- -
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