

Webinar Q&A

Questions about Capital Adequacy

1. **Can you apply for subordinated debt for CAR for less than £200K?**
2. **Will you be charging interest on subordinated debt?**
3. **What are the financial terms for any subordinated debt?**
4. **How long is the subordinated debt for?**

Answer - Whilst we will consider amounts outside the range, more likely on the lower side of any range, the ranges were those that came out strongly in the feedback. We believe that £200k is a sensible starting point for liquidity funding and amounts much lower than this may not prove to be long term effective. Our due diligence process for this funding is also in line with this level of quantum.

We typically provide subordinated debt for up to 10 years. There will be a (low) annual interest charge.

We intend to share draft Heads of Terms with eligible applicants for this type of funding.

Questions about the amount

5. **If we apply is it just a yes/no or could we be offered a lesser amount?**

Answer - The short answer is yes. If we are seeing huge demand for grant funding compared to the funds available then we will need to consider how we make sure that eligible applicants get an appropriate proportion. The other scenario is that we cannot equate the funding request to the information provided - but our initial action here will be to seek clarification of the details before a final decision.

Questions about alternate funding sources/matched funding

6. **Could any of the funding from this Fund be matched with other sources of funding or capital?**
7. **We have secured a £10k grant conditional on match funding to improve our resilience and growth through better/broader marketing - could you provide the matching funds?**

Answer - Yes, knowing that our funding can unlock or be the catalyst for other funding to be generated is a positive outcome, and in effect means our funding,

whilst impactful, has enabled greater funding resources to be generated. Be sure to highlight this in your application.

8. Can an application be made by more than one organisation ie a joint bid?

Answer – Whilst it's unclear from the question who the joint parties are in theory the answer is yes. Where there is a joint bid, or some other linked relationship please highlight how the funds objectives can be met and whether there is any relationship to additional funding, resources, or support.

Other questions

9. We have ideas about some new innovative approaches to increasing membership and lending - are these in scope?

Answer – as long as they meet the Fund's objectives and in the absence of specific details then at this point we would say yes, consider the 'Other resilience funding' expression of interest route for your application.

10. As a small CU do you have a relationship in mind between grant level and gross loan book?

Answer – we don't have a set ratio in mind, but we reserve the right to ask for more information if the levels appear to be extreme between the size of funding and the relative size of applicant.

11. If we are looking to apply for the 'other - EOI' pot and can only submit one bid, I assume that we can build in some of the themes of the small/large grants to be funded?

Answer – You have 2 options. Either apply for a grant and some liquidity funding or combine under the 'Other resilience funding' EOI section – it may depend on how you wish to present the overall request. Please bear in mind that we will prioritise making decisions on small grant applications.

12. Is there any timings on 4th grant option "Other"? – thanks

Answer – we will contact you to find out more about your proposal, from late January onwards. We aim to have made all funding decisions by end Q2 2024.

13. In terms of the reporting requirements - will these be in addition to any current reporting to Fair4All Finance that we already provide?

Answer – Where people already provide us with reporting (for example for our community finance sector snapshot reporting) it is our intention that this becomes a

combined and singular regular activity, from Q2 2024. If you already do this reporting, you will already have much of the information we ask for in the application form.

14. Can we use the funds to underwrite risky loans?

15. Can we guarantee risky housing related loans?

Answer – if the funding allows you to provide **responsible lending** to more people in financially vulnerable circumstances then yes, we heard during the consultation about self-managed and designed first loss schemes which help mitigate the risk of extending your risk appetite slightly.

16. Will the guide include a full list of the questions so they can be prepared in advance, given it needs to be done in one sitting?

We have prepared the guide with the intention of showing all the questions in advance and where required the key points of any narrative we would find helpful. There will be details that are unique to your application so whilst the general guidance we hope is helpful, please include the additional specifics that relate to your application.