

Community Finance Resilience Fund Webinar

2nd October 2024

What are we covering today?

- An overview of the Fund progress to date
- Subsidy Control Guidelines
- An overview of reporting requirements and timeline, and how you can contribute to the external evaluation work we are shortly starting
- Some time for questions

General Update

- Reminder of the Fund purpose
- An update on where we are in the deployment of the funds
- Some insights and learnings to date

Background: Community Finance Resilience Fund



Community Finance Resilience Fund

£5m+ grant and investment funding to:

- **Improve resilience of the community finance sector**
- **Preserve and scale affordable credit provision**

Type of funding	Amount
Small grants	£10k - £50k
Large grants	£50k - £250k
Capital adequacy investment for credit unions	£200k - £500k
Other Cost of Living Resilience Funding (EOI)	£50k - £500k

What happened?

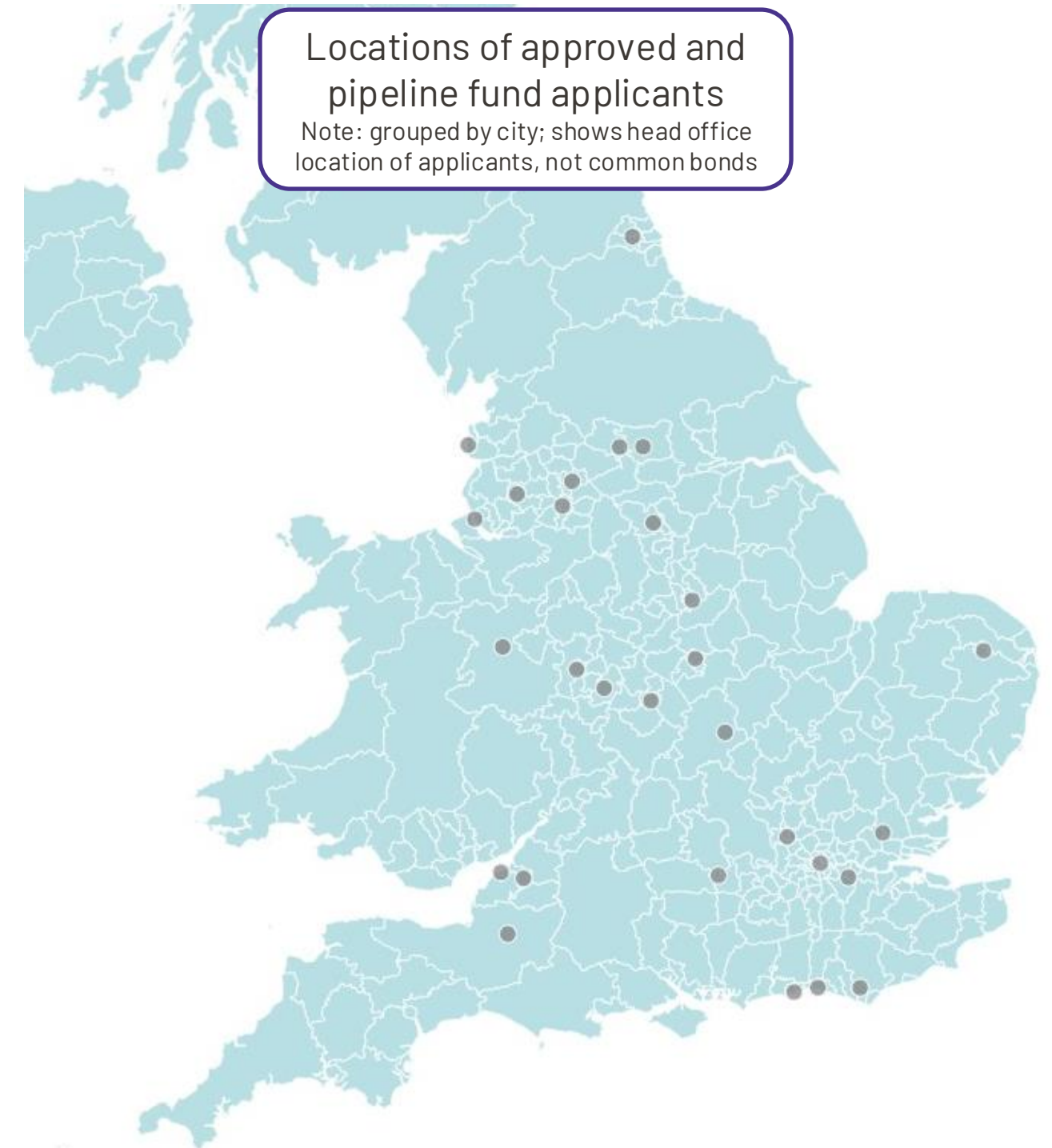
**71 organisations
applied for funding
totalling £15.3m –
3x oversubscription**

**Huge diversity of
applicant organisations
– particularly across
size and geography**

**Prioritised assessing
small grants and
large grants**

Funding decisions to date

- **40 grants, 1 investment and 1 EOI** approved to date **totaling over £4.5m**
- 92% of grant applications have their final decision
- **Expect £8-10m funding commitments by the Fund once completed**
- Funding map very similar to DEMOS credit desert mapping – geographically diverse, with more funding in areas with higher local need
- £800k+ funding disbursed already to 10 community finance organisations
- Increased the Fair4All team to support grant applicants - Jennifer Oatley joined as Grants Manager



What have we learnt so far?

Grants

- Quality of information provided by applicants lower than expected, perhaps reflecting inexperience in making grant applications and/or lack of clarity in the questions?
- Strong demand to fund people costs and tech – **72% of funding**
- Everyone waits for the deadline!

Subordinated debt investment

- 12 applications from credit unions – initial conversations suggest as well as capital adequacy support, there is clear need for liquidity support in some cases

Expressions of Interest

- Some ineligible overlap with grant funding purpose and existing Fair4All programmes
- **Innovative projects** around expanding lending to more customer groups, tech development, new product development, and leadership development

Subsidy Control Guidelines

Subsidy Control Guidelines

- As Fair4All Finance is using **public funds**, it is subject to certain rules and requirements about how it uses those funds, including subsidy control rules
- The Subsidy Control Regime Guidelines came into effect on **1 January 2023**

What that means for us

- We need to ensure that funding we award complies with the new Subsidy Control Regime
- The Regime is **very new** – little precedent, and we know that we may be the first funder you’ve heard mention this
- We are assessing this funding as complying with SPEIA (**Services of Public Economic Interest Assistance**) – the simplest structure
- This requires us to check with you that any recent public funding does not exceed the limit
 - This means we ask you to confirm that the total amount of SPEIA or MFA (**Minimal Financial Assistance**) does not exceed an overall limit of £725k on a rolling 3 years basis
 - We have to report all “subsidy” over £100k

The impact for you

- A good chance we are the first funder you have experienced this with
- When we ask, inform us of all SPEIA and MFA funding (eg from the National Lottery Communities Fund, local authorities)
- Note when you have merged you need to consider any ‘inherited funding’
- It is up to the individual funder to define what they are providing – **we cannot opine or decide for other funders**
- If you need any help or have your own questions in the first instance contact enquiries@businessandtrade.gov.uk.
- You can download the guidelines from www.gov.uk/government/publications/uk-subsidy-control-statutory-guidance

Evaluation and reporting

Reporting

Why and how

- We'll be asking for your reporting data (via a spreadsheet) on a quarterly basis
- No reporting required until April 2025 (as funding is not being dispersed all at the same time)
- Your first quarterly report due will be in April 2025
- Your first report should also give data going back to Q4 of 2023 (18 months) to provide a baseline
- Frequency will then be quarterly capturing 3 months data at a time thereafter so:
 - Q2 2025 data collected in July 2025
 - Q3 2025 data collected in October 2025
 - Q4 data collected in January 2026

As per your Grant Offer letter, the key metrics are:

- Lending: value and volume of new loans per month
- Financial and operational: loans in arrears; income and expenditure per month
- Social impact: lending by customer group, including
 - borrowers with loans \leq £1,000
 - borrowers with loans \leq 52 weeks
 - borrowers who are lone parents with dependent children;
 - borrowers who are social housing tenants

NB that EOI/sub-debt applicants will likely have a few more measures plus some project specific ones determined by them

Evaluation

- The purpose of the evaluation is to understand the extent to which the fund met its aim of supporting the community finance sector to continue to provide affordable credit
- The evaluation will also encompass delivery of the fund and what could have been better
- We will select an independent evaluation partner before the end of 2024
- Likely timeline of the evaluation
 - Q1/2025 – Sector engagement; evaluators are likely to be in contact with you in order to understand the most useful data to collect
 - Q2/2025 – potential tweaks to reporting metrics
 - Q1/2026 onwards – Independent evaluators begin final evaluation

Time for questions

Feel free to post questions in the chat and we'll do our best to answer them, if not we will issue a Q&A to all attendees, thank you.

If you think of any questions after the webinar please drop an email to:

resilience@fair4allfinance.org.uk