Exec Summary

UK citizens lend money to the UK Government through National Savings and Investments (NS&Is). What if they could do the same for local authorities?

Starting from as little as £5, **Community Municipal Investments (CMIs)** allow people to lend money for a competitive return to their local councils to improve public spaces, build better services and deliver both social and green projects.

Usually held over a 5-year term, CMIs pay fixed cash interest payments to investors every six months across that period. The model uses a standardised legal framework, making the model easy to replicate, cost effective for councils and efficient for investors.

Rather than rely on the Public Works Loan Board (PWLB) or the priorities of commercial banks for their borrowing, CMIs give UK councils the means to raise capital for projects that are a priority to their residents. Every CMI issued to date has been below the PWLB Certainty Rate, at an average saving of 29 basis points after fees[1].

This report goes beyond those financial savings for councils. It gathers evidence of the many ways that CMIs **create civic value**, allowing people to become active participants with a real stake in their communities, as opposed to individual consumers who simply live there.

UK households hold £2.4 trillion in savings[2]. Local authorities need long-term affordable capital. This report demonstrates that CMIs are the proven mechanism to connect the two – building treasury resilience and civic value at the same time.

[1] Green Finance Institute & University of Leeds (2026) *Community Municipal Investments (CMIs) - Bringing the Benefits of NS&I to Local Government. London*: Green Finance Institute.

[2] Green Finance Institute & University of Leeds (2026), p.17.

> “It’s participatory. And I think that’s a real strength of it. It gets people on board with the idea that they’re doing things in their areas [...]. People often feel so separated from decisions that are taken for them, rather than by them. So, things like this break down those barriers. Even if they don’t invest in it [...] people feel really involved in it because it’s a mass thing that the community is involved in [...]. There’s a lot of value in it because it makes people feel like the council is theirs again.”

Cllr Minesh Parekh
Sheffield City Council



> I really do think that this allows you to build some more trust with the community, in that you've said you're going to do this thing, you have then done that thing, and that's their money that's self-financed that. They've directly contributed."

Patrick Rowe

Strategic Finance Manager, Westminster City Council

Key Facts

This report presents evidence from **19 UK councils** along the spine of Britain – from Glasgow through Sheffield to Southwark – and **over 300 investors** to prove that CMIs:

- deliver the change communities want, fostering a sense of place and participation
- represent a financial pathway that councils can trust, underpinned by a standardised legal framework, easily replicated in any local authority area
- give investors the confidence that their investments are both financially sound and socially productive
- restore agency, skills and pride in the work of local government
- increase trust in the councils that issue them, such that some investors choose to donate their interest payment back to help fund other projects in the community.

Findings

For councils, CMIs:

- provide a new opportunity to communicate with residents, to demonstrate practical and collaborative action, helping residents better understand the role and impact of their local council. This strengthens public confidence and trust over time.
- enable people to have a meaningful stake in improving the places they care about, fostering greater local participation in shared civic missions.
- generate a stronger sense of optimism that, while some will move more quickly than others, through successive CMI launches councils can grow their pool of committed local investors.
- strengthen council autonomy in responding to local needs by mobilising place-based investment. This extends beyond individual councils, with the CMI providing a way to build new relationships within and across local authorities and city-regions.
- offer a consistent saving against Public Works Loan Board (PWLB)
- can meet the medium-term borrowing needs of up to 42% of actively borrowing councils – equivalent to £2.3 billion per year – and generate a sector-wide lifetime saving of up to £76 million at scale.

For investors, CMIs:

- provide an opportunity to generate positive impact, with a more ‘ethical’ use of money demonstrated by greater transparency over how funds are used to deliver improved outcomes for people and place.
- offer a greater sense of understanding, participation and involvement in the work that local councils do more broadly.
- reflect a wider belief that councils are best placed to understand and respond to the particular needs of a local area.
- are linked with growing feelings of trust and hope in local government.
- provide an acceptable rate of financial return alongside the wider civic impact.

Investors Surveyed:

66.3% want to know more about the positive community impact the council(s) they’ve invested in are making.	**59.8%** feel that the council(s) they’ve invested in are working in partnership with its citizens / residents.
59.2% feel more optimistic about the future of the place they live as a result of investing in a CMI.	**47.3%** trust the council(s) they’ve invested in more knowing that it is delivering the projects from their investment.
43.2% trust the council(s) that issue a CMI to its citizens / residents more than those councils who don’t.	**34.3%** of local investors reported greater interest in local government since investing in CMIs.

The work to establish the legal, risk and investor mechanics of CMIs has now been completed and delivered real success in a variety of places across the UK – urban, rural and coastal, and issued by Labour, Conservative, Liberal Democrat and Green councillors.

To scale up and realise the benefits of local investment in all places, the authors of this report recommend the following call to action to central government. Working with partners Abundance Investment and the Green Finance Institute (GFI);

“It’s funding initiatives that mean something to me, in a place that means something to me.”
Local investor

“You feel part of the community extended beyond your location, and you feel empowered that even though you don’t have a lot of money, you can still make a difference”
Non-local investor

“It’s a sense of belonging; a sense of being able to give something back. It is, after all, my community.”
Local investor

“I believed before investing that local councils, if given the power and resources to do so, represented the best agents of change in their local area.”
Non-local investor

“I like hearing how councils are using the investments to improve things. It gives me some hope that people in charge actually care about the future.”
Local investor

Call to Action

Together, we will:

Drive growth with new and existing councils by expanding the use of CMIs across the capital programme. We will support councils to create a regular cadence of issuance; set ambitious targets for CMI expansion; and enable people to invest across a wider local government area into combined authorities and city-regions that deliver for multiple local councils as a part of regional growth strategies.

Build credibility by continually expanding the evidence base on impact. We will make visible where the money goes – to schools, regeneration, social housing, energy infrastructure – so that investors can see the use of proceeds. We will demonstrate financial as well as civic value, matching retail investors' need for impact with council need for a diversified, low-cost borrowing option.

Expand the investor base by consistently communicating investment performance and track record, reporting on repayment performance, and running education campaigns to close the gap between perceived and actual risk. We will establish partnerships with mission-aligned organisations to raise awareness of the CMI with residents in those places where they are issued by a local authority.

Support secondary-market liquidity, establishing routes for councils to buy back loans on the secondary market, giving investors a credible exit.

Make investing simpler, more accessible, and easy to exit. We will bring additional tools to the platform and establish partnerships to expand distribution and build on the commitment made by Unity Trust Bank and Esmée Fairbairn Foundation to attract further institutional and intermediated capital to drive regional growth.

But, CMIs need:

Promotion: In the same way government promotes National Savings and Investments (NS&I), we need a national public information campaign for CMIs. To normalise a new option for people to use money positively to drive improvements in their community, local success stories are not enough. We need a trusted national touchstone and champion for more people to understand and use the model.

Legislation: CMI's are feasible and easily replicable now with a standardised legal framework in place. However, there is more that primary legislation can do. We would like local planning applications to be able to include local investment models as indicators of civic value for infrastructure projects. We want Public Finance Institutions such as the National Wealth Fund (NWF) and British Business Bank (BBB) to support CMIs by providing a facility to help the Abundance platform to scale its lending to councils. The Financial Conduct Authority (FCA) needs to revisit its rules on financial promotion, which were not designed with the longevity and risk-profile of UK councils in mind, and be open to re-regulation.

Advocacy: The devolution agenda to empower strategic and mayoral authorities will include new and ongoing settlements for the capital programmes of our places. We need central government to advocate for the blended use of CMIs in the capital programme related to these settlements. CMIs need to be included as part of the negotiations with local government over the way in which central funding and debt programmes combine to deliver local services, programmes and infrastructure.

In these three ways, central government can help to ensure the civic impact delivered by CMIs are realised in every UK postcode.

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