

Fair4All Finance

Affordable Credit Scale-up programme

Guidance for applicants

Version 3

06 August 2020



Scale-Up programme guidance

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Introduction

- **This guidance has been updated as at 6/8/2020 to include the request for demographic data on customers using a template prepared by Fair4All Finance. This is set out in the Information Request section of this document.**
- Please read this guidance as you prepare to apply for the Fair4All Finance Scale-up programme.
- Details about the programme overview, objectives and our wider strategy are available on our website. In summary:
 - This is a programme for ambitious organisations, with a clear and well-thought-out growth plan to scale up their operations and a genuine commitment to serving people in vulnerable circumstances.
 - We will work with you in detail to determine what your organisation needs for the next stage of its growth journey. This might mean investment to scale up your operations or it might mean targeted grant funding to develop capability and capacity for growth.
 - A great strength of the sector is how rooted organisations are in their communities – but this fragmentation can also hinder growth at scale, so we welcome plans that consider the role of M&A and consolidation in helping to significantly scale the sector.
 - This isn't a competition over a finite pot of funding. Our support will be guided by where individual organisations are in their growth journeys, and by what people in our communities need.
 - It will require real commitment. If your organisation is not currently at a point to step up to a significant growth challenge, please don't feel like this is your only shot at getting funding from us. There will be future rounds of support, and everything we learn from this programme will be used to help the sector at large.
- The scale up programme involves an intensive and comprehensive review of organisations, leading, in successful cases to grant or capital investment. We piloted this approach in 2019 with five organisations. Based on our learning and feedback, for the second phase of the programme (launching on 21/5/2020) we have structured the application process into distinct stages.
- This document sets out our approach to the organisational review and intentionally sets out the extent of what we will ask organisations to share with us so that applicants can go into the process with clear expectations. Please consider carefully, before applying, whether the commitment sought can be managed by your organisation over a period of up to six months.

Approach

- Our approach to this programme involves a series of stage gates between each stage of the organisational review process.
- We will ask for the requisite information to enable us to assess organisations at each stage of the programme and summaries of what is required at each stage is set out in this document... it is our expectation that organisations that are applying for this

programme have to hand the information and documentation we need throughout this process and do not have to create any new material for this process.

- The information required at each stage is set out in this document at:
 - Expression of interest (EOI) – see page 7
 - Information request – see page 12
 - Due Diligence (DD) see page 16.
- Information will only be sought at the start of the next stage if an organisation passes our assessment at the prior stage. You will be invited to each stage that applies to you beyond the expression of interest stage which is an open application.
- At each stage we expect to reduce the number of organisations we review and some organisations may exit the process.
- The information request stage will also determine the number of organisations we consider for grant funding and the number we consider for capital (debt or long-term equity-like funding).
- We have adopted this approach to ensure that our review is as efficient as possible and to minimise the amount of information required of organisations at each stage.
- Our intention is to conduct full due diligence for capital investment on a very small number of organisations (2 – 3) ; and due diligence for grant investment for a small number of organisations (10 – 12); though this figures are not targets and we may assess more or fewer organisations.
- At each stage we will let you know the outcome for your organisation – this may be an invitation to proceed to the next stage, or confirmation that we will not be taking your application further.

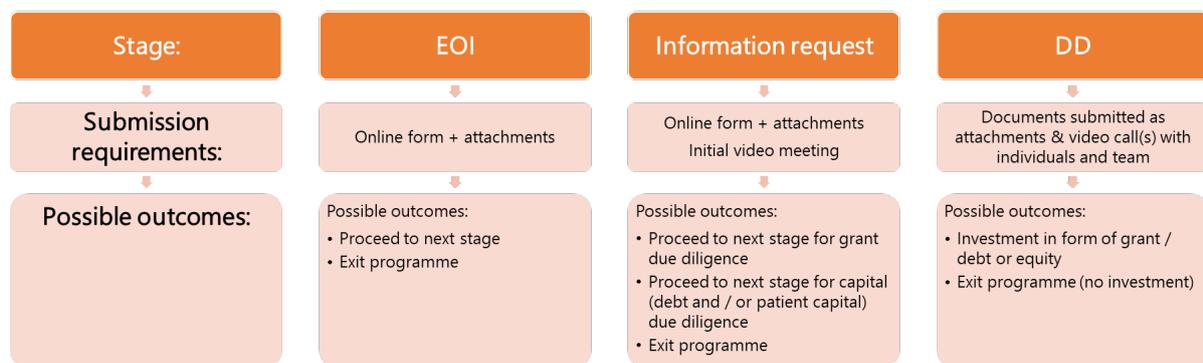


Figure 1 Stages of scale-up programme

- **Filling in the online forms** - The tables set out in the application preparation section below replicate the questions you will need to answer to fill out in our online form for the EOI process; and then set out detail we expect to seek at subsequent stages (which you will be invited to complete in due course if successful).
 - There is an online form at the EOI stage and the Information request stage. You will receive the link to fill in the second form only if your application is successful at EOI stage.

- Please prepare the information before you start your application for each stage as you **cannot** start your application, pause, and come back to it and we cannot re-open your application once you have submitted it. You will not be asked to complete all stages at once – and you will only proceed to the next stage if our review of your application at the prior stage is successful.
- When you are ready to start the EOI you will be able to start your application using the form located at:
https://forms.microsoft.com/FormsPro/Pages/ResponsePage.aspx?id=Yj4ArWenl0SR14VICfZkhBT1OBt4EIZGnig_wnJnHnVURTY2SIBLR0JPQTdYQUxZODI4UU9INVBURi4u

More information

Please refer to the FAQs in the section below for more information.

You may also like to attend the webinar **9:30am on 3rd June**. You can submit questions in advance, but please omit any commercially sensitive information as your questions will be visible to other attendees. To view the webinar follow this link:

<https://www.youtube.com/watch?v=F6rtGDcbvWI>

High level reflections

- **This sounds like a lot of work – should I apply?** This document sets out the information required at all stages. You are not expected to submit all of it at once and will only have an opportunity to share information once invited to do so at each stage. Please review the requirements carefully as they are a good indicator of the intensity of the scrutiny the programme entails.
- **I don't have a some of the attachments needed – should I still apply?** Our intention is not to prompt you to create documents that you do not already have. We note, some attachments are particularly important to the process as they are indicative of an organisations' commitment to growth and expansion and progress on that journey to date, for example a strategic plan, growth plan etc. In other cases, whilst you may not have the documents we require, you may have equivalent analyses or information which meet the requirements in a different way.
- **This sounds very exhaustive is it worth it? What should I expect if I go ahead?** This is an intensive programme. You can read feedback from the pilot organisations at: <https://fair4allfinance.org.uk/wp-content/uploads/2020/05/Covid-19-Resilience-Fund-and-Affordable-Credit-Scale-Up-programme-brochure.pdf>
- **What should I expect?** If you decide to proceed with your application you should be prepared to share the information set out in this document, and other documents on request; to engage with the Fair4All Finance team our financial due diligence specialists and with other participating organisations; and, if you are successful in continuing to collaborate with us beyond this process to help scale the affordable credit sector. Substantial investments may also involve working with your existing investors and restructuring your balance sheet.

Timetable

Stage	
Launch of expressions of interest (EOI)	21/5/2020
Deadline for online applications submissions	5pm 18/6/2020
Deadline for upload of supporting documents including Fair4All Finance excel template	5pm 22/6/2020
Decisions on shortlist after EOI stage	By 31/7/2020
Diagnostic phase: Information Request and Due Diligence stages (exact timing to be confirmed subject to demand)	August – November 2020
Investment decisions	From November 2020

EOI Application preparation

This section will enable you to prepare to complete your online EOI submission.

It replicates the questions set out in our online submission and explains what additional attachments you will have to provide.

Once you have submitted your application you will receive a confirmation email which will also prompt you to upload the attachments needed to support your application.

Text highlighted in *orange italics* is designed to give you further insight on what we're looking for to substantiate your application.

EOI information required

EOI Information you will already have to hand
Legal name of entity
Trade name (if different)
Legal structure choose from: Community Interest Company / Registered Society/ Company Limited by Guarantee/ Company Limited by Shares/ Registered Charity
Part of a group? If so please explain group structure
Affordable credit organisation type: choose from: Credit union / CDFI
Company number
Contact name
Title
Email address <i>Please note this address will receive the application submission acknowledgement and this will also prompt the recipient to upload attachments via a secure link.</i>
Phone number <i>(the form will insist that you drop the 0 at the front)</i>
Registered trading address line 1
Registered trading address line 2
Town / City
Postcode

EOI Information about your customers and channels	Information type
This programme is aimed at organisations that lend to individuals. If you are not a personal lender please do not proceed with your application. Do you offer personal loans?	Yes/No
This programme is aimed at organisations that lend to people in vulnerable circumstances. If you do not support people in vulnerable circumstances and do not work in the affordable credit sector please do not proceed with your application. Do you offer loans to people in vulnerable circumstances?	Yes/No
This programme is aimed at organisations with significant potential to grow. We suggest a minimum loan book of £2m. If you do not have a minimum loan book of £2m but are still interested please contact Tom Lake tom@fair4allfinance.org.uk Is your loan book over £2m?	Yes/No
Number branches and current branch status	Text

EOI Information about your customers and channels	Information type
How are you funded?	Text
Delivery channels used	Multiple answers: Online / Branch / Telephone
Geographies served <i>please remember our fund is focussed on England</i>	Text
Summary description of business	Text
Who do you serve?	Text
Estimate of activity in terms of % of loan book that fits these characteristics:	
Loan under £1000	Number (%)
Loan on a term of 52 weeks or less	Number (%)
Loan to lone parents with dependent children	Number (%)
Borrower living in rented housing (private & social)	Number (%)
Borrower living in social housing (Council or Housing Assoc)	Number (%)
Loan to postcodes within most index of multiple deprivation - most deprived 20%	Number (%)
Borrower gross income under £18,000p.a.	Number (%)
What % of your loans are paid via a state benefit (e.g. Child benefit)	Number (%)
What products do you currently offer? Choose as many as apply: Loan only (fixed price for all) Loan only (tiered price based on risk) Loan only (fixed price for all) via payroll deduction lending Loan only (tiered price based on risk) via payroll deduction lending Saving or linked saving product Home Contents Insurance Signposting to money and debt advice for declined loans Referral to money and debt advice for declined loans	Option
What is your representative interest rate for your loan products (APR)? (delineate by product type if appropriate)	Text
Are there any people or loan purposes which you currently exclude e.g. car loans; people under 20 years of age etc	Text
How many customer complaints have you received in the last financial year?	Number

EOI Information about your financials	Information type
The application form will also ask you for the following information:	
Current Full time Equivalent (FTE) employees	Number
Senior leadership team FTEs	Number
Please confirm that you hold all appropriate permissions from the PRA or FCA	Yes / No
Is your organisation, or any organisation which is part of your group structure (subsidiary or parent) currently undergoing, or has previously been investigated by a regulator, irrespective of whether their investigation lead to a negative finding or not?	Yes / No
Have any of your current Directors or members of the Senior Management team been declared bankrupt, or are in the process of entering into IVA?	Yes / No
Do you have an active Board or group of independent persons providing governance oversight?	Yes / No
Are the Directors/Board Members agreeable to your organisation taking on additional finance?	Text
Have you explored other government funding or alternative support? If so, please explain which ones and the outcome if confirmed.	Text
Have you had any regulatory breaches in the last three financial years?	Yes / No
Is the bank account for which you have provided bank statements the account into which you would want funds to be paid?	Yes / No

EOI Social purpose, future plans	Information type
High level growth plan and ambition for the future	Text
Growth aspiration by 2025 - # of loan customers	# customers
Growth aspiration by 2025 - total value of loan book £	£
Does your organisation have a clearly defined social purpose set out in its constitutional documents to increase the financial resilience and wellbeing of people in vulnerable circumstances?	Yes / No
Does your organisation have a clearly defined policy in relation to the distribution of post-tax profits and proceeds from the sale of assets to ensure that surpluses are principally used to achieve its purpose and that the post-tax pay-outs to shareholders are capped at <50% over time to ensure that there is not undue private gain from the activities of the organisation.	Yes / No
Do you pay all your employees a real living wage. If not please explain why	Text
Have you evaluated and measured your social impact and made reports publicly available in the last five years?	Yes / No
Are you open to undertaking an independent social impact audit?	Yes / No

EOI attachments required

Expression of Interest stage attachments

Once you have submitted your online application, you will receive an application acknowledgement email to the address you submitted in the form.

Please be aware, if you are unable to provide evidence to give strong confidence in your financial history and trajectory, and your social purpose and impact your application may not be approved.

We reserve the right to seek additional information if your application is insufficiently detailed at our sole discretion and we do not intend to make additional requests as a matter of course as each application needs to stand on its merits.

Please be aware, if you are unable to provide evidence to give strong confidence in your history and trajectory, your application may not be approved.

Please do not send attachments separately other than in response to the email you will receive. You can upload attachments to the link over multiple days (this does not have to be done in one sitting).

Financial information file

The Fair4All Finance excel template breaking down your financial information which you will need to complete and is available to be downloaded from

<https://fair4allfinance.org.uk/news/affordable-credit-scale-up-launch/>

Please upload the Fair4All EOI excel file fully populated with your submission.

Filenames format: org name and FinancialInfo e.g. OrgnameFinancialInfo.xls

Annual accounts

You should submit as many financial years of audited accounts as are appropriate to substantiate your application. We require a minimum of 3 years of accounts which could include 2 years of audited accounts and your draft accounts for the most recent year or 3 years of audited accounts depending on your year-end date. If you are reliant on the finances of another organisation within your group please share their accounts too.

Filenames format: org name and month e.g. OrgnameFYxxxx.xls

Management accounts

Please upload your last four quarters of management accounts. These can span more than one financial year. We expect them to cover a continuous period of 12 months prior to application.

Filenames format: org name and month e.g. OrgnameMar20.xls

Social purpose

We have asked you whether your organisation has a clearly defined social purpose set out in its constitutional documents to increase the financial resilience and wellbeing of people in vulnerable circumstances.

Please share the document(s) capturing this information.

Attachment (filename to include org name and social with number if multiple documents are provided e.g. OrgnameSocial1.pdf, e.g. OrgnameSocial2.pdf)

Expression of Interest stage attachments

Constitution, mission and asset lock

We have asked you whether your organisation has a clearly defined policy in relation to the distribution of post-tax profits and proceeds from the sale of assets to ensure that surpluses are principally used to achieve its purpose and that the post-tax pay-outs to shareholders are capped at <50% over time to ensure that there is not undue private gain from the activities of the organisation.

Please share your documentation capturing this information which could be your constitution or equivalent documentation covering these rules.

Attachment (filename to include org name and lock e.g. OrgnameLock.pdf)

Social impact

We have asked you whether your organisation has evaluated and measured your social impact and made reports publicly available in the last five years.

Please share your most recent report capturing this information making clear what period the report covers.

Attachment (filename to include org name and impact e.g. OrgnameImpact.pdf)

Information request stage preparation (invitation only)

If you are successful post our review of your expression of interest, you will be invited to continue to the Information request stage and we will send you a link to an online form.

This section will enable you to prepare to complete your online Information request submission and associated documents at this stage.

It replicates the questions set out in our online submission and explains what additional attachments you will have to provide.

Once you have submitted your application you will receive a confirmation email which will also prompt you to upload the attachments needed to support your application at this stage.

Text highlighted in *orange italics* is designed to give you further insight on what we're looking for to substantiate your application.

Information request stage information required

Information request requirements (invitation only)	Data type
Has your growth plan been approved by your board and is implementation underway	Yes / No
In what areas do you need support to grow?	Text
Please explain your aspirations to grow the affordable credit sector	Text
Can your organisation demonstrate that the remuneration of its officers and employees, including salaries, benefits and all forms of distribution or other participation, is reasonable, proportionate and relative to market practice for social sector organisations generally and is disclosed. Please share your documentation capturing this information e.g. maximum salary ratios (optional)	Text
What % of your loans in the last financial year for which you have audited accounts were issued as / to?	
New customers	%
Loans of £500 or less	Should total to 100%
Loans >£501 and <£999	
Loans >£1000 and <£1499	
Loans >£1500	
Loans on a term of or under 52 weeks / 12 months	Should total to 100%
Loans on a term over 52 weeks / 12 months	
Payroll deduction loans	%
Loans paid via a state benefit (e.g. Child benefit)	%
For your main loan product please provide:	
Minimum term (months)	#
Minimum value	£
Maximum value	£
Interest rate (applied annual interest rate (AIR) not APR)	Number

Information request requirements (invitation only)	Data type
Average value	Number
Average term	Number
Application of interest approach e.g. is interest rate held constant for all loans	Text
Admin fee on loan £	Number
Fee applied if payment is missed	Number
% of loan book covered by this product	%
Decisioning How quickly (on average) are loan decisions made by each channel?	
Online (website)	Instant / Same day / 2-3 days / 1 week / > 1 week / N/A
Online (app)	
Telephone	
Face to face (in branch)	
Face to face (other)	
What % of loans are decisioned automatically currently?	%
Dispersal: How quickly (on average) are customers able to receive money after a loan decision is made by each channel?	
Online (website)	Instant / Same day / 2-3 days / 1 week / > 1 week / N/A
Online (app)	
Telephone	
Face to face (in branch)	
Face to face (other)	
What % of loan applications were referred to an underwriter	%
How many full time equivalent (FTE) loan underwriters did you employ for the same period	#
# of loan applications in total	#
# completed loan applications with all supporting documentation enabling a final decision	#
# loans approved	#
Total marketing spend (including all channels)	£
What core Loan Management System do you use?	Text
Please list your technology vendors along with the business processes that they support? There is no need to include hardware, telephony or infrastructure vendors here.	Text
Please describe any partnerships you have in place (with housing associations or employers)	Text
Does the organisation offer flexibility arrangements on its loans (i.e. freeze interest, payment break, repayment term alteration)?	Text
At what point in a loan default is interest frozen?	Text
Are bad debts ever sold to a third party for collection?	Text
Are you a part of the ELDS (Eligible Loans Deduction Scheme) with the DWP ?	Text
What total value of loans did you refer for recovery through ELDS in calendar year Jan – Dec 2019?	Number

Information request requirements (invitation only)	Data type
How many customers in total did you refer for recovery through ELDS in calendar year Jan – Dec 2019?	Number
Please share brief biographies (or LinkedIn profiles) and role descriptions for your board members e.g. what focus they bring	Text

Information request stage – attachments required

Information request stage attachments (invitation only)
<p>Once you have submitted your online information request form (by invitation only), you will receive an acknowledgement email to the address you submitted in the form. This email will ask you to upload additional documents – as set out below. This list is subject to revision.</p> <p><i>We reserve the right to seek additional information if your application is insufficiently detailed at our sole discretion and we do not intend to make additional requests as a matter of course as each application needs to stand on its merits.</i></p> <p><i>Please be aware, if you are unable to provide evidence to give strong confidence in your products, governance, ethical operation, financial controls and marketing approach, your application may not proceed beyond the information request stage.</i></p> <p><i>Please <u>do not</u> send attachments separately other than in response to the email you will receive. You can upload attachments to the link over multiple days (this does not have to be done in one sitting).</i></p>
<p>Customer demographics information file</p> <p>The Fair4All Finance excel template breaking down your customer demographics which you will need to complete and is available to be downloaded from https://fair4allfinance.org.uk/news/affordable-credit-scale-up-launch/</p> <p>Please upload the Fair4All EOI excel file fully populated with your submission. Filenames format: org name and Demographic e.g. OrgnameDemographic.xls</p>
<p>Detailed Growth Plan</p> <p>Please attach your plan (we have already received your high-level plan description at the EOI stage so additional detailed plans are required now). This should contain key assumptions sitting behind the plan. Attachment (filename to include org name and growth e.g. OrgnameGrowth.pdf)</p>
<p>Salary ratios</p> <p>Please share your documentation capturing the remuneration of your officers and employees, including salaries, benefits and all forms of distribution or other participation, showing they are reasonable, proportionate and relative to market practice for social sector organisations generally and is disclosed. Attachment (filename to include org name and salary e.g. OrgnameSalary.pdf)</p>

Information request stage attachments (invitation only)

Marketing strategy

Please share your marketing strategy, planned expenditure by month and expected interest generated as a result (provide attachment(s)) including any historic comparisons of ROI.
Attachment (filename to include org name and marketing e.g. OrgnameMarketing.pdf)

Customer journey

Please share the documentation that sets out how you support the customer journey and the experience you expect customers to have. This could be your full operations manual and / or your training materials. Multiple files may be submitted.
Attachment (filename to include org name and journey e.g. OrgnameJourney.pdf)

Financial controls

Please share the documentation that sets out how you operate robust financial controls over your lending practices and management of your reserves and bank balances.
Attachment (filename to include org name and controls e.g. OrgnameControls.pdf)

IT

Please share your IT roadmap or strategy
Attachment (filename to include org name and IT e.g. OrgnameIT.pdf)

Provisioning and write off

Please share your provisioning and write off policies
Attachment (filename to include org name and provision e.g. OrgnameProvision.pdf)

Governance

Please share the attendance record for your governance board for the last year (as per your audited accounts)
Attachment (filename to include org name and governance e.g. OrgnameGovernance.pdf)

Risk

Please share your full risk register and evidence of when this was last reviewed by your board (e.g. body of email issuing board papers)
Attachment (filename to include org name and risk e.g. OrgnameRisk.pdf)

Strategy

Please supply your latest strategic plan and business plan
Attachment (filename to include org name and BusStrat e.g. Orgname BusStrat.pdf)

Annual report

Please provide your annual report
Attachment (filename to include org name and AnnualRep e.g. Orgname Bus AnnualRep.pdf)

Information request stage attachments (invitation only)

Budget

Please provide your Current year budget

Attachment (filename to include org name and CurrBudget e.g. Orgname CurrBudget.pdf)

Forecasts

Please provide your 3 year forecast

Attachment (filename to include org name and 3yrForecast e.g. Orgname 3yrForecast.pdf)

Due diligence stage preparation

A summary of what will be requested is set out below, but please note this will vary between organisations being assessed for grant funding and those being assessed for patient capital investment and there may be bespoke requests for specific organisations.

The diligence team will also conduct a range of video meetings at this stage, with the senior team and as appropriate with members of the Board.

Due diligence stage draft attachments required (invitation only):

Due diligence attachments

A Fair4All Finance financial template that entails a breakdown of the loan book / asset structure and health

A Fair4All Finance IT functional diagram template that sets out what your organisation uses for its end to end technology requirements

Resourcing plan in future years (showing how you expect the organisation's resources to grow by role type including loan offices shown separately)

Succession plan

Agreements between you and your lenders including subordinated loans

Partnership agreement(s) you have in place with goods providers or employer or housing association organisation(s) and the reporting related to these

Procurement and supplier management policies

Analyses of your loan portfolio showing retrospective loan performance for customer cohorts over time

Competitor intelligence tracking including mystery shopping, price comparisons, collateral comparisons etc.

Full financial model

Due diligence attachments

Scenarios you have tested in your growth planning

Breakdown on current lenders - amount outstanding, maturing, type of funding

Detailed investment plan and ask for capability building from us and other funders setting out how our funding would leverage and secure additional resources.

Please provide a detailed estimate of the areas that you require support and what outcomes that support will achieve if provided. This submission will need to be tailored depending on whether you are being considered for capital or grant funding, or both.

Terms and Conditions

Statement of Intent – Terms and Conditions of Funding Agreements

Following the scale-up programme stages, funding agreement(s) will be drawn up for successful organisations and signed by both parties (Fair4All Finance and the organisation), setting out the obligations and requirements of each party. This contract will include the terms and conditions of the funding. The below points are meant as an indication of what we expect be included in these conditions.

- For significant capital investments Fair4All may seek an observer position on the board.
- Successful applicants will be expected to work collaboratively with the Fair4All Finance team to implement the outcome of any funding agreement. This may entail working with existing investors and could involve restructuring the existing balance sheet. Critically we are looking for sustainable financial models, where the capital structures sets the organisation up to grow in the long term.
- The funding must only be used for the agreed purposes as set out in the application and in accordance with the terms and conditions of the grant agreement
- If the organisation's circumstances change, the organisation must contact Fair4All Finance for advice in the first instance
- The organisation must inform Fair4All Finance of any significant change to structure, staffing, finances, or governance arrangements.
- If requested, the organisation will provide a brief update report of progress to date. The reporting and monitoring requirements will be included in the grant agreement, and these requirements may change over time as the situation evolves.
- The organisation must ensure that all necessary safeguarding policies and procedures are in place, and that all staff, representatives and other persons involved in the delivery of the grant are obliged to follow and receive training on safeguarding. You must inform Fair4All Finance in the event of any safeguarding issues that may damage the reputation of the organisation.
- The organisation must keep proper and complete financial records of any grant expenditure and have suitable financial controls in place. Fair4All Finance reserve the right to review these financial records upon request.
- Information regarding the organisation and the funding may be included on the Fair4All Finance website, social media updates, newsletters and annual reports.

- Fair4All Finance may ask for repayment in whole or part in the event of a breach of any of the terms of this agreement.
- The organisation will need to be aware of any State Aid requirements including notifying of State Aid received through the programme.
- Personal data provided to Fair4All Finance by the organisation will be anonymised wherever possible, unless specifically requested otherwise and in compliance with obligations under Data Protection legislation.

Frequently Asked Questions (FAQs)

Eligibility

- **I applied for the COVID funding – can I also apply for the scale-up programme?**
Yes, but we recommend that you speak to someone at Fair4All finance first as the team may already have formed a view about whether the scale-up programme is right for your organisation. Please contact Tom@fair4allfinance.org.uk if you are in this category. If we believe it would be worthwhile applying for the scale-up programme we can assist you by requesting you share only the information you were not asked for in the COVID application cycle for the expression of interest stage. This will be a manual process but should save you time.
- **Who can apply?** Organisations must be based in England or have the majority of their activity in England to be eligible. This is due to the restrictions on the allocation of Fair4All Finance’s capital, which is to be used primarily in England. CDFIs and Credit Unions are eligible for this fund.
- **Our loan book was above £2 million within the last 12 months, but currently is not, can we still apply?** Yes you can still apply. Please be aware that:
 - We will consider your future forecasts about the loan book.
 - You may also wish to provide explanations about what has led the loan book to dip and you may wish to provide audited accounts for additional years.
 - Our focus is on organisations that have sustainable operations and potential to scale up significantly. If you are unable to provide evidence to give strong confidence in your history and trajectory, your application may not be approved.
- **Our loan book is not above £2 million and has never reached that amount, can we still apply?** We suggest you speak to Tom Lake about your situation tom@fair4allfinance.org.uk before proceeding.
- **We have fewer than 3 years of financial statements, can we still apply?** Yes, we are asking for a minimum of 1 year of financial statements. - Our focus is on organisations that have sustainable operations and potential to scale up significantly. Please be aware, if you are unable to provide evidence to give strong confidence in your history and trajectory, your application may not be approved.

- **What sort of word count are you looking for e.g. on 'what is your business model'?**
- Approx 250 please - we are looking for a summary, thanks
- **Legal structure - Are companies that are structured as a "normal" limited company eligible?** - Our focus is on organisations with an appropriate lock which ensures that not more than 50% of profits are distributed. If this asset lock is in place we could look at a case by exception, but typically do not expect limited companies to apply. Please email us at programmes@fair4allfinance.org.uk.
- **People in vulnerable circumstances:** - you have said your focus is on supporting people in vulnerable circumstances. I would have thought that all credit unions and CDFIs meet this criteria, can you elaborate on what you are looking for in this respect? - We're looking to support those organisations focused on the lower end of those able to borrow - so those perhaps borrowing to buy fridges rather than kitchens. Indicators are % of people on incomes less than c£20k, specific groups of particularly vulnerable people, % renting, and mapping to the Index of Multiple deprivation.
- **Our credit union lends more than £2.5m annually, but as these tend to be short term loans our loan book is no more than £1.6m at any one time. So would we be excluded from applying for this funding?** - We want to ensure we are funding organisations that have a pathway to sustainability and have a loan book which is growing. The £2million level was chosen because it indicates sufficient scale and sustainability. If a factor in your position indicates that you can grow up to £2m in the medium term, or if you consider that other factors in your business act as a proxy for this, we can look at the application.
- **Can you share the postcodes for the 20% most deprived areas so we can run the data on the loans in these areas?**- imd-by-postcode.opendatacommunities.org is the [website for postcode data on IMD](http://imd-by-postcode.opendatacommunities.org)

Application process

- **What is the timeline for applications?**
Please see the above table
- **Is there a maximum field length to my written submissions?** –we ask you to keep your responses concise and to the point, there are some word limits for long responses which we have limited to 4000 characters, your total application cannot exceed 16,000 characters.
- **When I looked at the application earlier I could not see a way of saving my changes. Did I miss that option?** - Unfortunately saving changes is not possible, but all questions are provided in the application guidance (this document)
- **Is there a specific definition for a "Vulnerable member"** - We are using the FCA definition in terms of vulnerability, and looking for good wrap around support too
- **Can we upload onto a drop box etc so not emailing documents?** - Upload is via a link rather than email.

- **How will I know my application has been received?** You will receive an email confirming submission and prompting you to upload the attachments to support your application. The email will come from donotreply@fair4allfinance.org.uk please look out for it.
- **Do I need to use a specific internet browser?** Microsoft Edge, Internet Explorer, Chrome, Firefox and Safari all work fine.
- **Will you treat my application in confidence?** Yes, we will keep all the information supplied confidential subject to the provisions of any funding agreement we subsequently enter into with you.
- **Why are you asking for all this information?** Fair4All Finance has been established to scale up the affordable finance sector and are focusing investment on organisations that will maximize our fund's impact. Therefore, we need to carefully assess an organisations' potential to grow as well as ensure our focus on social purpose and vulnerable people is mirrored in the organisations we work with.
- **When will you tell me if I've been successful?** We will be reviewing applications and expect to conclude the expression of interest stage decisions in June / July and will be making decisions about which applications we wish to take through to the next stage by 31/7/2020.
- **What is expected of my senior management team during the application/decision period?** In exceptional cases we may ask management teams for more information to support our review we also anticipate a video call with the senior management team and board members at key junctions in the process.
- **Can I use a mobile device to fill in the application?** Yes
- **Can I save my application and come back to it?** Sorry, no. In order to move quickly to launch this fund we have put the application form online without the ability for applicants to save a partially complete application and return to it, so please make sure you have the information needed for your application to hand before you start. This document will help you prepare what you need.
- **Will you cover my costs for applying for this grant or for participating in the scale up programme if I am selected?** No, we are not covering applicants' costs.
- **Can I get a copy of my submission?** Yes we will be able to provide these on request
- **Can you re-open my application for me to edit it once I've submitted it?** Sorry, no. All submissions are final.
- **What are the expectations on our time beyond the application and diligence process?** We will expect a spirit of cooperation among the selected organisations to share information with each other and to participate in occasional group meetings aimed at advancing our theory of change to benefit the entire affordable credit sector

Costs and payments

- **What funding is available?** For organisations that proceed to full due diligence we may be able to provide grant, debt or quasi equity / patient capital in a way that supports the growth plans submitted.

- **Are there any costs which Fair4All Finance will not support?** – Fair4All Finance will agree reasonable investment to support significant growth. Specific provisions in our agreements will be determined on a bespoke basis.
- **What evidence do I have to provide of how I've spent Fair4All funds if successful?** - the funding we provide will be subject to reporting, and by exception, audit. We may request evidence of expenditure including invoices or payroll details validated by access to the bank statements from the relevant period. Further details will be set out in the grant agreement, a precis of which is available in the terms and conditions section below.

Post application

- **Are there reporting requirements on how the funding is used once it's been received?** Yes, these will be contained in the grant agreement, where appropriate and in the patient capital and or debt agreements if such terms apply. We will expect to receive evidence that the funding has been used for the purposes set out in the agreements we reach with you.
- **Will you be publishing details of the funding you give me if successful?** Yes, Fair4All Finance is committed to transparency and we will be publishing award information publicly.
- **Do Fair4All funds count as state aid?** Yes. The organisation will need to be aware of any State Aid requirements which Fair4All will communicate should an organisation receive support.

Questions & Answers from webinar 3 June 2020

You've talked about mergers to spread back office costs. How about organisations coming together to develop a CUSO, where the individual firms remain independent, but have a stake in a joint venture.

The scale up programme is intended to focus on organisations with an existing track record and considerable potential for growth. We are interested in CUSO opportunities however and suggest a conversation may be useful before you decide whether to apply or not.

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How will the programme reflect the already significant research on scaling up the affordable credit sector?

This has been the foundation of the development of the programme - we'll add into the thread our report in February on Transforming Affordable Credit which built on the research with our direct experiences from the pilot programme.

We are in the middle of a merger, which we expect to complete by the end of July. We don't think we will be able to provide the level of historical detail for the credit union we are taking over that you are asking for from us. Does this matter?

Please share what you have and include context of your situation so that we can consider specifically. We could potentially use the due diligence review that you conducted before agreeing to merge as a contributor to the assessment.

I was appointed to drive a growth agenda with our credit union involving refocussing our strategy around credit to lower income households. However, having started in January, my progress with developing our strategic plan has been set back by Covid. How close to the finished article do our strategic plans need to be at the point of application and will there be other opportunities if we are not successful this time?

If this programme isn't right at the moment, there will be other opportunities to engage with us. If you do apply please provide as much information as you can. The application is a phased approach.

Just add that the strategic plan won't be required until August – during the Information request stage – which is by invitation only. At the Expression of Interest stage we are looking for the growth aspiration in customers, loan book and as a brief description only.

Why do you think the affordable credit has failed to reach a large audience thus far?

Again outlined in our report - not just one factor! Supply and demand areas identified are: availability, appropriateness, attractiveness, awareness and access

<https://fair4allfinance.org.uk/news/fair4all-finance-launches-new-report-on-transforming-affordable-credit-in-the-uk/>

Intensive process & journey - are you saying that the application process and due diligence is intensive, leading up to a yes/no decision, or that the journey post decision is intensive & that would be a joint, working together journey to deliver?

The application process is detailed, but there is a phased approach in what we will be asking from you as you progress through. The journey will be intensive.

Guidance on what we'll be asking for: <https://fair4allfinance.org.uk/wp-content/uploads/2020/06/Fair4All-Scale-Up-Programme-Application-Guidance-v6.pdf>

Programme brochure with accounts from our pilot partners on what the programme was like: <https://fair4allfinance.org.uk/wp-content/uploads/2020/05/Covid-19-Resilience-Fund-and-Affordable-Credit-Scale-Up-programme-brochure.pdf>

Hi I am not clear on the quantum that is potentially available for individual applicants. We have now a loan book of 65 million and have an ambitious growth plan. What are the ranges of grants/equity tickets you are looking to write to individual credit unions?

Our support will be tailored to where organisations are in their individual growth journeys. We don't want to specify hard amounts at this stage, but have a look at the fund brochure here for information on our previous support <https://fair4allfinance.org.uk/news/covid-19-scale-up-launch/>

Sustainability for CDFIs has been extremely difficult for most since inception as a result of low value loans, low interest rates and low volumes. Do you have a view on where interest rates need to be in order to be sustainable?

No - completely depends on the business model and customer base.

Have you invited any CRM suppliers to assist with the objectives of the programme - perhaps working in collaboration with a front-line provider?

We have completed a range of work looking at the role technology has to play in enabling this sector to grow lead by Jonathan Turner. The findings will be published.

Can you elaborate on the tailored support package - 1 of 5 areas (only?)

We'll work with you to identify what will make the most difference to delivering your growth plan. We will also ensure that these areas of support are structured in such a way that they can benefit the wider sector not just one organisation.

The affordable credit sector can range from short term borrowing for emergency goods to providing credit for higher cost items such as vehicles or home repairs. Are you keen to support organisations that provide affordable credit as opposed to high cost second charge lending?

Our purpose is focused on those in vulnerable circumstances and the specific gap in provision being for smaller loans - so typically washing machines

Will you work with affordable credit providers who are not part of the programme and in what way?

Please see our report on what we are aiming to produce for the whole sector in tools and insight to help them grow and transform. We are planning to add peer learning groups as we develop.

You mentioned it's a very involved process for assessment. Can you give us a sense of this means and what you expect from a management team?

Hi, detailed guidance has been published on our website. The timetable and the information requested is listed: <https://fair4allfinance.org.uk/news/affordable-credit-scale-up-launch/>

Can you talk more about investment in leadership?

We recognise the importance of the leadership teams in this sector and as part of our support we are including coaching and other leadership development initiatives.

You have noted you would like to focus on the small sum loans market, which CDFIs mainly target. But how many CDFIs in the UK will meet your minimum criteria of a £2m loan book and be able to evidence sustainability?

We're agnostic as to organisation set up other than them being asset locked - across credit unions and CDFIs there are a significant number of organisations who would meet these criteria.

Can you talk more about what you might describe as stepping stones to resilience in personal finance? How important is long term financial wellbeing in your focus?

We're interested in credit issuance, where that is appropriate for borrower, alongside gateway services that encourage and promote savings, insurance (HCI) and other forms of protection, and referral to free, confidential debt and money advice.

We were unable to apply for Covid 19 support as our loan book is under £2m. When we looked at the scale up programme opportunity initially, it did not insist on a £2m loan book, this has now come in at launch. We have an advanced growth plan but I am getting the impression that you would not even consider us at present.

Hello, please send us an email with your specific case and we'll come back to you - programmes@fair4allfinance.org.uk or tom@fair4allfinance.org.uk

In the future we also expect to launch programmes focussed on supporting organisations with smaller loan books so it may be that those future programmes will be more relevant to you.

Please email hello@fair4allfinance.org.uk to let us know any feedback on the webinar and programmes@fair4allfinance.org.uk if you have any questions about the programme.