



Over 10 Years of Making Money Do Good

Raising Money for Community Energy

# A friendly guide to community shares, IFISAs & ethical bonds





# Raising finance for community energy projects

## A Friendly Guide to Community Shares, IFISAs & Ethical Bonds

Looking for funding for your project that fits your values? This guide shows you how to raise money from people who care about your mission, offering investors an attractive financial return, ease of investing with the potential for tax-efficient structures as well as supporting democratic ownership of our energy generation.

At Ethex, we have a deep understanding of the campaign-driven nature needed to bring success. We can help you speak to and motivate investors, managing them over the lifetime of your project through our investor management platform. We work closely with every project accepted on to Ethex to make sure it's completely 'investor ready' before going live.





## Community Share Offers

### Why they could suit your organisation:

- ✓ **Democratic ownership:** Investors become members with voting rights.
- ✓ **Community engagement:** A great way to build local support, loyalty and advocacy.
- ✓ **Financial flexibility:** You can set interest rates and terms based on performance.
- ✓ **Grant eligibility:** Some grant programmes (e.g., Community Shares Booster) are only available to share offers
- ✓ **Investor equality:** Everyone has one vote, regardless of investment size.

### Why they might not:

- ✗ **Regulatory structure restrictions:** You must be a co-op or community benefit society.
- ✗ **No capital gain for investors:** Investors can't sell shares at a profit, which could limit appeal.
- ✗ **Resource intensive:** Planning, marketing, and managing the offer takes time and effort.
- ✗ **Not short-term:** Best for long-term, mission-aligned funding.
- ✗ **Investor expectations:** While it's "patient capital", there's still an expectation of eventual returns and repayments.
- ✗ **Lower investment amounts:** Typically lots of small contributions – you need wide support to fill.



## Investment Bond Offers

### Why they could suit your organisation:

- ✓ **Open to more company structures:** Different types of organisations can issue bonds.
- ✓ **Fixed terms and rates:** Investors know what they're getting – good for planning and budgeting.
- ✓ **Attractive to impact investors:** Especially where there's a social/environmental return alongside a financial return.
- ✓ **Can appear more professional:** Can appeal to more financially savvy audiences and institutions.
- ✓ **No ownership or voting rights given away:** The organisation retains full control.
- ✓ **Tax-efficient investment:** If the bond is OFISA eligible, investors can get tax-free returns.

### Why they might not:

- ✗ **Regular repayments required:** Must make interest payments on time and repay capital – even if your income changes.
- ✗ **Seen as riskier:** Especially for start-ups, can be harder to convince investors.
- ✗ **Higher legal &/admin costs:** bonds may require more professional input (e.g., legal drafting, due diligence)
- ✗ **Lower community engagement:** Doesn't build the same sense of ownership or loyalty as community shares.
- ✗ **Reputation risk:** Missing or delaying a repayment can damage trust and credibility.



# Community Shares

Own it. Share it. Build it together.

## What are Community Shares?

Community shares are a unique way for co-operatives and community benefit societies (CBS) to raise funds directly from the people who care most—your community. Instead of going to the bank, you go to your neighbours, supporters, and allies.

They invest in your project, become members of your organisation, and get a say in how things are run. This is democratic finance in action.

## Why Community Shares work

- **Flexible finance:** You raise money without giving up control to external investors.
- **Stronger community ties:** Investors become members, giving them a personal stake in your success.
- **Affordable entry point:** Many offers start from as little as £50.
- **Values-aligned investing:** It's not just about returns—it's about creating local impact.
- **Inheritance tax perks:** Community shares can qualify for business property relief, which means they may be exempt from inheritance tax up to £1 million. It's a meaningful way to pass on a legacy that builds a better world.

## A few things to note

- Shares can be withdrawn (subject to conditions) but can't be traded or sold.
- Returns are not guaranteed and depend on your project's performance.
- Investors usually receive modest interest—5.5–6% is typical—but many value the impact just as much.

## Tax tip

Community shares can qualify for inheritance tax relief—up to £1 million can be passed on tax-free if the right conditions are met.



# The Innovative Finance ISA (IFISA)

## A tax-efficient investment option.

The Innovative Finance ISA (IFISA) lets investors earn tax-free interest on ethical investments like community bonds. It's an easy, government-backed way to attract more backers who want their money to do good—while keeping more of the return.

Every UK adult has a £20,000 ISA allowance each year (2025/26). The IFISA gives your supporters the option to use that allowance for positive change.

### Why it matters

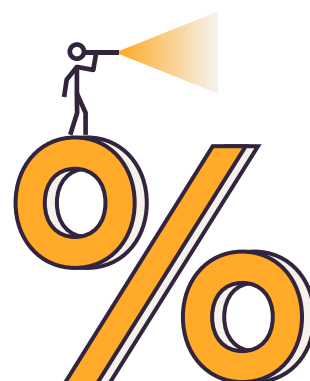
- **Tax-free interest:** Investors keep more of what they earn.
- **Low minimums:** Many IFISA investments start at £50.
- **Investors can make a direct positive impact as an alternative to traditional ISAs where there is less transparency (for example which may have links to defence spending or fossil fuels).**

### How to make your offer IFISA-eligible

1. **Structure your investment as a bond** (we can help with that).
2. **Apply for IFISA approval** (we'll guide you through).
3. **Promote the benefits clearly** – don't assume your audience knows what an IFISA is.

#### Did you know?

Around one-third of investments on Ethex are made through an IFISA.



# Ethical Bonds

**Borrow. Build. Pay back with purpose.**

Bonds are a well-established tool for raising finance. You borrow from your investors for a fixed term, pay interest, and repay the capital later. Simple, predictable, and trusted by many of the UK's most impactful community energy groups.

## Why bonds work for community energy

- Low entry point – many start from just £50
- Fixed terms & interest – makes budgeting easier
- IFISA-eligible – tax-free returns for investors
- Customisable – you choose the term and repayment structure

## How it works with Ethex

1. Shape your offer – define your funding needs, terms, and return
2. Set it up with us – we'll help with structure, compliance, and investor readiness
3. Promote it – we'll connect you with thousands of aligned investors
4. Raise the funds – and start building your clean energy future



# Case Study:

## Solar for Schools



Impact Investing | IFISA-Eligible Bonds

£9M+ Raised | Over 2,000 Investors



Mission:

**Decarbonise schools. Educate students.  
Empower communities.**

Solar for Schools has raised over £9 million via 13 bond offers through Ethex. The funds go toward installing solar panels on UK school rooftops—reducing emissions, cutting energy bills, and engaging over 30,000 pupils in sustainability education.

- Bonds offer 5% – 6.5% annual returns, tax-free through the IFISA
- 200 schools powered by clean energy
- 17.46 MW of solar capacity installed
- 2,500 tonnes of CO2 saved per year

**"Raising finance on Ethex was a no-brainer. The team genuinely cares about your mission."**

– Robert Schrimpf  
Co-Founder  
Solar for Schools





# Case Study:

## Energise Barnsley

Community Shares & Bonds | Social Housing | Energy Equity

£2M+ Raised | 500+ investors



Mission:

**Energy efficiency.**

**Cutting bills, generating clean energy.**

Energise Barnsley is transforming social housing through solar. With support from a philanthropic bridge loan via catalytic capital sourced with Ethex, the project has installed solar on up to 1,000 council homes, cutting bills and carbon for vulnerable residents.

- £2M+ already raised towards a £3.175M goal
- First 50 homes now solar-powered
- Focus on elderly residents and fuel poverty alleviation
- Community-led, council-backed
- Additional finance raised via community shares and bond offers on Ethex







# Ready to Raise? Let's Talk

We know raising money can feel overwhelming. But you're not alone. At Ethex, we've helped over 200 community organisations raise millions in ethical investment – and we'd love to support you too

Email us: [info@ethex.org.uk](mailto:info@ethex.org.uk)

Start your raise: [ethex.org.uk/user/fundraiser](https://ethex.org.uk/user/fundraiser)



Ethex has helped more than 200 community organisations raise the finance they need to grow.  
**Will yours be next?**





**Interested in raising investment for your project?**

**Get in touch here:**

**<https://www.ethex.org.uk/user/fundraiser>**

**Email us: [info@ethex.org.uk](mailto:info@ethex.org.uk)**



Don't invest unless you're prepared to lose all the money you invest. The investments listed on Ethex are high - risk investments and you are unlikely to be protected if something goes wrong.

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**Ethex**  
The Old Music Hall  
106-108 Cowley Road  
Oxford OX4 1JE

**01865 403 304**  
**[help@ethex.org.uk](mailto:help@ethex.org.uk)**

**[www.ethex.org.uk](http://www.ethex.org.uk)**