



Community Shares Unit

Ten things you need to know about community shares

1. **A unique form of capital available to all social enterprises:** Community shares are unique to co-operative and community benefit societies, including charitable community benefit societies. Any form of social enterprise can become a society and issue community shares including registered charities, CICs and companies limited by guarantee.
2. **Capital for community purpose not private gain:** A fair form of finance, with asset locks to prevent investor speculation and capital gains, democratic governance (one-member-one-vote not one-share-one-vote) and limits on member investment levels and share interest rates. Members can withdraw their shares when they need their money back, subject to terms and conditions.
3. **Cheap, long-term finance:** Community share capital is cheaper and more long-term than most forms of debt finance and social investment. Societies only pay interest on share capital if they can afford to do so, and even then it is usually at a rate well below the cost of other sources of social finance.
4. **Serves a wide range of trading activities:** Community shares works really well for enterprises serving local markets, including pubs, shops and football clubs, community farms and even youth services. It can help finance community assets such as workspaces, community centres, music venues and even piers and harbours. It is the main source of funding for many community renewable energy initiatives.
5. **Community engagement and social competitive advantage:** Community shares are a great tool for community engagement. It gives people real ownership over enterprises and assets central to community life. When people have invested money, and become members and owners, they are also far more likely to become loyal customers and service users, active volunteers and supporters.
6. **Powerful way of demonstrating community support:** Many societies have hundreds or even thousands of local members, all of whom have demonstrated their strong support by investing and risking their money. This gives public funders confidence they are backing initiatives that have widespread public support
7. **A growing market and movement:** Since 2009 nearly 700 new societies have been created with the intention of financing themselves through community shares. Over £69m has been raised in share capital, and this has levered in a further £100m in grants, loans and donations.
8. **Community Shares Standard Mark:** Awarded to share offers that meet national standards of good practice, reflected in the business plans, offer documents, governance and community engagement practices
9. **Uses crowdfunding technologies:** Share offers are easy to administer using crowdfunding platforms including the CSU's **Microgenius** website.
10. **Know-how provided by the Community Shares Unit (CSU):** A joint initiative run by Locality and Co-operatives UK and funded by DCLG and DECC. Provides guidance on standards, good practice, consumer protection and practitioner licencing. Website resources include a Step-by-Step tool for social enterprises.