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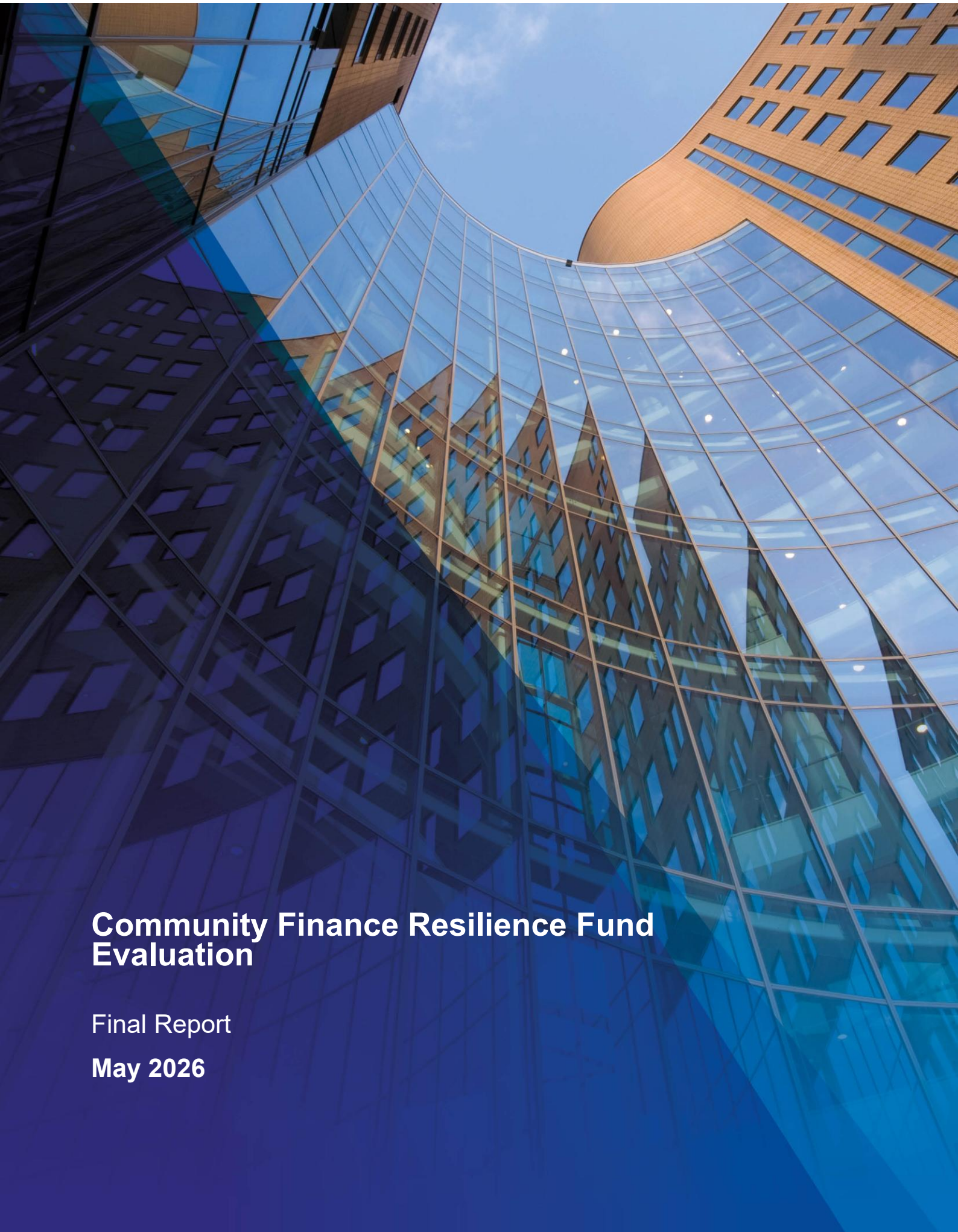

Community Finance Resilience Fund Evaluation

Final Report

May 2026

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Executive summary

Background to the Fund

This report contains the findings from Ecorys' independent evaluation of Fair4All Finance's Community Finance Resilience Fund (CFRF); throughout this report, CFRF and 'the Fund' are used interchangeably. Funded through the UK Government Dormant Assets Scheme Fair4All Finance has a systems change remit. As described in the Dormant Assets strategy, dormant assets are a unique type of funding that allows government, in partnership with firms from the financial services sector, to support long-term, innovative programme … design and delivery in order to help address some of the most complex challenges facing the UK today and enact systemic change at scale."[1]

Despite this long-term change remit, Fair4All Finance has also worked on two occasions to provide urgent tactical assistance to the community finance sector to support financial inclusion, specifically to credit unions and community development finance institutions (CDFIs). Although credit unions and CDFIs are a small part of the overall financial services market, serving roughly 1.3 million people, they are unique in offering credit to some of the most financially excluded consumers.

The first occasion was in 2020, when Fair4All Finance delivered its Covid-19 Resilience Fund. This provided £3.9 million in grant funding to 31 community finance organisations, helping to preserve approximately 50% of lending capacity targeted at people in vulnerable financial circumstances.

The second occasion was Fair4All Finance's delivery of the Community Finance Resilience Fund, which is the focus of this report. When the cost-of-living crisis began in late 2021, community finance providers were projected to be significantly adversely affected by macro-economic impacts, due to tight margins and a lack of economies of scale to drive down costs. The Fund was therefore designed by Fair4All Finance to enhance the resilience of the community finance sector, and to preserve and scale affordable credit provision for the rising number of people facing financial challenges worsened by the crisis. Drawing on funding unlocked from the Dormant Assets Scheme, it delivered £6.2 million[2] in grants and social investment to a total of 56 credit unions and CDFIs between August 2024 and March 2026. Its design was informed by learning from previous programme evaluations and a sector consultation and co-design phase led by New Philanthropy Capital (NPC), commissioned by Fair4All Finance.

The Fund was structured around four distinct products or funding types:

- **Small grants (£10-50k)** and **large grants (£50-250k)** for increased and unplanned operational costs as a result of the cost-of-living crisis, and infrastructure costs to support future resilience. Available to credit unions, personal lending not-for-profit CDFIs, and other not-for-profit associated community finance organisations.
- **Capital adequacy investment (£200k-£500k)** as subordinated debt ('sub-debt')[3] to support credit unions to maintain compliance with capital asset ratios and/or support liquidity.
- **Other cost-of-living resilience funding (£50k-£500k)** whereby applicants could submit an **Expression of Interest (EOI)** in grant, debt, or other funding for a new or existing project that would meet the Fund's objectives of improving the resilience of the community finance sector and affordable credit provision for

[1] The Dormant Assets Scheme - GOV.UK
[2] At the time of writing.
[3] Subordinated debt is an unsecured subordinated loan, minimum five-year term, which can make up some of the credit union's capital requirements.

customers in vulnerable financial circumstances. Available to credit unions, personal lending not-for-profit CDFIs, and other not-for-profit associated community finance organisations.

The table below summarises the funding provided:

Funding type	Number of recipients	Overall value of funding approved
Small grants	15	£546,720
Large grants	28	£3,369,892
Capital adequacy investment	1	£500,000
Other cost-of-living resilience funding	12	£1,768,733

Key findings

- **Increasing sector resilience:** data indicates that small and large grant recipients experienced improved financial health and resilience after receiving funding. The average capital adequacy ratio (CAR) of funded credit unions improved from 5.9% above the regulatory minimum in October 2023 to 7.1% in December 2025, indicating increased financial strength. Funding both operational and technological costs was crucial to increasing resilience: support for essential costs bolstered reserves, while digital upgrades enabled cost savings and greater efficiency. These improvements, including automation and governance changes, helped organisations to respond to immediate financial challenges within the cost-of-living crisis and establish a foundation for long-term sustainability and sustained service delivery.

- **Preserving affordable credit provision:** lending appeared to be largely preserved, with the monthly average number of new loans issued maintained across the two-year period monitored by this evaluation. Collectively, funded community finance organisations had consistently served over 100,000 unique customers per year, between the financial years of 2023/24 and 2024/25.[4] The average value of new loans increased over time, suggesting that funded organisations continued to lend to the same number of customers while distributing higher-value loans. Service cuts and staff reductions were largely avoided, with average full-time staff numbers rising marginally by 0.5 over the monitoring period.

- **Reaching financially underserved communities:** In the context of rising numbers of people in financially vulnerable circumstances and increased need for affordable loans[5], credit unions and CDFIs accessing CFRF funding have been able to maintain provision of low value and short-term loans, often to customers aiming to address immediate financial needs.[6] The volume of these types of loans (i.e. those less than £1,000 or with a duration under 52 weeks) did not appear to have increased, though customers appeared to have borrowed larger sums over time. Based on our assessment of funding distribution against the Demos Good Credit Index 2023 data, the CFRF funding also appears to have been allocated to a number of organisations serving geographic areas where high credit need intersected with low access to credit. This suggests that the funding indeed connected with organisations lending to underserved areas, where preserving residents' access to credit was most vital.

[4] Refers to the total number of unique customers supported by funded organisations as reported in Fund monitoring returns, including customers accessing new loans and those currently repaying loans that may have been issued in a previous financial year.
[5] As identified in a two-year Fair4All Finance segmentation study 2022-2024.
[6] As identified by Fair4All Finance's research and analysis.

- **Scaling affordable credit provision:** the effect of funding on expanding affordable credit was less clear at the time of reporting, though this was an aim of many EOI-funded projects, whose impact should become more evident over time through ongoing monitoring. However, there was an upwards trend in total loan book value during the funded period (driven by higher-value lending), suggesting that organisations were lending more. Lending to those in financially vulnerable situations had also grown, especially to unemployed customers, both in terms of value and volume, helped by stronger organisational resilience including improved underwriting methodologies and technologies to more robustly assess affordability.

- Those interviewed generally viewed the impact of their lending as positive, and for some customers, crucial in helping to afford everyday necessities like bills, family costs (like school uniforms), white goods, and in withstanding financial shocks. Recipients of both small and large grants reported that retaining staff, and in some cases recruiting new staff, helped them improve customer service, support, and organisational growth. Only a few organisations had expanded financial education and debt support, though this was a focus of multiple EOI projects still in delivery.

Learning for delivering future funds

- **Fund design was generally inclusive, with sector-wide engagement welcomed.** The co-design approach to developing the funding types and parameters was appreciated for its transparency and inclusivity, as was the avoidance of eligibility criteria related to organisation size.

- While **grant funding was seen as meeting the needs of the sector, social investment funding may require further exploration** on how to best align with organisational need if offered in the future. Only one capital adequacy investment was delivered by Fair4All Finance, with organisations less familiar or comfortable with this product and a small number withdrawing applications in part due to the Heads of Terms provided.

- **Information gathering processes for applications could be streamlined**, with key requirements made more visible upfront. Applicants found the process time-consuming, with frequent exchanges of information. Providing detailed financial and social impact data was particularly burdensome, though applicants consistently praised Fair4All Finance's responsiveness and willingness to provide hands-on support, as well as its direct, regular communication. Ensuring from the outset that the information requested during application processes reflect key assessment criteria and information requirements may help to reduce for the need for additional information gathering.

- **The disbursement of funding was perceived to be slow by many recipients,** though recipients quickly deployed resources after receiving funds to deliver initiatives. In addition to the improvements to application process outlined above, increasing core project management resource or capacity to help anticipate and manage bottlenecks may support the speed of disbursement. However, application volume also had an impact on disbursement pace, which was well-communicated to the sector.

- **Earlier visibility of monitoring requirements** including data categories and time periods required may be welcomed by organisations in the sector as part of future funding opportunities. This may support organisations to ensure the relevant data is being captured and can be made available as part of programme monitoring.

- **Future monitoring may also support the assessment of impact of the Fund's EOI funding type** and the process of gathering learning from these innovative projects. This could include ongoing monitoring returns, maintaining relational check-ins (such as virtual or phone calls), and possibly small-scale further evaluation.

About the evaluation

Fair4All Finance commissioned Ecorys to evaluate the Fund with three goals: to understand the impact of the Fund overall and its funding types, to assess its implementation, and to identify lessons for efficiency and effectiveness. The research therefore involved both an **impact and process evaluation**. The impact evaluation

used a **theory-based** approach, employing a Theory of Change (ToC) to understand the extent to which the Fund met its original aims to improve the resilience of the community finance sector, and preserve and scale affordable credit provision. The process evaluation considered the extent to which delivery matched intentions and highlighted lessons learned.

The evaluation therefore began with an inception phase to develop an evaluation framework and programme ToC, informed by review of Fund design and delivery documentation and five consultations with members of the Fair4All Finance team.

Qualitative and quantitative data were then triangulated to answer the evaluation questions and create this report:

- **Qualitative interviews** with funding recipients (27), funding applicants who were unsuccessful (3) or withdrew applications (2), external sector stakeholders (3), external partners who supported Fair4All Finance to design or deliver the Fund (2), and Fair4All Finance colleagues (7).
- **Quantitative monitoring returns**, primarily from small and large grant recipients, capturing organisational finances and overall lending, social impact metrics and organisational change data. Data was captured on a historic basis for the period 1st October 2023 to 31st March 2025, and quarterly from 1st April 2025 to 31st December 2025.

It should be noted that impact findings for capital adequacy ('sub-debt') and EOI funding are largely qualitative; only one sub-debt investment was made, preventing robust quantitative analysis. There was also high variation in the amount of large and small grant recipients that provided social impact data. While this improved over time, analysis is biased towards organisations who have submitted this data. Finally, there is a notable lack of external high-quality, consistent data sources that reflect the financial health of the community finance sector, which has limited the extent to which this evaluation has been able to assess which outcomes observed may have been influenced by wider trends or developments in the sector.

1.0 Introduction

Fair4All Finance is a not-for-profit organisation working to drive change in financial services to help the 20.3 million people in financially vulnerable circumstances in the United Kingdom (UK). It has three main strategic priorities:

- **influencing** key actors across the system to prioritise, enable and deliver financial inclusion;
- **transforming** the market to test and deliver the right products to all customers who need them; and
- **scaling** fair and affordable products to meet the needs of millions of customers.

Fair4All Finance launched The Community Finance Resilience Fund ('the Fund' or CFRF) in late 2023, and it closed to applications in early 2024. The Fund offered at least £5 million in grant and social investment funding to community finance organisations serving customers in England. The central objectives of the Fund were to:

- improve the resilience of the community finance sector during the cost-of-living crisis; and
- preserve and scale the provision of affordable credit for customers in vulnerable financial circumstances.

1.1 Background to the Fund

People and communities have been increasingly impacted by the cost-of-living crisis and ensuring access to inclusive and affordable financial services and products is therefore critical. Community finance organisations are vital to providing affordable credit and support to those facing financial challenges, especially during the cost-of-living crisis.

Research conducted in 2024[7], after the Fund's launch, indicated that community finance organisations were facing challenges such as increased demand for credit as more people were struggling financially; increase in late payments or defaults on loans payments; rising operational costs; increased competition with high-cost lenders and loan sharks; and utilising current and future technology to meet people's dynamic needs. Credit unions reported that changes in customer savings and withdrawals have also in some cases impacted capital-asset ratios. These factors have all contributed to challenges in the long-term operational sustainability of community finance organisations.

Following its effective delivery of the COVID-19 Resilience Fund[8], Fair4All Finance worked with the government to unlock additional funding from the Dormant Assets Scheme.[9] This was allocated to Fair4All Finance in March 2023, with over £5m of this funding dedicated to preserving and scaling the provision of affordable credit in England. The Fund was therefore established to deliver this funding to the community finance sector. At the point of this report (April 2026) Fair4All Finance had committed £6.2m through the Fund.

To inform how it could deploy the Fund effectively, Fair4All Finance appointed New Philanthropy Capital (NPC) to lead a sector consultation and co-design activities. The Fund design was also informed by learning

[7] The Payments Association. (2024) Redefining community finance: unlocking pathways to financial inclusion.

[8] Fair4All Finance's Covid-19 Resilience Fund launched in April 2020 and provided £3.9m to 31 community finance organisations, helping to preserve approximately 50% of lending capacity targeted at people in vulnerable circumstances. The evaluation of the Covid-19 Resilience Fund is available here.

[9] The Dormant Assets Scheme was established in 2011, and enables businesses to transfer dormant assets to a government arms-length body, which then distributes funding to support the Government's ambitions. Fair4All Finance was set up in 2019, using Dormant Assets Scheme core funding, with the aim of boosting financial inclusion. More information about the Dormant Assets Scheme is here: Dormant Assets Scheme Strategy - GOV.UK

from Fair4All Finance's quadrennial review,[10] the evaluation of the COVID-19 Resilience Fund,[11] and learning from the Affordable Credit Scale-Up Pilot programme summarised in Fair4All Finance's Transforming Affordable Credit in the UK report.[12]

In its final design, the Fund was structured around four distinct products or funding types. These were designed to address the needs identified in consultations carried out by NPC. These included:

- a need for grant funding to cover unexpected/increased operational costs and/or to support business infrastructure development;
- social investments for credit unions to maintain compliance with capital asset ratios and support liquidity;
- and funding for innovative projects to increase resilience and preserve or scale operations, thereby supporting access to credit for customers in financially vulnerable circumstances.

The details of each funding type and eligibility criteria are outlined in the following section.

1.2 Overview of the funding types

The Fund was comprised of the following funding types (or 'products') outlined in Table 1 below, provided to community finance organisations through an open application process. The Fund design process and creation of the different product types is discussed in more detail in Chapter 3.

Table 1: Funding types within the Community Finance Resilience Fund

Type of funding and amount	Eligible organisations	Purpose
Small grants £10-50k	Credit unions Personal-lending Community Development Finance Institutions (CDFIs) (not-for-profit only) Associated community finance organisations / 'Other' (not-for-profit only)	To support current organisational resilience by contributing to increased and unplanned operational costs as a result of the cost-of-living crisis To support future organisational resilience by contributing to infrastructure costs
Large grants £50-250k		
Capital adequacy investment for credit unions £200k - £500k	Credit unions	Subordinated debt ('sub-debt')[13] to support credit unions to maintain compliance with capital asset ratios and/or support liquidity
Other Cost-of-Living Resilience Funding (through initial Expression of Interest (EOI)) £50k - £500k	Credit unions Personal-lending CDFIs (including for-profit) Associated community finance organisations	Opportunity to express interest in other funding (grant, debt, or other funding) for a new or existing project that meets the Fund's objectives of improving the resilience of community finance organisations, and preserving and/or scaling affordable credit provision for customers in vulnerable financial circumstances

[10] Independent review recognises progress Fair4All Finance has made to date and highlights opportunities to build on success - Fair4All Finance
[11] Evaluation of Fair4All Finance's Covid-19 Resilience Fund
[12] Transforming Affordable Credit in the UK - Fair4All Finance
[13] Subordinated debt is an unsecured subordinated loan, minimum five-year term, which can make up some of the credit union's capital requirements.

1.3 Evaluation methodology

Fair4All Finance commissioned Ecorys to evaluate the Fund. Fair4All Finance set three main objectives for this evaluation:

1. Understand the impact of the various types of funding, and the Fund as a whole.
2. Assess the implementation and delivery of the different types of funding, and the Fund as a whole.
3. Capture any lessons learned around the efficiency and effectiveness of the Fund's delivery.

To meet these objectives, this evaluation examined both the process and impact of the Fund, and of the different types of funding. It took a theory-based approach to the **impact strand** of the evaluation, informed by a Theory of Change (ToC) to understand the extent to which the Fund met its original aims to improve the resilience of the community finance sector, and preserve and scale affordable credit provision. The **process strand** of the evaluation aimed to review how the Fund was designed and delivered, if it was delivered as intended, and to capture any lessons learned around the efficiency and effectiveness of its delivery.

The evaluation began with an initial familiarisation phase, which included a review of relevant fund design and delivery documentation and five consultations with members of the Fair4All Finance team. The purpose of these activities was to inform the development of the ToC for the Fund and the evaluation framework. The framework set out key evaluation questions, sub-questions and evidence sources and was subsequently used to guide the focus of the evaluation, as well as informing the design of research and monitoring tools. This framework is appended in the Annex, alongside the ToC.

For the main phase of data collection, the evaluation employed:

- A **qualitative approach**, interviewing stakeholders involved in the Fund. Stakeholders interviewed included Fair4All Finance colleagues, funding recipients, funding applicants were unsuccessful or withdrew their applications, community finance sector stakeholders and external consultants who supported Fair4All Finance to design or deliver the Fund. Table 2 below summarises the interviews conducted for the evaluation, as well as the additional evidence reviewed. Data collection took place in two phases; the first between June and August 2025 and the second between October 2025 and January 2026, to capture views on funding impact at different time points and as more funding was disbursed.
- A **quantitative approach**, gathering monitoring information from funding recipients. The monitoring framework captured information on organisations' finances and overall lending, social impact metrics, organisational change data, and provided a section for open-text responses. The full list of metrics captured is appended. This data was captured on a historic basis for the period 1st October 2023 to 31st March 2025, and quarterly from 1st April 2025 to 31st December 2025.

The above qualitative and quantitative data were analysed to triangulate findings against the evaluation questions and to produce the narrative of this report.

Table 2: Data collection information

Data collection method	Source	Volume of interviews[14]		
		First wave	Second wave	Total
Qualitative data (interviews)	Fair4All Finance staff	3	4	**7**
	Fund design/delivery partners	2	-	**2**
	Funding recipients	11[15]	16[16]	**27**
	External sector stakeholders	2	1	**3**
	Unsuccessful Fund applicants, and applicants that withdrew	3	2	**5**
Total				**44**
Quantitative data (monitoring information (MI))	Historic monitoring information (1st October 2023 to 31st March 2025)	-		**41**
	Quarter 2 MI (1st April to 30th June 2025)	-		**40**
	Quarter 3 MI (1st July to 30th September 2025)	-		**41**
	Quarter 4 MI (1st October to 31st December 2025)	-		**38**

1.3.1 Limitations

There are some limitations to consider when reviewing the evaluation findings:

- The **monitoring data analysis** presented in this report draws on data submitted by **small and large grant funding recipients,** capturing the period 1st October 2023 to 31st December 2025. However, the below points should be noted:
  - a **greater number of large grants** were made in comparison to small grants. Across the Fund portfolio, 50% of all grants were in the 'large grant' category, with an average value of around £120k. Therefore, this funding type is most strongly represented within quantitative data when small and large grant data is displayed collectively.
  - recipient **organisations received their funds at different time points**, depending on the date of their application decision, and the efficiency of disbursement. While our analysis reflects overall trends over time across the portfolio of recipients, it does not account for the differences between funding periods.
  - given that **some organisations received both an EOI and large or small grant funding type**, it is possible there may be some effect of EOI funding on small and large grant data where organisations received both funding types. However, we expect this to be negligible given the early delivery stage of EOI initiatives (occurring over a longer timeframe, with funding committed and disbursed much later) at the time of reporting (April 2026) and the ringfencing of EOI funds by most organisations to support specific initiatives.

[14] Three funded organisations and four Fair4All Finance staff were interviewed in both waves, to capture reflections as Fund delivery progressed.
[15] Of which six had received a large grant; five a small grant, and five the 'other' form of funding following an EOI (of which only two out of five had accessed funds at the point of interview). Four organisations out of eleven received both EOI and large grant funding.
[16] Of which seven had received a large grant; two a small grant, one a capital adequacy investment, and six the 'other' form of funding following an EOI (of which five had partly drawn down funds at the point of interview, and one had fully drawn down). Three organisations out of 16 received both EOI and grant funding (two a large grant; one a small grant).

- Impact-related findings in relation to **capital adequacy investment 'sub-debt' and EOI funding types** are mainly drawn from **qualitative data.** This is because:
  - Only **one sub-debt investment** was made, preventing reliable quantitative analysis of impact trends.
  - EOI recipients were provided with **bespoke monitoring templates** designed to capture progress against their unique objectives and gather important initiative-level insight. EOI monitoring templates are therefore not comparable, which has prevented meaningful cohort-level quantitative analysis for the EOI funding type.
- Fair4All Finance disbursed funding to recipients at different time points and **EOI initiatives** in particular were in the **early stages of delivery** at the time of this evaluation. As such, funded EOI initiatives may benefit from further analysis as delivery and monitoring continue, to understand their **full impact and breadth of outcomes which are not yet visible**.
- Lending by community finance organisations can experience seasonal variations (with Christmas, for example, being a typically more active lending period). **Seasonal lending trends have not been controlled for within the analysis** and, as such, may have influenced the trends observed.
- Some Fund recipients also accessed **other grants, loans** or went through **structural changes** that yielded financial benefits during the funded period. It is likely that in these cases other factors have also influenced the outcomes observed and outcomes cannot be solely attributed to the Fund.
- The **completeness of monitoring returns** has improved over time as many recipients have made the necessary procedural and technology updates to capture relevant data (in some cases, funded by the grant itself). However, some organisations noted consistent challenges with monitoring, particularly regarding social impact metrics, stating concerns around the General Data Protection Regulations (GDPR) in collecting and storing some of this information. The **'social impact'** section, designed to capture funding impact on lending to financially vulnerable customer cohorts, therefore received fewer responses compared to other data fields.[17] Due to the number of organisations unable to supply social impact information, analysis is biased towards organisations that have submitted this data.

In other limitations to note, the **evaluation did not consult end beneficiaries of the funding**.[18] The evaluation did not engage grantee organisations' external service users; for example, customers who had applied for or accessed affordable credit facilitated by a recipient organisation. For the purposes of this evaluation, customer impact is therefore understood through monitoring metrics designed to capture social impact, and interview data where anecdotal feedback from customers or interviewees' views on customer impact were shared. The result is that detailed customer impact (such as effects on financial wellbeing or experiences of financial pressures) is not understood, unless these have been gathered and shared independently with us by funding recipients.

Finally, while we aim to provide as much context and explanation as possible for the outcomes observed in this report, there is a **notable lack of external high-quality, consistent data sources** that reflect the financial health of the community finance sector other than return data available publicly from the Prudential Regulation Authority (PRA) and the Bank of England. There are very few data sources or reports against which we have been able to contextualise the outcomes observed for the funded cohort, or assess which effects may be influenced by wider trends or developments in the sector, pointing to a need for further, publicly available sector-level analysis and reporting to help monitor and evaluate the impact of interventions such as the Fund.

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[17] Most variables received inputs from between 19 to 30 organisations with varying degrees of completeness (every variable has a varying number of respondents). Overall, between 39% to 55% of the data is missing across the different variables. The most affected variables are new loans to part-time employees (55%, with the number of respondents ranging between 15 and 23 organisations depending on the quarter), whilst the least affected are the value and volume of new loans to social housing tenants (33%; with the number ranging from 24 to 30 organisations).

[18] Due to time and resource constraints for the evaluation, it was decided that it would not be feasible to consult with end beneficiaries.

1.4 Report structure

This report outlines the findings in line with key evaluation questions. Its structure is as follows:

- Chapters 2, 3 and 4 set out the Fund's impact and assesses evidence against ToC outcomes in line with the Fund's main aims: improving the resilience of the community finance sector (Chapter 2) and preserving (Chapter 3) and scaling (Chapter 4) access to affordable credit, particularly for customers in financially vulnerable circumstances
- In Chapter 5, the report covers findings in relation to the processes of the Fund's design and inception, applications and decisions, before exploring recipients' experiences of disbursement, delivering funded activities and monitoring processes.
- Chapter 6 provides a summary of findings and implications for future delivery and funding.

This report chapter assesses the impact of the Fund by examining the evidence relating to its overarching objectives: improving sector resilience (subsection 2.1) and preserving and scaling affordable credit provision (subsections 2.2 and 2.3 respectively). Within each of these areas, the relevant intended outcomes of the Fund from its ToC are positioned as bold headings, against which the evidence is presented. Where possible, distinctions between funding types are made.

Fund impact and outcomes

2.0 Increasing sector resilience

This section discusses the findings on the extent to which the Fund has achieved its aim of improving the resilience of the community finance sector during the cost-of-living crisis.

Key findings

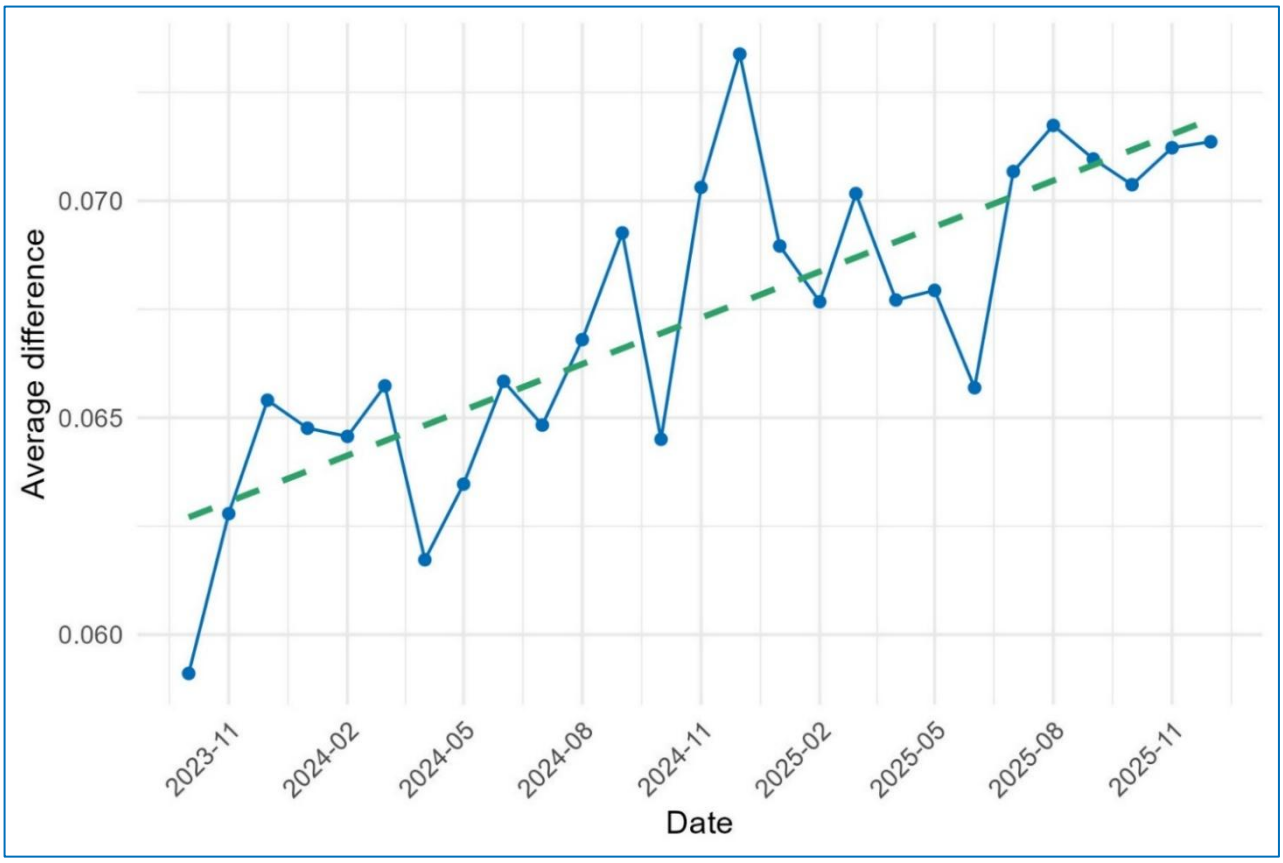
- Small and large grant recipients experienced an **increase in their financial health** during the funding timeframe, as shown by capital adequacy ratio (CAR) trends for credit unions
- Funding for historic, essential costs (occurring from October 2022 onwards) **supported organisations' important financial reserves**
- Funding **digital and systems improvements** was a crucial part of the effectiveness of the grant funding as these supported recipients to make cost savings through ensuing operational efficiencies, and supported growth activities expected to contribute to **organisational sustainability**

Recipients have sufficient reserves

Monitoring data from large and small grant recipients revealed **a steady improvement in financial health (CAR) over time among funded credit unions.**[19] Figure 1 shows this increase over time as the difference between organisations' regulatory minimum CAR, and their actual CAR.[20] In October 2023, the average CAR was 5.9% (Standard Deviation (SD)[21] = 0.035) above the industry requirement. In June 2025, the average CAR was 6.6% (SD = 0.047) above the industry requirement, whilst in December 2025 the average CAR was 7.1% (SD = 0.046) above industry requirements.

[19] This metric was requested only from credit unions during Fund monitoring.
[20] Due to the differences in CAR requirements for each organisation, we have calculated the difference between actual CAR and each organisation's regulatory requirement as reported in monitoring returns, and then the average difference. This presents a better understanding of the strengthening of CAR across organisations.
[21] The Standard Deviation (SD) is a measure of the spread of data around the mean value. A higher value means that there is a lot of variation within the data, whereas a lower value indicates less variation.

Figure 1: Average difference between organisations' CAR and industry required CAR (N=36)



The small and large grant funding **helped organisations to pay for historic costs during the cost-of-living crisis relating to business infrastructure, operations and staffing**. Recipients described how being able to use the grant funding in this way had restored their financial reserves or prevented the need to draw upon these to meet rising costs. Small and large grant funding had thereby supported these recipients to grow their 'financial buffer', and for credit unions, improve the strength of their capital adequacy ratio (CAR) [22], a key measure of the financial strength of a credit union and a regulatory requirement to maintain. In some cases, particularly for large grants, recipients had also used the grant funding to support growth activities and described how these had supported the introduction of operational or technological efficiencies (creating cost savings) or new products (increasing revenue) which had then helped to increase their CAR.

"Operationally it's allowed that cushion within our costs to allow that growth."
– Credit Union Manager

"[Without the funding] we would have had a much larger deficit on our P and L, [profit and loss] which would've made raising funding even harder and we'd have restricted our lending because in effect it [the grant] gave us cash that we could lend … it would have been a really serious kind of situation." – CDFI Manager

[22] Capital Adequacy Ratio refers to a measure of capital adequacy that evaluates the financial strength of an organisation based on an organisation's available core capital as a percentage of its risk-weighted assets (i.e. a level of risk assigned to each asset the organisation holds). The Prudential Regulation Authority (PRA) sets specific expectations for capital requirements for credit unions, banks and building societies operating in the UK, based on specific characteristics. More information can be found here.

"We weathered the storm of the cost-of-living crisis, consumer duty and all those things, and we would have weathered it without this grant. But what this grant enabled us to do is get back on an even keel." – Credit Union Manager

In addition to the increased CAR achieved by small and large grant credit union recipients, the credit union that received a sub-debt investment from the Fund also reported having been able to increase its CAR, which was partially attributed to the Fund, alongside other sub-debt from local authorities and charitable trusts (see the case study below). Together, this debt financing enabled the credit union to achieve a significant growth in lending as well as sustaining its provision of higher risk, lower value (under £1,000) loans).

Case Study: London Capital Credit Union

Received Capital Adequacy Investment

Background

- Credit union with approximately 18,000 members across a geographically defined common bond area in the Greater London area.
- Membership data suggests that a high proportion of customers are on low incomes and/or are irregularly employed, and are more likely to experience financial exclusion. Around 60% of members are from minority ethnic communities.
- Offers various forms of loans, savings accounts for children and adults, employee and corporate saving schemes and signposts to financial planning tools.

Using the Funding

- The credit union applied for CFRF's capital adequacy investment (subordinated debt) to help **scale their provision of affordable credit** while maintaining regulatory compliance.
- The £500k Community Finance Resilience Fund investment (alongside an additional c.£500k of subordinated debt from local authority and charitable trust sources), is being used to bring London Capital's capital adequacy ratio above its board set buffer of 10% allowing them to serve more members in financially vulnerable circumstances.

"We know we can grow profitably but we can't retain surplus at a rate or gain external investment from outside shareholders at a rate that would allow that level of growth."

Impact of Funding

Scaled lending volumes: Since late 2024, the credit union has grown monthly lending volumes by 40% to 60%. It estimates that the investment is responsible for roughly half of this growth, as this comprises half of its total subordinated debt. Its capital adequacy ratio also increased from 10.31% at the end of 2024 to 12.6% by December 2025 supported by the credit union's activities and subordinated debt.

- **Preserved ability to provide low-value loans (with a value of less than £1,000):** Alongside their other subordinated debt, the Fund's investment has allowed the credit union to continue approving higher-risk, low-value loans to customers in financially vulnerable circumstances, for example, those on low incomes. These loans typically help customers to meet their immediate financial needs, such as paying for school uniforms, car repairs, and household essentials.

"The bulk of [customer feedback from annual reports] is most people are saying yes, they helped me save for the first time ... without you I couldn't have gone to my dad's funeral ... I don't have to choose between switching on electricity or buying groceries. Stuff like that."

- **Supported more customers to save:** The credit union encourages having a savings element attached to most of its loan products. As the credit union expands its loan provision to reach more customers, savings among those customers are also expected to expand.

"Probably over half of our members say they have no savings before they joined the credit union ... the capital allows us to be able to issue those loans and turn borrowers into savers."

- **Attracting new, potential partners:** The credit union has been approached by a local authority to explore collaboration on an anti-poverty initiative. The credit union believes this is due to their successful support of customers in financially vulnerable circumstances, partially enabled by CFRF investment.

"The fact that Fair4All has given us the backing, which enables us to deliver the social objectives as well as financial and economic growth, means that we are more attractive to other organisations who share the aims of ... delivering affordable finance for those people who most need it."

- **Providing an example for other credit unions seeking subordinated debt:** The credit union is hopeful that its experience will encourage other community finance organisations to consider subordinated debt as a key part of their growth models.

Unsuccessful applicants interviewed reported varying levels of organisational financial health. One of three unsuccessful grant applicants interviewed was able to access alternative grant funding (from multiple sources) and experienced an improved financial position since applying to the Fund. However, the other two organisations were unable to access alternative funding and continued to struggle with bad debt that had accumulated during the cost-of-living crisis. This had accumulated due to an increased number of loans needing to be written off, as customers' ability to repay was impacted by the cost-of-living crisis. This negatively impacted their resilience and their ability to remain compliant with the regulatory minimum CAR. This was despite introducing protective measures such as reducing staff numbers to decrease overhead costs, seeking alternative funding, and changing the products offered to customers (reducing product availability and tightening eligibility criteria). In one case, the organisation entered into a transfer of engagement (where its assets would be transferred to another organisation). In the other case, the organisation continued with a downward trend in its CAR due to bad debt levels. These examples highlight the substantial impact of the cost-of-living crisis on community finance organisations and highlight the potential significance of grant funding.

> *"We came through COVID reasonably well, but then of course the cost-of-living crisis hit [and for] the people of [our common bond area], just the bottom fell out of their world, basically, a lot of them. And we were, we just couldn't control the bad debt." – Unsuccessful applicant*

Two successful sub-debt investment applicants interviewed who withdrew from the investment process following Fair4All Finance's investment offer had managed to improve their financial health since their application. This was through a mixture of liquidity management planning, introducing new savings products and accessing debt finance through other means. In both cases, organisations' decisions to withdraw were driven by a combination of their improved financial health and dissatisfaction with the heads of terms proposed by Fair4All Finance, which requested governance changes or a level of involvement from Fair4All Finance in recipient governance going forward that organisations were uncomfortable with. One organisation also described a reluctance to agree to impact-adjusted returns, a term within the sub-debt investment heads of terms which provides for Fair4All Finance to have the ability to increase the debt's interest rate if the agreed targets were not met.

Funded organisations have stronger balance sheets

Monthly surplus/deficit figures (revenue minus expenditure before tax) also offer insight into organisations' financial position. Monitoring data indicates variability amongst recipients, both month-to-month and between Fund grant types. For **large grant recipients, the trend is positive**, as balance sheets have returned to a similar level over time, with a very small upward trend. This trend is likely attributable to a range of factors, including the Fund. While **small grant recipients tended to experience a downward trend** in their surplus/deficit levels, it should be noted that this is not necessarily an indicator of lower levels of financial health and is also often influenced by different strategic approaches (for example, dividend structure).

> *"We're making a surplus now. So you know, in terms of the grant itself, it enabled us to survive that initial period, but also grow. So therefore, we didn't need to rely on additional funding for the next year." – Credit Union Manager*

"[Prior to receiving funding] We were at the beginning of a sort of slightly doomed spiral … the future for [credit union] without this transformation is not pretty ... it's somewhat existential that we've been able to make this transformation happen."
– Credit Union Manager

"That grant was absolutely critical to stop any further deterioration in our P and L."
– CDFI Manager

Examples of the impact of strong balance sheets included grantees reporting a surplus and having used this to pay members a savings dividend in 2024 (one or two years earlier than expected) or loan rebates that returned a portion of loan interest to members. Some recipients used grant funds to access specialised support, such as hiring a temporary compliance manager or engaging an external auditor to review their loan decisioning criteria and processes, helping ensure lending was sustainable throughout the cost-of-living crisis.

More efficient technology, systems, and processes

Many Fund recipients, including one EOI funding recipient, used portions of their grants for technology and systems improvements aimed at supporting more efficient service delivery. These tended to be initiatives that organisations were hoping to pursue prior to applying to the Fund and had previously needed to defer due to financial constraints, or been progressing slowly on a piecemeal basis where cashflow permitted.

Examples of how recipients used their funding to improve their systems and technology included:

- **improving loan application processes**, for example, introducing open banking, automating approval for particular product types subject to certain criteria being met, and using new tools such as income and expenditure models to support affordability assessments (see Case Study on page 17).

"It took a lot of manual processing off our staff members and made it more streamlined and more simple… This time last year we were processing less loan applications and taking far longer." – Credit Union Manager

- **reviewing or re-writing documents** such as customer terms and conditions, internal policies and human resource documents to improve governance and ensure regulatory compliance.
- **developing self-service capabilities for customers** through website updates or app creation. One small grant recipient reported that technology upgrades now allowed members to request and receive savings withdrawals automatically. This had made the withdrawal process more efficient for the organisation by removing the need for manual intervention by staff. Another described how introducing an AI chatbot had reduced call volumes.

"Since the time of when the grant came through, we've finished our website development, launched the new customer account areas, part of that where they can manage their account 24/7, 365 days a year, do whatever they want online with it."
– CDFI Manager

Recipients that had used the funding in this way were highly positive about its impact, with some noting that funding for process and technology improvements is unusual, but much needed within the sector.

"The [grantees] that I've spoken to… They are almost sort of rejuvenated in a way. They've got optimism, looking at different things, different projects, and having more confidence coming into conversations perhaps around mergers or different avenues within credit unions. I think it's been a comfort, it's been a cushion and it's been an opportunity for credit unions to take on projects that they've probably been thinking about for some time but needed the security to be able to do."
– External stakeholder

The **main outcomes** recipients reported from their systems improvements were:

- more efficient internal processes that had freed up staff time for other key activities;
- an enhanced competitive offering involving a more modern customer experience;
- offering faster decisions on applications, faster access to funds and easier financial management for customers;
- enhanced customer insight and marketing capabilities;
- enhanced loan decisioning processes, leading to increased confidence in decisioning and increased volume of loans issued;
- enhanced confidence that services meet best practice standards, in a small number of cases; and
- reduced fixed costs for technology provision, for example through upgrading to a cloud-based server.

"Nothing was automated and now a lot of stuff is automated, it's kind of night and day." – Credit Union Manager

Grant recipients also reported that technological or process improvements contributed to customers being able to access credit or better manage their finances. This was through:

- **increasing customers' access to their own funds**, with the ability to view and manage their products online. One large grant recipient reported that member withdrawals had increased since the introduction of an online app for customers to manage their products, while other recipients reported loan teams having more time to spend with customers due to efficiencies in process.

"Having the time to refine our systems and processes definitely will have had an impact on people who come to us, whether their loan is approved or whether their loan is declined, because they'll get a better service and they'll get more response from us in terms of that wider support that we'd like to offer our customers and members."– Credit Union Manager

- changes to application decisioning using new pricing and affordability tools, in some cases creating an **uplift in acceptance rates**
- changes to application processes resulting in faster decisioning and therefore, **more immediate distribution of funds** to customer accounts

The following case study outlines how one small grant recipient used the funding to support its digital transformation, and the outcomes observed.

Case study: London Plus Credit Union

Received Small Grant

Background

- Credit union with approximately 6,000 members across a geographically defined common bond area in **Greater London**.
- Membership consists largely of people on lower incomes and benefit recipients, many of whom experience exclusion from mainstream financial services.
- Offers a range of loan products, including instant loans, family loans, and, more recently, credit-building and saver-linked loans.

Using the funding

- The organisation applied for the Community Finance Resilience Fund's Small Grant to address their increased operational costs and modernise outdated digital infrastructure.
- The grant of £42,700 was used to:
  - Increase financial resilience by covering increased operational costs (£5,300) that contributed to the organisation's deficit
  - Scale provision of affordable credit by covering digital transformation expenses (£35,400), including a transition to a new fintech provider to enable open banking, website and mobile app upgrades, and hiring a project manager to oversee the work; and
  - Support monitoring and reporting for the Fund (£2,000).

Impact of funding

- **Move to a cashless model:** The digital transformation catalysed a major shift to a cashless business model, accelerated by the end of the credit union's lease on its premises. This ultimately led to a reduction in operational costs, helping the credit union mitigate its deficit.

  "It's been critical for us at a critical period, helping us to get through."
- **Increased efficiency**: The digital transformation significantly increased the organisation's efficiency and reduced administrative burden by automating several processes.
- **Staff redeployment and recruitment**: The automation also freed staff capacity and resources, allowing redeployment into their lending team. The freed-up capacity also allowed the organisation to invest time in recruiting new expert board members, with plans to further recruit an outreach coordinator to build community relationships and support growth, contingent on securing additional funding.
- **Product relaunch and stabilised loan books:** The freed-up resources also allowed the credit union to focus on amending Terms and Conditions of their 'Save As You Borrow' loan to make it more accessible. The re-launched product, linking borrowing to regular savings, proved successful and replaced the instant loan as their leading product. The organisation reported that the re-launched product contributed to improved arrears performance and to stabilising their previously shrinking loan book.

  "Not directly financed by CFRF, but the improved system and freed-up resources contributed to this ['Save as You Borrow' loan]."
- **Increased access and financial resilience of borrowers:** The digital improvements, including the introduction of a mobile app and automated decision-making, provided quicker and easier access to loans for members. The organisation also reported that the product has supported increased financial resilience by allowing its members to build savings as they borrow.

  "They [members] are now building their own financial resilience."

Next steps

- The credit union plans to continue its digital transformation through system updates to introduce individual member accounts, and to use Fair4All Finance's data segmentation tools to understand gaps in their services and reach and to inform their strategy.

Extent to which recipients engage with Fair4All Finance's wider capability-building work and share learning

There was limited evidence that funded organisations had started engaging with Fair4All Finance's broader capacity-building initiatives after receiving funding, as intended by the programme ToC. Awareness of engagement opportunities tended to be higher where recipients had an existing relationship with Fair4All Finance prior to involvement in the Community Finance Resilience Fund. Expected engagement could have included use of Fair4All Finance's customer segmentation work or participation in leadership programmes. Some recipients attended Fair4All Finance's 2024 conference, were aware of the Good Practice Lending Guide, or were using (or considering using) income maximisation tools like benefits calculators when customers applied for a loan. Some interviewees suggested that Fair4All Finance could do **more promotion of the resources and opportunities** for the sector, to support their uptake.

> *"I suspect that there's an awful lot more that we could be doing together ... it sounds like there's a lot more that we weren't aware that we could engage on."*
> *– Credit Union Manager*

Some recipients interviewed **felt that other community finance organisations may be able to benefit from the activities of the funded cohort**. In two cases, this was where digital systems integrations or upgrades were being built by recipients and their technology providers, with plans to make these available at low or no cost to other community organisations. In another case, this was through the provision of marketing services to other credit unions. In the case of the sub-debt investment, by providing a case study on the effectiveness of subordinated debt as a growth mechanism, the organisation hoped it might encourage other credit unions to consider similar options.

> *"One of the additional benefits that [our platform provider] agreed to, committed to, was that they wouldn't charge extra for these improvements to the other credit unions that they work with. So there is a wider benefit to other credit unions as well as what we've gone through." – Credit Union Manager*

3.0 Preserving affordable credit provision

This section presents the evidence on how much the Fund has helped **preserve the provision** of affordable credit options within the community finance sector, especially for customers in vulnerable financial circumstances and underserved customers.

Key Findings

- Small and large grant recipients appear to have **successfully preserved their provision of affordable credit**, and indeed attributed this, either fully or in part, to Community Finance Resilience Funding. Collectively, these funded community finance organisations had consistently served over 100,000 unique customers per year, during the financial years of 2023/24 and 2024/25.
- The geographical distribution of funding also appears to have been **well-positioned to help preserve access to affordable credit for underserved communities.**
- Where these products were already offered by recipients, preservation of lending has typically included loans with a value of less than £1,000 and a duration less than 52 weeks – suggesting that **customers have continued to be supported to meet their immediate financial needs** with these loan products.
- Technological and process improvements have also seen customers gain **improved access** to their own funds.
- **Reductions in service levels and staffing** were generally **avoided.**

Recipients more able to cover their operational and infrastructure costs

Grantees credited the Fund with helping them cover unexpected and increased operational costs driven by the cost-of-living crisis, including rents, insurance, regulatory fees, and energy bills. Organisations noted that being able to meet these costs was particularly important while trying to preserve affordable lending to members who were needing to borrow greater amounts during this period, and to **avoid reductions in service**. For two recipients that were forced to relocate offices due to lease challenges caused by the increased cost-of-living, the grant funding was key for sustaining services; in one case, supporting a premises relocation, and in another, funding a transformation to a cashless business model as the recipient used the grant funding for the technology and systems updates to facilitate this.

"In terms of the grant itself, it enabled us to survive that initial period ... It enabled us just to maintain this, the level of service that we had." – Credit Union Manager

"Fair4All Finance are amazing in terms of what they've delivered for [our organisation]. We are very grateful for their involvement. You know, the grant funding has been instrumental to making sure that we didn't have to increase that interest to our customers and allowing us to keep the bottom line in the black, which is quite rare for this sector and something we're quite proud of." – CDFI Manager

Recipients able to preserve lending

Small and large grant recipients were generally able to preserve their lending. The monthly average number of new loans issued appears to show consistency overall across the two-year period, despite variations month-to-month. However, the **average value of new loans shows an increase over time**. This suggests that funded

organisations have been able to preserve their lending to the same number of customers, even while distributing higher-value loans. These results are shown in Figures 2 and 3. Collectively, funded community finance organisations served over 100,000 unique customers in each financial year[23] (2023/24 and 2024/25) and provided over £198 million and £209 million in total loans in each year, respectively.

Figure 2: Average value of new loans (varying N=38-40)

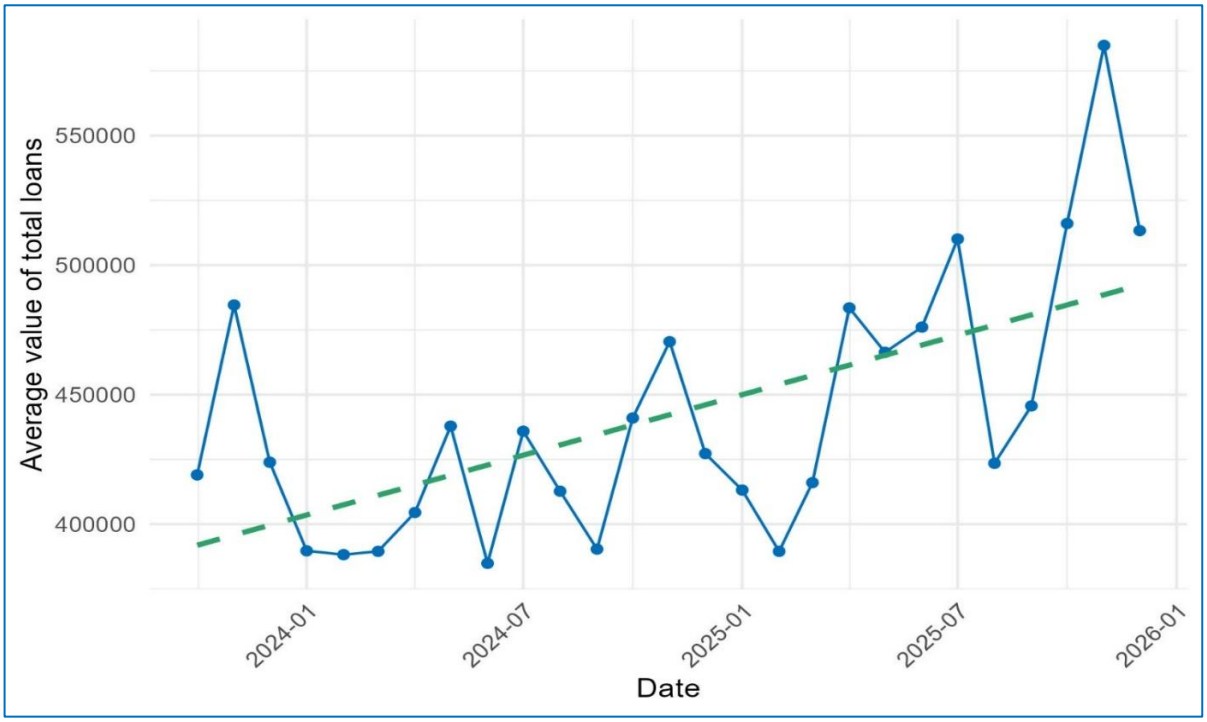
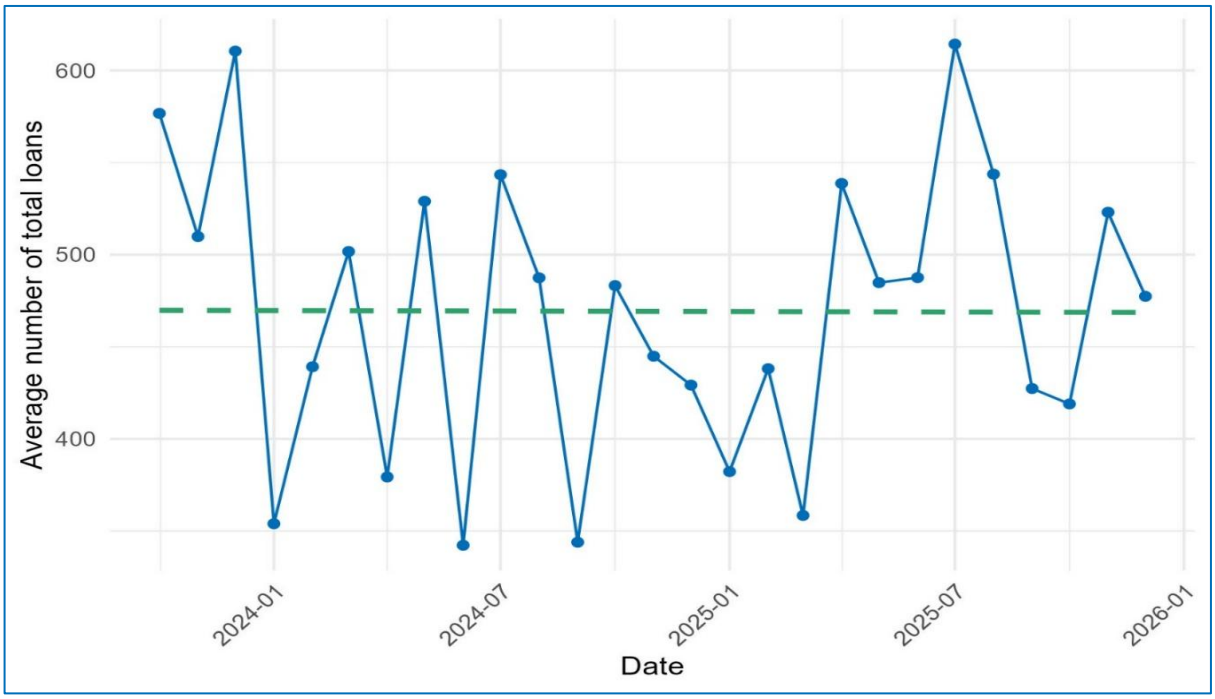


Figure 3: Average volume of new loans (varying N= 37-40)



[23] Calculated by Ecorys using monthly new loan data provided within monitoring returns, with the assumption of financial year running 1st October to 30th September, although in practice funded organisations may be operating varied financial year structures.

Case study: Moneywise Credit Union

Received Large Grant

Background

- The credit union serves communities in locations across the **North East of England**, with over 12,900 members. Membership is diverse and includes payroll members that typically access services online, as well as community members that rely on local access points, many of whom are older and/or in more financially vulnerable circumstances.
- Offers a range of loan products, including personal and family loans, debt consolidation loans, and savings accounts.

Using the funding

- The organisation applied for the Community Finance Resilience Fund's Large Grant to improve their digital systems, improve the customer journey and enhance their marketing to expand their customer base.

  "The majority of the funding was going to go towards improvements in our IT systems and our office systems, and to make application processes [as] easy for members and new members as possible."
- The grant of £153,200 was used to:
  - **Preserve the organisation's ability to provide affordable credit** by helping to meet increased operational and staff costs caused by the cost-of-living crisis (£31,600).
  - **Enhance financial resilience and efficiency** by funding digital transformation expenses including automated decisioning for certain loan types and integrating open banking into applications processes (£70,215), automating loan controls to enable stronger, data-driven decision-making (£11,460) and automating marketing and product communications (£14,520).
  - **Support scaling of affordable credit provision,** with the development and use of an income and expenditure loan decision tool (£23,405).
  - Fund staff time to complete required grant recipient monitoring and reporting (£2,000).

Impact of Funding

- **Improved efficiency in loan application processes:** The credit union automated application decisions for certain types of loans, meaning that some loans (such as family loans and top-up loans) are usually now approved within one hour, compared to the previous three-to-five working days. Integrating open banking into application processes streamlined customers' ability to provide their information.

  "It's just massively sped up the process. It freed up time to do other things like retention and stuff like that ... We saw our loan processing as a barrier to some members, compared to the banks and building societies ... It's really just making us more modern, really, I think, in the loan application process."
- **Scaled up lending:** the credit union reported issuing over 350 more loans in October 2025 compared to October 2024, operating ahead of its growth targets. It attributed this growth to its system and website improvements that had increased the speed of loan processing, as well as to a new income and expenditure model based on Office of National Statistics data to support loan decisioning. This model allowed the credit union to reduce loan rejection rates from 67% to 29%.

  "We're giving more loans to residents who potentially might have turned to loan sharks or to other high interest lenders ... So I think when we're lending now, we're confident that it's the right decision that we'll make, and that we've given [members] every opportunity based on the information they've provided."
- **Enhanced marketing tools to support and engage existing customers:** Automated communication with members (for example, about top-up eligibility, or reminders relevant to their product to reduce loan delinquency) improved operational efficiency and reduced reliance on external marketing services.

Recipients able to preserve staff roles, maintain/increase staff salaries and provide necessary training

The Fund supported organisations to marginally increase, and then preserve, staffing levels, with slightly more full-time staff (0.5) employed at small and large grant-funded organisations in December 2025 compared to October 2023.

Grantees that had used their funding to preserve staffing, and thereby, their services, described:

- **Providing inflationary salary increases.** Several grantees reported the need to increase salaries to ensure retention and staff satisfaction. One large grant recipient described how the funding had enabled them to provide staff with a 4% inflationary pay rise, in contrast to the 2% provided the previous year.
- **Retraining staff**, where changing premises or new organisation-level efficiencies had created surplus resource. In case this included training premises staff to assess online loan applications; in another, to offer more phone-based and in-person support for members. One grantee also described funding mental health first aid training for an additional three staff, with the aim of improving staff wellbeing.
- **Rehiring previous redundancies.** One grantee interviewed shared that budget pressures from the cost-of-living crisis had forced them to close their Operations Manager role to cover other expenses. With a small grant, they reinstated the position, which now supports organisational administration and service delivery, helping the Chief Officer to advance the business plan.

> *"[Funding for staff costs] meant we could support our staff at a time when life was very, very hard for them… And we were able to maintain that level of support for customers that we wouldn't have been able to if we had to lay off staff."*
> *– CDFI Manager*

Customers able to address immediate financial needs via provided credit

Most recipients interviewed described how, as the Fund had improved their organisations' financial resilience and operational efficiency, they had largely been able to preserve (or scale – see Section 2.2) their lending practices to customers. This included **loans with a value of less than £1,000** and **loans with a duration of less than 52 weeks,** which are products typically accessed by customers aiming to address their immediate financial needs and those in financially vulnerable circumstances. The sub-debt investment recipient, in particular, described how they may have ceased this kind of lending without access to subordinated debt from the Fund and other sources.

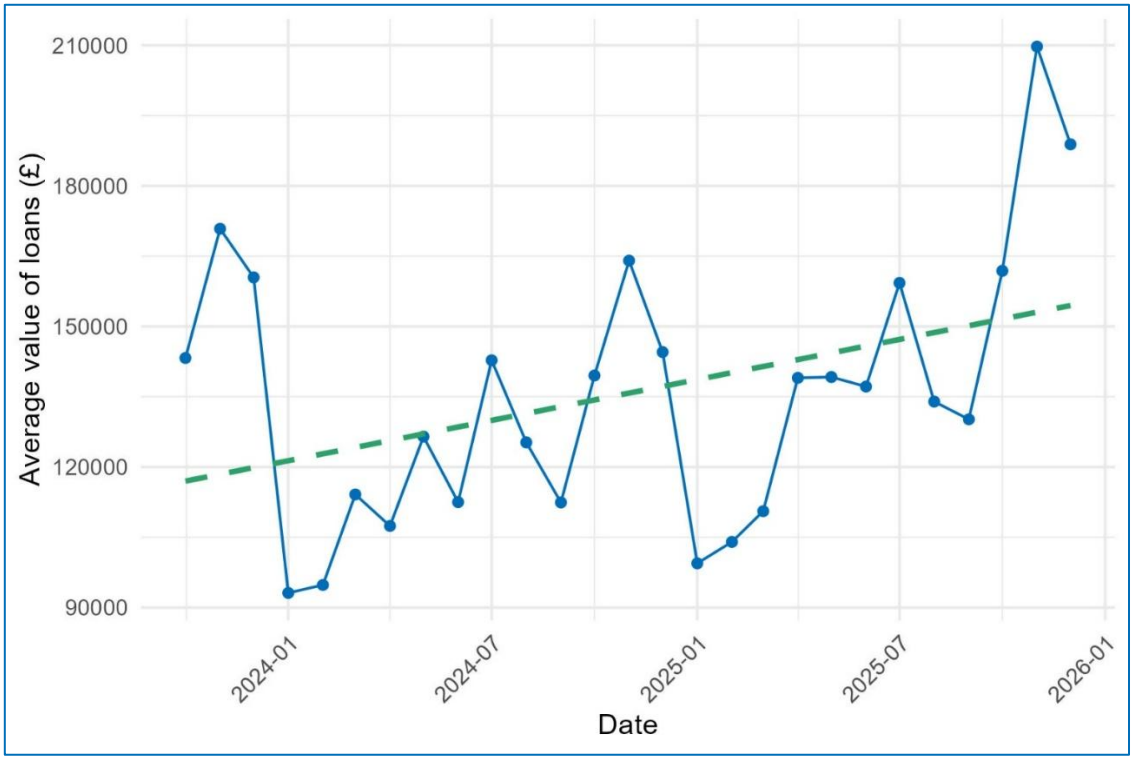
Monitoring data indicates that the monthly number of loans issued with a value of less than £1,000 has stayed consistent over time, but their average monthly value (as a total of all new lending of this type) has increased (see Figure 4). This indicates that while access to low value loans has not been increased, customers have **borrowed larger sums.** A small number of funded community finance organisations specialised in providing small loans of this nature, for essential items or costs.

> *"We find that generally our loans, especially for a new customer, are needed for essentials." – CDFI Manager*

> *"We've had a few things which have been highlighted like 'it's life-saving' or 'it's got me out of a bad situation' [or] 'it was an alternative to a loan shark', so we've had good feedback." – Credit Union Manager*

"Some [customers] had been going through stress and anxiety because they didn't know what to do because the fridge or cooker wasn't working. One phone call to [us and] they're able to receive £500 to replace the cooker. And school uniforms, children's activities, … electricity. Sometimes they're behind with some of the bills and [our provision means] they've got a place they can rely on to help them."
– CDFI Manager

Figure 4: Average organisations' total value of new loans with a value less than £1,000 (N=37-41)



A similar, but less obvious trend exists for loans with a duration of less than 52 weeks, where there was small uplift in average monthly total value of these kinds of loans but a small decline in volume. This again suggests that access to short-term loans has not increased, but that customers in need of these kinds of loans may have been supported to borrow slightly more.

Fair4All Finance staff also described how, through Fund application assessment criteria, they had tried to fund a number of organisations specifically operating in 'credit deserts'[24] to help preserve lending to underserved customer groups. To explore the extent to which **funding distribution has aligned with credit desert patterns** in practice, we compared its distribution based on geographic areas served by recipient organisations[25], with the 2023 Demos Good Credit Index (GCI) average score[26] at local authority (LA) level, which acts as an indicator of relative credit accessibility. The **lowest GCI average scoring areas are sometimes classified as 'credit**

[24] Demos defines a 'credit desert' as an area where poor credit scores intersect with high credit need.
[25] Counts are likely underestimated: only head office location data were available for some organisations (rather than common bond area), while some funded organisations have additional conditions to membership based on non-geographical common bond criteria e.g. professional or social body membership. This means that organisational coverage as displayed in this report should be interpreted with caution. Local authority boundaries are based on 2023 designations.
[26] The Good Credit Index is an open-access data source published by Demos which tracks inequality in access to affordable credit. It collates data to create three sub-indices reflecting the credit landscape for people in different local authority areas. These sub-indices are: one; levels of credit need, two; credit score (as a measure of people's ability to access good sources of credit), and three; the availability of good credit sources in the area. These indices are combined to form the 'aggregate Good Credit Index' which presents this data at an overall level to show which local authorities in the UK (those with the lowest scores) are struggling with high credit need, low credit scores and low credit availability and are considered 'credit deserts', meaning that people in the area are more likely to have to turn to high cost, short-term credit sources.

deserts' that are **underserved** in terms of access to affordable credit. Table 3 below presents our findings. Data limitations affect the precision of estimated organisational coverage and some low indexing areas received no funding. However, the data suggests that the funding reached most local authority areas in England (through recipient organisations' service areas), including 84% of underserved local authority areas. This was despite a slightly higher reach into better served areas.

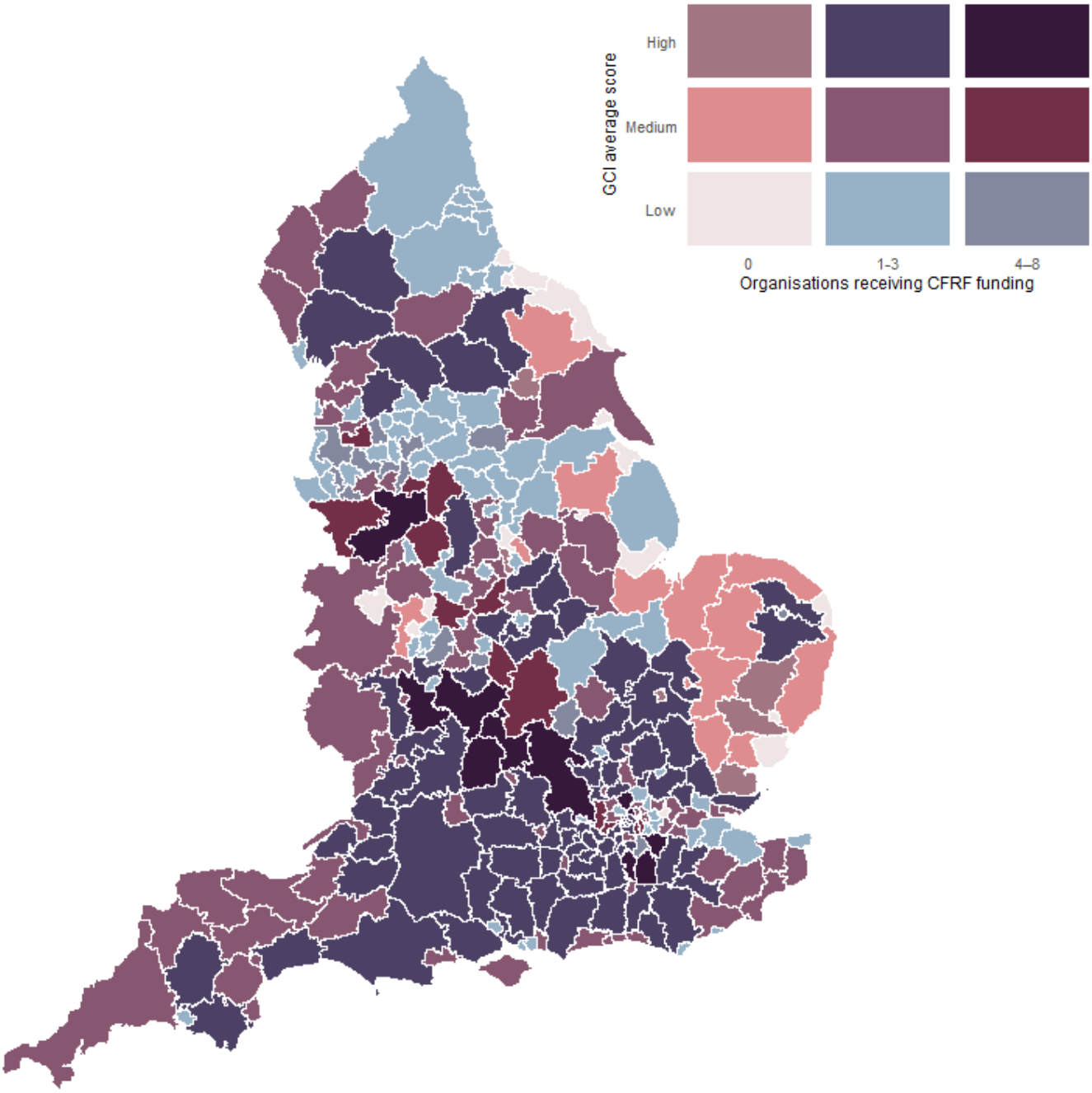
Table 3: Reach of the Fund to local authority areas, by GCI average score

GCI average score[27]	LAs with this GCI score	LAs with this GCI score, reached by the Fund	
		Number	Percent (%)
Low (94.5-104.7)	102	86	84%
Medium (104.7-107.8)	101	90	89%
High (107.8-113.7)	104	97	93%

To further illustrate reach, this data is presented in map form below. The map summarises the distribution of the Fund by showing, for each local authority, the number of funded organisations operating in or servicing the area. This map aims to offer a visual lens on whether the geography of funding appears positioned to help bridge gaps in access to affordable credit. Overall, the Fund appears to have had good reach to community finance organisations that serve underserved areas (as indicated by grey and blue shaded areas); with Community Finance Resilience Funding provided for organisations within the West Midlands (for example, Sandwell, Walsall and Birmingham), the North West (particularly Manchester and Knowsley), parts of North Lincolnshire and Yorkshire (including Doncaster, Wakefield and Bradford), the South West (Plymouth) and South East (Swale, Medway and Thanet). This indicates that the funding indeed appears well-positioned to help organisations to bridge gaps in access to affordable credit for underserved communities.

[27] We used average Good Credit Index scores to develop three classifications of local authority scores: low (average score $94.5 \leq x < 104.7$), medium (average score $104.7 \leq x < 107.8$) and high ($107.8 \leq x \leq 113.7$), based on distribution of scores within the dataset. It should be noted that the 'low' classification is not necessarily reflective of the Demos 'credit desert' classification due to our independent creation of these ranges.

Figure 5: Reach of the Fund to local authority areas (where low GCI average score represents least well-served areas)



4.0 Scaling affordable credit provision

This report section reflects on the **growth and scale** of affordable credit options within the community finance sector supported by the Fund, discussing impact in relation to provision for customers in vulnerable financial circumstances and underserved customers.

Key Findings

- With some exceptions, small and large grant **recipients did not appear to be lending to more new customers** despite seeing an increase in the value borrowed. However, reaching new customers was seen as a long-term goal for many recipients interviewed.
- Organisational resilience supported by the funding was seen by many as a key enabler to sustaining or pursuing higher-risk lending. **Lending to customers in financially vulnerable circumstances increased in value**, particularly to unemployed customers (where volume also increased). Though organisations had limited visibility of lending-related outcomes for customers, they believed these to be positive.
- Only a few organisations reported expanding **provision of financial education** and debt support, though this is likely due to limited focus on this goal within recipient spending.
- **Staffing levels did not increase very much** during the funded period, though the hiring that was undertaken (and increased staff hours) was **helpful** to delivering enhanced customer service, support and growth activities. Staff **retention** (as outlined in previous chapters) also supported growth activities.

Recipients able to hire new staff

As mentioned in Section 2.2, there was a very slight increase (+0.5) in the average number of full-time staff employed by small and large grant recipients from October 2023 to December 2025. Recipients using funding for their hiring generally used it in two main ways:

- **Expanding loan teams' resource through recruitment or increasing existing staff hours**. Two large grant recipients described how this had permitted staff to spend more time supporting customers with repayment challenges, or exploring affordability and product options in more detail. One organisation credited the expansion of loan officer customer support with 0.5% drop in loan write-offs over eight months and fewer cases needing bad debt provision. Another small grant recipient described how this additional time from loan officers was crucial to supporting the implementation of a product they were launching to a new customer group identified as being financially vulnerable.

> *"The evidence that we've got in terms of the reduced bad debt rate I think is a strong indicator that the way that [the customer team has] been able to work with members on that individual basis is bearing fruit." – Credit Union Manager*

- **Hiring specialist roles for growth and sustainability**. Examples included community outreach and marketing roles focussed on reaching new customers and, in some cases, communicating new products. They also included project management and business development roles to drive improvements to process, oversee the delivery of growth strategies or support business continuity as technology transitions or systems improvements to support growth were carried out. One organisation employed a financial manager to review loan decisioning processes for sustainability. Recipients interviewed found it more challenging to comment on the impact of customer engagement roles, expecting impact on customer numbers to emerge in the longer-term.

> *"Now we have a risk manager who could take much more of an analytical approach. So, they're looking at historic loan performance, they're looking at what sort of information we can get from credit agencies, how we can work with them, rewriting our underwriting rules, writing them in a way that both the lenders can make, but also we can automate some decisions. So it means we could work more quickly, [with] much more uniform decision making." – Credit Union Manager*

Expanded customer reach of recipient organisations (new customers)

Monitoring data from small and large grant recipients indicates an **upwards trend in total loan book** value during the funded period. This is likely from a combination of preserved lending to repeat customers, and increased average value of loans to new customers. However, the **volume of loans to new customers did not grow** over time. These trends are shown in Figures 7 and 8 below. The lack of growth in overall customer volume is likely due to mixed focusses among recipients (with many concentrating on preserving lending through meeting core costs and funding operational efficiencies), with a smaller number focussing on customer outreach and growth through volume. Some EOI projects, while not included in the data below, also focus on lending to new customer groups. For example, one organisation aims to expand its employer saving and borrowing programme which includes family loans. The expanded provision of family loans specifically will be supported with first loss funding to help manage the financial risk of increased arrears from this product.

> *"We may have done something similar, but like on a much smaller scale… We want this scheme to enable 20,000 more people the opportunity to save through their salary. We wouldn't be able to kind of even be thinking about that without [the] funding." – Credit Union Manager*

Figure 7: Average volume of new loans to new customers

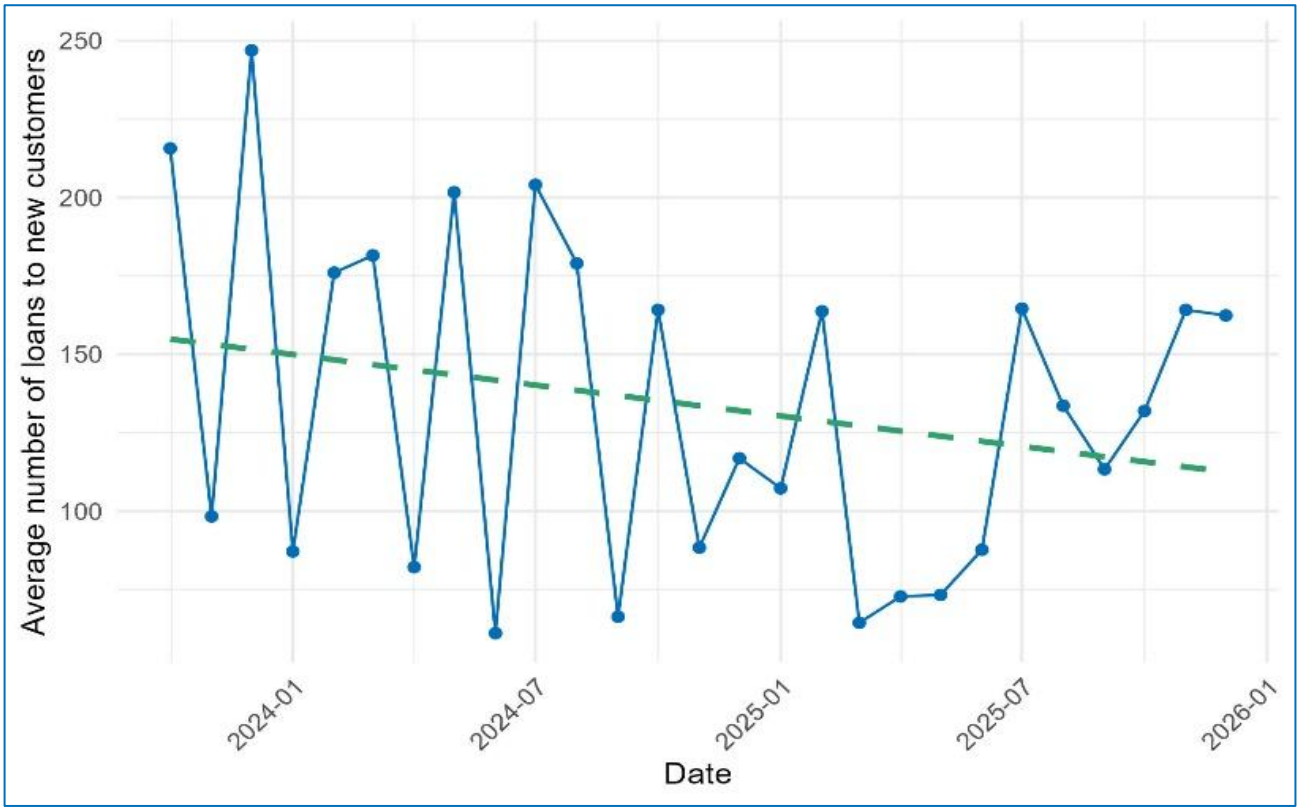
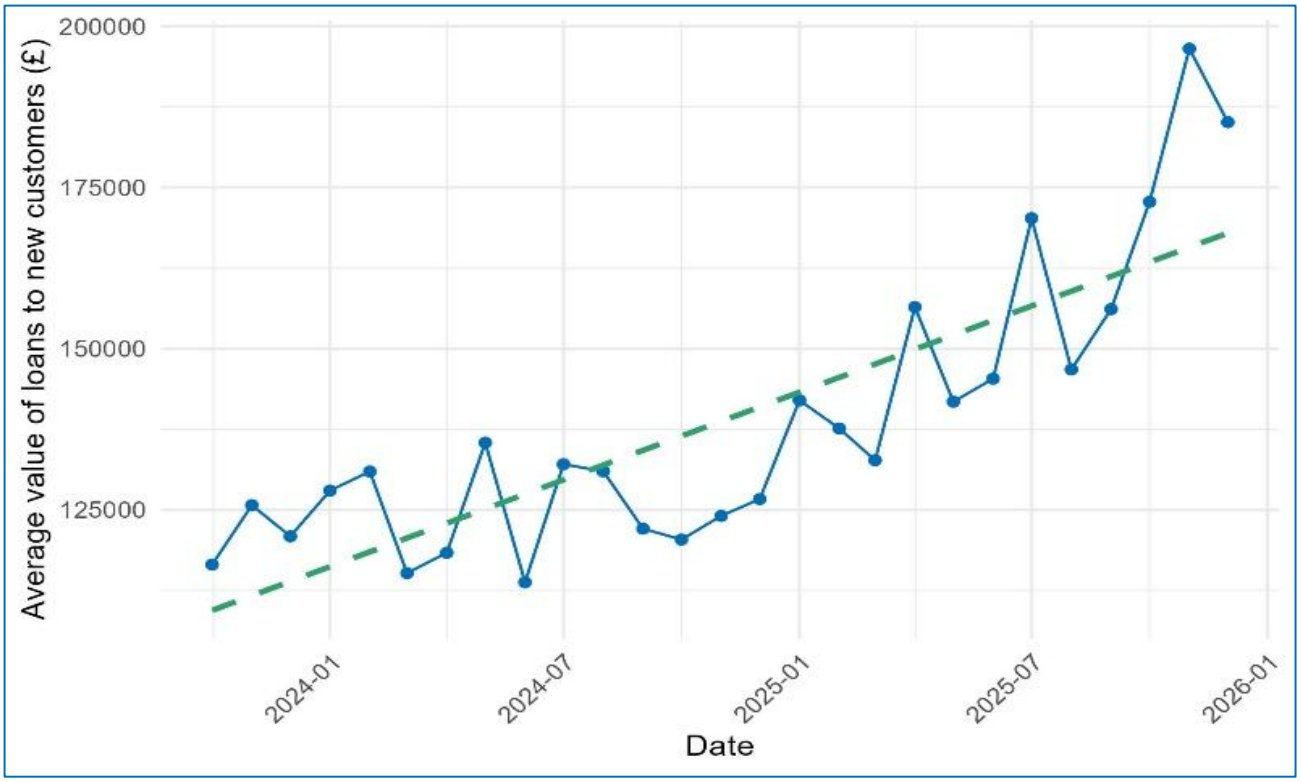


Figure 8: Average value of new loans to new customers



Increased access to affordable credit for the most vulnerable groups

A key aim of many credit unions and CDFIs is to support access to affordable credit for their communities, which often includes those who are in financially vulnerable circumstances or who are underserved within the wider financial sector. During interviews, community finance organisations often described a proportion of their members as being on low incomes or benefits (or, in some cases; employed but struggling to meet living costs), living in economically deprived areas, or having limited access to credit outside of their credit union or CDFI. The increased organisational resilience and operational efficiencies supported by the Fund and described in previous report sections, therefore, were judged by interviewees as innately benefiting vulnerable customer groups by having contributed to the sustainability of the sector.

> *"Where we feel [we make] the biggest difference is those members that we'd probably describe as 'just about managing.' So they're in work, they're receiving a decent salary, but they probably lack savings, and they might lack access to mainstream sources of credit and as a result, they're very vulnerable to financial shocks." – Credit Union Manager*

An example of how the funding has supported lending to these customers was demonstrated by some grant recipients who reported that their **improved financial health** (increased capital adequacy ratio/CAR) had an **enabling effect** on their organisation's capacity to accept a higher level of risk when assessing loan applications, for example from customers who ordinarily would have not qualified for a loan. In particular, the provision of first loss funding[28] via the EOI funding type was seen by Fair4All Finance staff and recipients alike as helpful for scaling lending to customers in financially vulnerable circumstances and underserved customer groups (including minority ethnic communities and women on low incomes) while preserving the financial health of the lending organisations. While these recipients felt that outcomes were yet to be realised, with lending only beginning towards the end of 2025, one CDFI recipient organisation reported satisfaction at this early stage with over £25k of first loss capital provided by Fair4All Finance already recycled to make further new loans to customers.

Monitoring data from large and small grant recipients also provided an overview of lending outcomes for customers in financially vulnerable circumstances. Customer groups for whom lending data was collected included lone parents with dependant children, social housing tenants, individuals not in employment and individuals with an income in the 40th percentile or lower[29]. The charts (Figures A to H) setting out these results can be found in the Appendix. While results should be interpreted with some caution (as the number of recipients capturing data on lending to different groups varied), our analysis indicated that:

- **Lending to unemployed individuals increased** in both volume and value, and was the most visible increase across all groups for whom data was collected (Figures A and B).
- **Lending to lone parents increased in value**, but not volume, suggesting that lone parents had been able to access higher value loans during the funded period (although there were some variations across months, likely due to seasonal lending patterns (Figures C and D)). One large grant recipient described how they had issued

[28] First loss funding (or first loss capital) is another form of risk-sharing mechanism where an organisation (in this case, Fair4All Finance) agrees to absorb initial losses up to a predefined amount that occur from bad debt, before other parties (in this case, the credit union) incur any losses.

[29] Earning equal to or less than £31,700 per annum.

between 12k and 13k more family saver loans within the last year, and attributed this in part to having used the funding to recruit a skilled community engagement officer.

- Similarly, **lending to social housing tenants** and customers in the 40th or lower income percentile **increased in value** while experiencing a slight decline in volume (Figures E and F, and G and H respectively). Two funded EOI projects aimed to support social housing tenants, specifically in partnership with housing associations, although it is too early to report on outcomes. While one had not yet drawn down funding at the time of reporting, the other was in the early stages of delivery and had recruited a project officer, begun designing potential products and was in the process of sourcing a financial education provider.

Expanded financial coaching/education and debt support

Not all recipients aimed to improve or expand their financial education and debt support, and therefore, this outcome was not present for most funding recipients. For those using the funding for this purpose, changes included:

- Website updates to include a **financial education area.**
- Implementing a **referral scheme with the local Citizen's Advice Bureau (CAB)** which allowed members with complex financial needs to be referred for support. The credit union struggled to measure outcomes due to limited follow-up visibility but felt confident that this type of service was a step in the right direction to addressing the needs that members presented with.

> *"What we were finding was that members were presenting with multiple related problems. It wasn't just us they were struggling with. It was the debts, they might have had issues around Council tax and things like this, which is kind of beyond our scope to deal with ... Unfortunately, once a referral is made, there is only so much our team can to do encourage follow-through." – Credit Union Manager*

- Updates to customer management systems, enabling staff to use analytics to **identify members at risk of loan delinquency and intervene earlier** to offer solutions such as payment holidays, and, in another example, provide automated child benefit application reminders to help reduce related delinquencies.
- Hiring a **community engagement** officer to expand customer reach and deliver financial education, including in schools, mother and baby groups, youth groups and hospitals.

One funded EOI initiative aimed to develop a new credit builder loan product, supported by a coaching programme, aimed at young people aged 18-34 in financially vulnerable circumstances. A case study detailing progress and expected outcomes follows on the next page.

Case Study: Enterprise Credit Union

Received funding via Expression of Interest

Background

- Credit union with approximately 24,000 members who live, work or study in the **Merseyside** region. Members have a broad age and income range. However, the organisation aims to serve younger savers and workers without access to mainstream financial services and credit.
- Offers a range of affordable loan products, including easy-access, fixed-term savings accounts, and accounts designed for children and young people up to 18 years old, to encourage savings and budgeting habits.

Using the Funding

- **Scaling provision:** The organisation applied for the CFRF's Expression of Interest (EOI) to pilot a new credit builder loan product, supported by a coaching programme, aimed at young people aged 18-34 in financially vulnerable circumstances. The pilot is ultimately intended to allow the credit union to **scale up their affordable credit provision** by reaching more financially vulnerable young people.
- As of November 2025, the credit union received £120,500 of the total allocated grant of £241,000. The organisation used the funding to:
  - Recruit and train two new 'Money Coaches', who were onboarded in August-September 2025, and cover the cost of their salaries. As of January 2026, the cost of recruitment and salaries totalled £19,895.
  - Develop a new credit builder loan product 'soft-launched' in October 2025 (full launch planned for May 2026).
  - Make £33,500 available as a first loss fund' to cover loan defaults (which may be more likely, given the higher risk of the new loan product).
  - Cover the cost of new digital tools development via their app (£22,080 as of January 2026), including a digital application process, budgeting features, and credit score tracking. The rest of the grant is planned to be used for the ongoing salary costs of money coaches and further digital tool development.

Impact of Funding

- **Digital application process for easy access:** Setting up the digital application process increased the routes to applying for loan products. Telephone applications remain an option to ensure accessibility for those without digital access, such as care leavers.
- **Expanded reach and access to affordable credit:** The funded programme has already provided access to credit for 30 young people who would not be able to get a loan with the credit union otherwise, due to their poor credit scores. The aim is to reach a further 270 young people in Year 1 and 2,400 by the end of the three-year pilot.

  "Any members who couldn't apply through normal channels were being recommended over to the Money Coaches. To date, we have worked with 30 young people, and those accounts are being set up."
- **Increased resilience and confidence to approve 'riskier' loans:** By providing second-loss protection, the Fund increased the credit union's resilience to loan defaults, mitigating financial risk and allowing staff to approve loans with greater confidence.
- **Access to financial coaching and tailored support:** Financial education was integrated into the loan process, with recipients receiving money coach sessions to improve their financial literacy and confidence. For example, a coach helped a member negotiate a payment plan for over £2,000 in utility bill arrears.

  "One of the new coaches gave that financial guidance, and they got in touch with [the utilities provider] and have negotiated a payment towards the outstanding arrears."
- **Expected member outcomes:** As a result of the pilot, the organisation expects to see:
  - Improved ability to address immediate financial needs through the provided loans,
  - Increased savings and better credit scores through the built-in saving mechanism, and
  - Enhanced financial literacy and well-being through the tailored coaching session.

Next steps

- The organisation aims to finalise a development survey and feedback-collection tools to monitor outcomes for their members participating in the pilot. They will use the outcome data to inform how Money Coaches could best support the financially vulnerable young people going forward.

Reduced financial pressures and improved financial wellbeing

Interviewees struggled to comment on how funded initiatives had affected members' financial wellbeing. This was due to limited monitoring resources, administrative constraints, and in some cases, reluctance to collect data beyond customers' lending needs. Internal monitoring was mostly quantitative, rarely exploring personal impacts other than where fed back anecdotally by customers. Smaller organisations found it difficult to track impact without tools like surveys or case studies, which some larger organisations had in place. While anecdotal, recipients interviewed tended to feel that the credit provided by community finance organisations made a meaningful difference to customers' lives.

Reduced reliance on high-cost and/or illegal lenders

Interviewees similarly found it difficult to comment on longer-term expected outcomes such as reduced reliance on high-cost or illegal lenders due to a lack of evidence to draw upon other than customer feedback, and some initiatives still in the early stages of development. Despite this, a number of recipients felt that many of their customers would struggle to access other sources of credit outside of their credit union or CDFI.

> *"We've been able to provide an additional loan product which we weren't previously providing in the community… You can assume that a high proportion of [customers] may be people who can't access bank loans or credit cards." – Credit Union Manager*

A reduced reliance on illegal and high-cost lenders was specifically anticipated by recipients that had used funding to update their underwriting processes, or were trialling revisions to loan decisioning to customers in financially vulnerable circumstances and those declined credit in the past, to try to increase acceptance rates. One EOI project, which was in the early stages of launching a project to engage those who need to rebuild financially after experiencing a crisis (with a focus on prison leavers and survivors of domestic or economic abuse), anticipated that this would lead to a reduction in illegal and high-cost lender use. The organisation described how the funding obtained via the EOI grant had enabled them to scale up a smaller version of this work, which enabled prisoners to save while incarcerated and have access to credit union services and access to these savings on release.

Fund delivery findings

5.0 Funding design, administration and delivery

Key Findings

- The Fund was shaped through an inclusive consultation process with sector organisations and learning from previous initiatives. Its four funding streams enabled support for a wide range of community finance organisations and provided flexibility to address different needs, from rising operational costs to testing new and innovative pilot projects.
- Applicants' experiences were mixed, due to challenging information requirements and in some cases unclear guidance on which activities were eligible to be funded through the Fund. However, applicants appreciated the close support provided by Fair4All Finance.
- Demand for the Fund exceeded expectations, particularly for the EOI funding, leading to increased workload and delays in the assessment and disbursement process, which affected applicants' experiences.
- Reception of the disbursement process was varied as some grantees experienced knock-on delays (from the application assessment and disbursement process) which impacted delivery; however, timely disbursement and ongoing communication made the process smoother.
- Grantees allocated funds effectively to deliver wide-ranging initiatives to support operational resilience and future scaling, with some receiving flexible strategic guidance from Fair4All Finance.
- Grantees' experiences of the monitoring and reporting process consistently underscored the importance of timely decisions, clear communication, and predictable compliance steps.

5.1 Design and inception

The Community Finance Resilience Fund design was largely informed by learnings from Fair4All Finance's previous similar programmes and by independent co-design consultations conducted by New Philanthropy Capital (NPC). The consultation process tested assumptions about sector need, eligibility, funding structure and evaluation. The interviewed stakeholders consistently reported that the transparent and inclusive approach of the co-design consultations meant that **the Fund design responded to the sector's inputs and needs at the time**.

> *"[The design process] seemed very inclusive, and they seemed to be trying to get the sector's feedback on what kind of funding would work best for the sector."*
> *– External stakeholder*

The co-design consultations confirmed **high demand for grant funding to cover operational costs, technology, staffing, and marketing**, especially given reduced reserves. However, there was also an appetite

for flexibility, by including repayable finance options or space for testing innovative initiatives around enhancing customer support and financial education. However, Fair4All Finance staff indicated that certain aspects of the funding structure, particularly the innovative EOI component and the subordinated debt, required further scoping to clarify their design.

The insights and learning from earlier Fair4All Finance funding schemes (e.g., the Affordable Credit Scale Up Pilot and COVID-19 Resilience Fund) also informed some key design choices, including the **removal of strict size-based eligibility thresholds (thereby allowing smaller organisations to apply)**, especially welcomed by stakeholders who had previously felt excluded.

> *"You can't just always be funding the big ones … you have to fund the small ones."*
> *– Credit Union Manager*

The **four funding strands were perceived across stakeholders as being appropriate for addressing diverse sector needs**. As emphasised by one the external stakeholders, community finance organisations are at "*very different stages of development,"* and a single funding type would not have worked for all. However, a programme staff member questioned whether distributing many smaller grants may have diluted the impact compared to concentrating resources in fewer, larger, strategic social investments.

> *"[Funding] small organisations that felt they were being ignored was maybe a good pacifier, but could we have made a bigger impact?" – Programme staff*

Small grants were designed to provide relatively **rapid and flexible** support for operational resilience. In practice, they were widely perceived as well-suited to stabilising and strengthening smaller and medium-sized community finance organisations, addressing their increased operational costs and financial pressures. However, some interviewed staff reflected that the funding quantum limited the scope for major digital or structural change.

> *"This wasn't really the fund for … a proper transformation type project."*
> *– Programme staff*

Large grants were perceived to be more impactful, **enabling organisational resilience, strategic repositioning, and growth**. Flexibility within eligible spending categories was particularly valued, allowing organisations to adapt funding use as circumstances evolved. For some recipients, the funding was described as pivotal.

> *"It was a lifesaver." – Credit Union Manager*

Capital adequacy investment (sub-debt) was designed to **help credit unions maintain their regulatory requirements** and bolster their balance sheets, whilst ensuring they had sufficient reserves to navigate financial challenges. While offering subordinated debt was a response to consultation learnings as a more sustainable alternative to grant funding, in practice this funding option was not met with the expected appetite from the sector (see more in 5.2 Applications and).

The other Cost-of-Living Resilience Funding via Expression of Interest (EOI) strand was designed as a 'flexible pot' to fund innovative projects that met the Fund's objectives but may not fit into the previous, predefined

categories. Its flexibility was strongly valued for enabling testing and scaling-up of pilot projects, whilst building sector learning. However, one member of staff from Fair4All Finance expressed that EOIs might have worked better as a separate fund due to their distinct objectives. It would have also allowed organisations to pitch ideas without the constraints of fixed funding rounds.

> *"The EOIs are much more about testing and trying and doing something new."*
> *– Programme staff*

Fund launch and inception

The Fund adopted a targeted approach to reaching potential applicants with a strong communication through key sector stakeholders, which led to **strong awareness of the Fund across the sector.** Fair4All Finance directly engaged with organisations that had been involved in co-design, supplemented by regular emails, trade body communications, newsletters, and a launch webinar ahead of the January 2024 application window opening. The direct email and launch webinar were the primary awareness channels, with many applicants **valuing the launch webinar for clarifying the Fund's purpose, streams, and application process**. Additionally, some recipients shared that they learnt about the Fund via the Association for British Credit Unions Limited (ABCUL).

One of the small grant recipients shared that at a Fair4All Finance conference, the funder encouraged them to also apply for EOI funding and scale up their previous small pilots with prison-leavers.

> *"Fair4All [Finance] thought that [project] was something they hadn't really heard of before and said they would be willing to fund us to do more work in that area."*
> *– Credit Union Manager*

Some staff raised **concerns about the length of the design process,** with some critical element of the fund's design, such as elements of the assessment criteria and process, were developed late, and in some cases after the Fund's launch. This was due to difficulties appointing an application assessment partner. After the initial partner withdrew due to a conflict of interest, a new partner, Sagana, was commissioned only shortly before the Fund's launch, which did not provide enough time to agree assessment process and criteria, before the Fund's launch.

> *"I felt that the entire process has taken too long ... it's been more than two years now since we've got the money and started working on this and I felt that's too long in terms of getting all the decisions." – Programme staff*

5.2 Applications and decisions

Application process

Fund recipients had mixed views about the application process. Most applicants found the initial online **application form relatively simple to complete and the level of requested information proportionate.** Whilst grant applications required the most detailed information as part of the initial form, the EOI and sub-debt investment streams had shorter, simpler application forms, followed by requests for additional information and due diligence. Applicants with prior experience said they were already collecting much of the information requested, which made the process easier for them.

"I can understand the process … They needed to do due diligence checks, so it probably was relative to the amount that we're asking for." – Credit Union Manager

However, large grant and sub-debt investment applicants highlighted that after submitting the initial form, they were asked to compile detailed financial and operational data, which took a significant amount of their time. Smaller organisations with limited capacity, including those that were unsuccessful, said the financial forms and social impact data requirements were time-consuming and challenging. For example, they were asked to provide budget and cashflow predictions or data on the number of loans made to social housing tenants or lone parents, which they did not routinely collect.

"I could see how that could be challenging for some of the credit unions. It was a bit too financial ... unless you've got that financial experience on the board, it's difficult." – Credit Union Manager

Most applicants found the guidance and FAQs clear, with funding streams being clearly defined. However, some **large grant recipients received conflicting guidance around the eligibility of activities delivered by third-party suppliers**. One of the applicants explained that they were told these activities were not eligible and were asked to resubmit their application, which required additional effort and time. They expressed their frustration and suggested more clarity was needed in the application guidance. However, a number of other recipients were approved to use the funding to cover the cost of activities delivered by third parties, often for system and technical improvements.

Fair4All Finance provided ongoing support during the application process. Applicants consistently praised **Fair4All Finance's responsiveness and willingness to provide hands-on support**, including explaining financial requirements and offering follow-up calls to discuss the proposed activities, which was particularly valued by EOI applicants.

"I have nothing negative to say about the people at Fair4All [Finance]… It just took a long time." – Credit Union Manager

Quality of applications

Although the overall number of applications broadly reflected Fair4All Finance's expectations, **the total amount requested (£15.3m) was higher than anticipated**. The small and large grants attracted the highest volume of applications and maintained high approval rates, which staff felt were appropriate given the Fund's objectives and sector need.

There were more applications than expected for large grants and the flexible 'other' funding stream, with **applicants often seeking to maximise available funding** and use the flexible strand to propose innovative ideas. Fair4All Finance approved around half of the total EOI application numbers, which the team felt was in line with expectations.

The number of sub-debt applications was in line with Fair4all Finance's expectations. However, only 3 sub-debt investment offers were made, and only a single offer was accepted (two offers were declined due to changes in applicants' financial positions). The lower rate of **approval of sub-debt investment** was mainly due to the financial instability of applicants, unsuitable governance structure, and requests that were perceived by Fair4All Finance as

'disproportionate' (i.e. requested amount too large for the size of the organisation). One staff member suggested that the lack of suitable sub-debt applications stemmed from credit unions being unfamiliar with external debt instruments.

> *"It's just not the right product for most credit unions … the need and the product don't really match." – Programme staff*

Credit unions made the majority of applications (70 of 97), with relatively few CDFIs applying for grants. The EOI strand attracted the greatest diversity (including credit unions, CDFIs, trade associations, and community interest organisations). Stakeholders also highlighted diversity in organisational size and geography.

Table 4: Applications to the Fund

Funding type	Number of applications			Average amount applied for			Overall value of funding approved
	Expected	Actual	Approved	Expected	Actual	Approved	Total value
Small grants (£10k – 50k)	20 - 50	20	15	£40k - £50k	£35,095	£36,448	£546,720
Large grants (£50k - £250k)	20 - 30	37	28	£150k	£173,793	£120,353	£3,369,892
Capital adequacy (sub-debt) investment (£200k - £500k)	5 - 20	12	1	£200k - £300k	£337,500	£500,000	£500,000
'Other' funding (via EOI) (£50k - £500k)	5 - 10	28	12	£100k - £200k	£135,756	£147,398	£1,768,733
Total	**50 - 110**	**97** (from 75 unique applicants)	**56** (to 48 unique organisations)	**£40k-300k**	**£145,604**	**£110,453**	**£6,185,345**

Source: Fair4All Finance

According to Fair4All Finance staff interviewed, the application quality varied across all four funding streams. Some submissions were strong and comprehensive, while others lacked complete or accurate information, particularly in supporting documents. This required additional follow-up from Fair4All Finance staff. The staff also noted that the **limited grant-writing experience across the community finance organisations** could have also impacted on the quality of their application. Applicants themselves echoed this, citing limited internal capacity and experience in writing funding applications.

"The credit union sector specifically doesn't get many opportunities to apply for grant funding … they're still not that skilled [in preparing grant application forms]."
– Programme staff

Application assessment and decision process

Fair4All Finance staff interviewed regarded the assessment as thorough and values-driven, whilst also emphasising their ***'intention to fund'***; an underlying philosophy to support as many viable applicants as possible. Therefore, where possible the programme staff worked with applicants to gather additional information or provided suggestions for minor changes in applicants' proposals in order to be successful. However, internally there were differing views on whether they could have been more decisive in some borderline cases, as most decisions did not materially change after further review.

The programme staff agreed that having **Sagana as a grant assessment partner strengthened rigour and consistency in grant assessment.** Sagana evaluated each grant application against the agreed assessment criteria and scorecards and prepared a supporting written justification. These materials were then presented to Fair4All Finance's Grants Committee, which was responsible for making the final funding decision. Both Sagana and Fair4All Finance staff agreed that their close collaboration, alongside the co-developed structured scorecards, enabled a standardised assessment process for grant applications. However, because Sagana was appointed only shortly before the Fund's launch (after the original partner withdrew), the assessment criteria were not fully aligned with the application form. Programme staff suggested that core project management resource for the Fund may have supported with managing its end-to-end delivery.

"Had they been on board a bit earlier… the application form might have ended up looking a bit different." – Programme staff

The disconnect between application requirements and assessment criteria resulted in back-and-forth clarification, deferred decisions, and longer timelines, particularly for large grants and 'other' funding applicants. Some applicants reported being asked for supplementary information not outlined in the original guidance and suggested a need for clearer up-front requirements to better plan resources.

The EOI and sub-debt investment applications were assessed internally by Fair4All Finance staff. The assessment of the sub-debt investment applications followed Fair4All Finance's **existing due diligence process focused on financial stability and governance**, resulting in robust decision-making but frequent deferrals and delays. EOI assessments followed a more flexible approach, which worked well given the bespoke nature of the proposals. Applications were reviewed against alignment with Fund objectives, financial viability, and potential business impact. Where necessary, further engagement with applicants was undertaken to clarify how the funding would sustain and expand affordable credit provision.

Delays between application and decisions were a consistent theme across the interviewed Fund recipients, especially recipients of large grants, EOI funding, and sub-debt investment. Fair4All Finance staff attributed short delays in grant decisions to high application volumes (with a surge shortly before the deadline). However, they explained that the delays in EOI funding and sub-debt investment were due to deliberate prioritisation of grant applications. Therefore, the delays in decision-making for EOI funding and sub-debt investment were expected, and Fair4All Finance staff emphasised that this approach was clearly communicated to the applicants. While some recipients accepted the delays, others reported stress, stop–start planning and operational challenges resulting from uncertain timelines (see more detail in 5.3 Disbursement).

"We had all of this work planned and ready to just push the button, but we didn't know whether we had to fund it. Then other priorities come up and having to rush to get it done because you're working on other things as well, so I thought that was a bit frustrating." – Credit Union Manager

"Once the applications went in, there was a lack of clarity about where it was in the process. So as an organisation that's really, really needing that money, and it's critical, it was quite challenging not to know… the timings of it." – CDFI Manager

Two out of three capital investment applicants declined the offer made by Fair 4All Finance, partly as a result of the severe delay (of approximately one year) in granting the decision following the application. The applicants explained that during the waiting time, their financial and strategic positions had changed, influencing their decision to reject the offer. One of them also explained their decision to reject the offer was influenced by the expectation to change governance arrangements. Therefore, they suggested that the terms and conditions for accepting the investment should have been clearly laid out at the beginning rather than negotiated after the decision was made.

"We feel that the heads of terms could have been shared much earlier on in the process so that they could either have been negotiated or the process could have ended there and then saving both organisations a lot of time." – Withdrawn applicant

Additionally, some unsuccessful grant applicants felt that the reasons for rejection, particularly relating to financial instability, contradicted the Fund's resilience objectives and they would have benefited from clearer and more tailored feedback.

Some interviewed participants also raised concerns about the decision-making process. Some smaller organisations mentioned they were potentially at a disadvantage compared to larger organisations applying for the Fund, as it was more challenging for them to meet the financial stability criteria. There was also a perception among some interviewees that the process had favoured applicants using accounting technology providers over others. However, Fair4All Finance staff explained that this stemmed from the fact that a large number of applicants proposed to use the same technology provider. This was discussed internally, as it was perceived as a potential risk in terms of ability to deliver and also potentially distorting competition within the community finance technology market. Excluding certain technologies/providers retrospectively was perceived as unfair. Therefore, Fai4All Finance used this as an opportunity to negotiate better terms collectively, improving value for money from the technology provider commonly used by the majority of applicants.

5.3 Disbursement

Fair4All Finance disbursed funds either in a single instalment or in tranches according to a grant schedule. First tranches were contingent upon Fair4All Finance's receipt of all required documentation and confirmation that the recipients will be able to collect and report on the key performance indicators within three months of first receiving the grant. To receive any subsequent tranches, grantees submitted a payment request form and evidence that the previous tranche(s) of funding was utilised or committed to be utilised according to the grant's purpose. For recipients of the 'other' funding through an EOI, the second tranche of funding was disbursed when needed, allowing for flexibility as the second tranche of funding was based on project progress, with no strict milestones or date specified.

Perceived late communication of disbursement processes, compliance requirements, and unexpected tranche structures caused delays and operational difficulties. Examples of knock-on operational impact included more challenging implementation timings, increased project management demands, the need to redraft supplier contracts, and postponement of recruitment. Interviewed grantees said that earlier notification of disbursement and compliance steps, such as know-your-customer checks and formal board authorisation documentation could have helped to reduce delays. Recipients of the sub-debt fund likewise found the delay between the application and receipt of the funding offer slowed delivery and desired growth.

Recipients that incurred disbursement delays due to requests for additional clarifications reported helpful and ongoing communication with Fair4All Finance staff and compliance teams to help collect the necessary information. However, they would have welcomed earlier notice of the list of documentation that would be required, at the time of application. Despite initial delays in receiving a decision and resulting knock-on effects, grantees reported mostly positive experiences, clear communication, and prompt disbursement of funds once the funding was approved:

- Recipients of the large grants reported timely and satisfactory receipt of funds after receiving approval.
- Fund recipients welcomed the flexibility of Fair4All Finance in allowing grantees to clarify eligible costs and adjust initial spending plans as needed, stating that the process allowed for adjustments to spending based on clarifications on eligible costs.
- For EOI recipients, tranche structure was clearly outlined in the documentation, however, earlier notice of this would have aided planning.

5.4 Delivering funded activities

Grantees reported largely positive experiences using the funding, though some faced challenges due to technical issues or initial delays:

- Recipients of the **large grant experienced challenges** related to implementation of cloud-based systems, which led to a temporary drop in productivity and required additional IT support.
- In some cases, disbursement delays slowed down delivery. Recipients adapted by re-sequencing work, reallocating internal capacity, and recruiting interim support.
- For some **recipients of the EOI**, challenges arose where the timing of funding corresponded with major organisational changes, requiring cautious EOI project pacing and extra coordination to manage the resource involved.

> *"The key challenge has been the delay from [the technology provider] in delivering this new product. I think it's been much harder than they thought to adapt what they already have for credit unions. So that means we worked with them in detail."*
> *–Credit Union Manager*

Funding recipients deployed resources rapidly. During interviews, they identified factors that enabled efficient implementation of funding, including thorough preparation and careful planning to cover planned or historic costs. Funded projects already had tangible, well-scoped and well-defined projects in mind at the time of applying. Strategic planning for tangible, well-defined projects prior to receiving the Fund enabled grantees to hit the ground running after the grants were made. For example, the Fund enabled grantees to reduce fixed costs and increase

operational resilience by covering unexpected costs, overhauling IT systems, and improving lending-portfolio analysis to inform product development.

The Fund contributed to wide-ranging implementation:

- Recipients of the small grant aimed to ensure sustainability beyond the funding period. For example, by using capital assets to support the initial years of activity and recruiting staff in line with long-term strategies
- The large grant contributed to various initiatives from operational and infrastructure improvements to recruitment and marketing.
- Recipients of the sub-debt funding recruited and trained staff and launched new products
- EOI recipients noted that while delivery added an extra dimension to sequencing, governance, and compliance work, the funding increased confidence to invest additional organisational resources. Recipients of the EOI strengthened governance and compliance processes, recruited crucial staff, as well as updated and launched new branding, which was seen to lay strong foundations for future growth.

"Since we've got the funds, it's been really straightforward … can't complain about anything" – Credit Union Manager

Support

While most organisations managed implementation independently, **flexible implementation support from Fair4All Finance helped organisations to understand areas of development for future growth and make strategic and evidence-based decisions about their future development**. Flexibility was particularly helpful for recipients of the large grant and EOI funding as this enabled them to reallocate budgets strategically when priorities changed.

Fair4All Finance provided flexible ongoing support and responsive engagement once grantees were actively delivering their projects:

- Grantees adapted to changing priorities and sustained delivery momentum. For example, one recipient of the EOI funding said that strategic feedback helped refine the project scope to better align activities and concentrate resources to a more strategic, future-orientated project.
- Shifting priorities meant that a recipient of the large grant no longer needed to spend the funds on recruitment as initially planned. Support was described as flexible and accommodating, allowing the organisation to redirect funding to priorities linked to IT and process improvements.

Recipients of the EOI and sub-debt funding types reported that additional support, through more regular communication, for organisations (particularly small community lenders) is needed to sustain growth, impact, and build capacity. Early notice of administrative steps such as governance approvals, compliance steps, as well as tranche structures would reduce uncertainty and make it easier to coordinate suppliers and sustain momentum.

Fair4All Finance staff felt that more relational engagement with recipients, such as regular catch-ups/grant meetings, would have been desirable to learn more about delivery progress, however, the volume of grantees and complexity of the fund, as well as limited internal resource, limited this kind of interaction.

5.5 Project monitoring and reporting

The monitoring and reporting information requirements for large and small grant Fund recipients included information on organisations' finances and overall lending, social impact metrics, organisational change data, and provided a section for open-text responses. Returns were administered on a single, historic basis (to capture data from October 2023 to March 2025) and and ongoing quarterly basis for small and large grant recipients (from April 2025 to December 2025). The monitoring framework was designed to minimise administrative burden on community finance organisations while capturing essential data. Fair4All Finance provided guidance, reminders, and practical support, which supported grantees to meet reporting obligations on time. In addition to the Fund, Fair4All Finance offered funding recipients a £2,000 monitoring grant[30] in recognition of resource and capacity limitations.

Grantees often felt that the monitoring requirements were practically challenging, mainly due to the volume of information requested, internal system limitations, and late visibility of monitoring guidance. However, they generally felt that the monitoring requirements were proportionate and reflected standard practices in responsible grant management.

Key challenges identified during the monitoring and reporting process included:

- **The volume of data requested for the first (historic) return proved challenging**. Recipients of the large grant described the historic return (requiring 18 months of data) as difficult and time-consuming due to the volume of information requested.
- **Incongruence between internal processes and monitoring information requested**. Grantees said that internal systems and processes were not configured to produce quarterly reporting outputs efficiently. Requests for bad debt data, for example, differed to standard practices related to monitoring of bad debts by credit unions. In addition, reporting timelines added strain where loans within the reporting period had not come to fruition by the end of the month, leading a recipient of the large grant to delay the submission to improve the accuracy of the return.
- **Late visibility of the monitoring requirements introduced additional friction.** Grantees said that having full visibility of the specific monitoring requirements at the outset would have helped with meeting the monitoring requirements. For example, one recipient of the EOI funding, that had already received some funding at the time of the interview, stated not yet having received monitoring and reporting instructions, guidance or frequency of reporting and noted referring to the funding bid to determine what data to capture. Interviewed staff at Fair4All Finance explained that designing a standardised monitoring framework proved challenging due to the bespoke nature of each EOI funded.

> *"Monitoring for the EOI has been proving a bit more challenging, just in the sense of them all being a bit bespoke and thinking about what makes sense to standardise." – Programme staff*

- **Monitoring was particularly challenging for smaller organisations** due to limitations in systems, staff capacity, and data infrastructure needed. For example, volunteer-led or organisations with limited in-house analytical expertise faced disproportionate strain compared to larger and more equipped organisations.

30 With the exception of grantees in receipt of the maximum amount of funding available, in which case the monitoring amount was provided as part of the full sum.

- **Many organisations encountered further challenges collecting social impact and demographic data**. Where data gaps were identified, grantees relied on estimates based on proxy data such as prior member surveys and other indirect sources.

> *"They were very understanding, offered support and said we can come down and help you if you don't know some of these reports; and very transparent with the actual amount of data they want or need, and understanding if you couldn't get all of it, but most of it." – Credit Union Manager*

Elements that enabled organisations to collect and report monitoring data included:

- **The £2,000 monitoring grant.** Recipients of the monitoring grant found that this offered flexibility for organisations to resource additional staff time (including overtime), facilitate training, or improve IT capabilities to complete monitoring tasks.
- **Prior experience with Fair4All Finance grants**, including the COVID-19 Resilience Fund and the Scale Up programme helped recipients anticipate and meet monthly and quarterly monitoring and reporting requirements.
- **Monitoring alignment.** Grantees described that monitoring did not introduce additional burden where monitoring processes were already well-aligned to Fair4All Finance's requirements. Recipients of the large grant noted that they were able to develop monitoring information processes and systems to capture certain data, establish recurring reporting templates, and adopt specialist tools that made it easier to retrieve borrower-category data.

> *"We've now developed systems and put things in place because we probably should be able to answer those questions. So we weren't really tracking that previously, but we are now." – Credit Union Manager*

> *"As a team we've been able to get through it fairly unscathed really, and on time." – Credit Union Manager*

> *"Once you've done it once and you can save the coding or the extraction reports, then obviously the next time you come to do it, it's a lot quicker. So now we've just done the last return for the Q3 and it was a fraction of the time." – Credit Union Manager*

5.6 Lessons learned

Application

- The EOI process enabled innovation and provided a valuable opportunity for organisations to test and learn from new initiatives. Innovative approaches such as EOIs may serve sector needs better as standalone funds given their potentially varied aims and objectives.
- The purpose of the EOI lacked clarity, which created eligibility uncertainty for activities with third-party suppliers and riskier loans. Clear communication of Fund objectives and eligibility requirements may therefore reduce applicant uncertainty.

- A lower rate of offers and awards were made for the subordinated debt investment for credit unions and CDFIs due to the financial instability of applicants' positions, disproportionate requests, and unsuitable governance structures.
- Early visibility of compliance steps such as know-your-customer and board authorisation documentation requirements, monitoring requirements, and tranche structures may limit repeated clarification correspondence.
- Heads of Terms for investments should be clearly communicated from the outset.

Implementation

- Pre-existing plans and preparation enabled grantees to implement projects swiftly and deliver tangible improvements, such as reduced fixed costs and enhanced resilience.
- Flexible support from Fair4All Finance helped organisations identify development needs and make evidence-based decisions, though the extent of interaction was limited by internal resources at Fair4All Finance. Ongoing support helped organisations sustain momentum, align project delivery with evolving strategic priorities and adjust spending plans.

Monitoring

- Monitoring and reporting requirements, especially the 18-month historic return, required significant data gathering; although many recipients felt the type of data requested was proportionate and responsible. Earlier communication of monitoring requirements would allow recipients more time to set up systems and provide high-quality data covering a longer period. Providing dedicated monitoring grants eased administrative burden, enabled effective resource allocation and improved IT capabilities.
- Continued support for IT infrastructure improvements may help organisations collect social impact metrics and improve future reporting readiness.

Conclusions

6.0 Conclusions and what these may mean

Impact of the Fund

Overall, the data collected shows a positive impact of the Fund, especially on the **financial health and resilience** of small and large grant recipients. The consistent improvement in CAR across both groups (for credit unions), rising from 5.9% above the regulatory minimum in October 2023 to 7.1% in December 2025 is a particularly positive finding. The designs of the small and large grants appear to have been appropriate to meet the needs of the sector; particularly the large grant, where recipients appeared to have stronger balance sheets over time. The combination of funding for both operational and technological costs appears to have been important for supporting impact. Funding for historic, essential costs supported organisations' important financial reserves, while funding for digital and systems improvements enabled recipients to make further cost savings through operational efficiencies, thereby contributing to organisational sustainability. For example, funding for digital and systems upgrades enabled organisations to automate loan management processes, speed up and improve loan decisioning, introduce customer self-service capabilities, and strengthen governance – all seen as important foundations for growth. Taken together, the small and large grants, and the single sub-debt investment, appear to have supported organisations to withstand immediate financial pressures while building the foundations for long-term sustainability and improved service delivery.

The funding appears to have also helped **preserve lending** and support organisations to adapt to the changing needs of their customers within the cost-of-living crisis. Reductions in service levels and staffing were generally avoided, and the geographical distribution of the funding appears to have a good level of overlap with the distribution of credit deserts in England, suggesting that the Fund has indeed reached organisations serving underserved communities. At an overall level, the data indicates that while the number of customers grant recipients serve did not increase over time, customers accessed higher-value credit, which suggests that small and large grant recipients have managed to sustain customer numbers even while providing higher-value loans. **Collectively, funded community finance organisations provided over £198 million and £209 million in total new loans in financial years 2023/24 and 2024/25 respectively, to over 100,000 unique customers each year**. The impact of the funding on the **scale of affordable credit provision** is less clear to date, although it is the goal of many of the 'other' funding types awarded via EOI, whose impacts will become clearer over a longer timeframe as delivery continues. Lending to customers in financially vulnerable circumstances increased in value, particularly to unemployed customers (where volume also increased) and was supported by increased organisational resilience. Although organisations had limited visibility of lending-related outcomes for customers, they believed these were positive. Many recipients interviewed identified reaching new customers as a strategic objective for the future. For small and large grant recipients, staffing levels did not increase very much during the funded period, though the hiring that was undertaken was indeed helpful to delivering enhanced customer service, support and growth activities. Only a few organisations reported expanding provision of financial education and debt support, but this is likely due to limited focus on this goal within small and large grant recipient spending and is again a stronger focus for early-stage delivery EOI projects.

Design and delivery of the Fund

The co-designed nature of the Fund was warmly recognised by interviewees, who felt that the approach supported transparency and inclusivity within the Fund design, as well as helping potential applicants to understand its aims. In particular, removing eligibility criteria around organisation size to ensure wide and inclusive engagement was welcomed by recipients, as was the flexibility of the different funding types to help address recipients' organisational needs. Ultimately, the large, small and EOI funding types appear to have been well-aligned to the

needs of the sector. However, this was not the case for the sub-debt funding types where organisations appeared to have less understanding of the product.

While the application process was intended to be straightforward and low-burden, and the support provided by Fair4All Finance widely recognised, many applicants found the process time-consuming and noted back and forth around exchanges of information, especially when providing detailed financial and social impact data. There was a lack of clarity around the key information that would be used during application decision-making, and delays in assessment and decision processes negatively affected applicants' experiences. Grantees deployed resources rapidly after receiving funds and integrated the grant funding with existing activities, requiring little to no support from Fair4All Finance with the delivery of funded activities. Monitoring processes were generally seen as acceptable, with the caveat that some would have welcomed more notice of the kinds of information required.

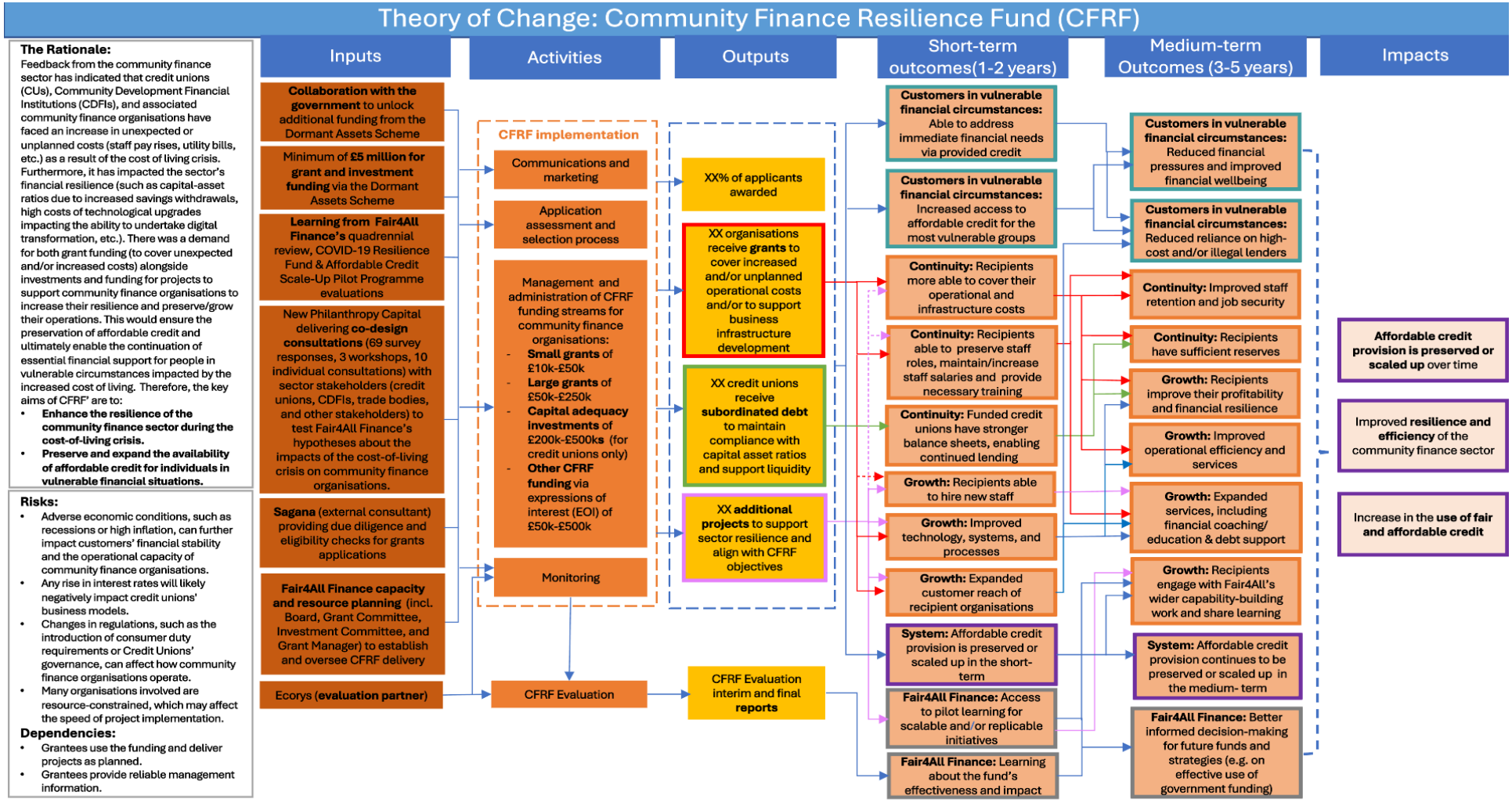
Considerations for the future include:

- **Closely monitoring the ongoing delivery of organisations' EOI-funded work** to gain a fuller understanding of the EOI fund's impact, and of the learning emerging from the projects, many of which are innovative within the sector. This could include continuing with monitoring returns, continuing an additional relational approach to monitoring (for example, with virtual or telephone check-in points), and potentially, further evaluation on a smaller scale.
- **Further investigation into the sub-debt funding type,** to further understand for which organisations this funding mechanism is most appropriate, in what scenario, and with what terms involved.
- **Continuing with co-design approaches when designing funds**: engaging the sector through systematic consultations appears to have supported transparency and supported the development of funding products and amounts to meet the sector's needs effectively at an overall level.
- **Importance of application processes that are assessment-ready:** securing an assessment partner before launch can help to avoid delays in decision-making and fund allocation, and support a more streamlined and efficient process for both programme staff and applicants.
- **Streamlining application and guidance:** clear upfront guidance about all information and data required within an application is essential, especially for smaller organisations that may have fewer resources to respond to data requests, and less technical and accounting capacity to produce the data required.
- **Direct, regular communications and webinars:** these clarified processes for applicants and programme communications were positively received.

Support for, and development of external high-quality, consistent data sources against which the financial health of the community finance sector can be monitored. This would support greater understanding and contextualisation of the impact of interventions such as the Fund, and future evaluation of similar funds or programmes.

Annex

Theory of Change



Evaluation framework

Evaluation Area	Question	Sub-question	Data source(s)		
			Documents and Reports	Stakeholder Interviews	Data
Impact	Did the Fund support the community finance sector to continue to provide affordable credit? In what ways did it achieve this and what is the strength of the evidence? How, if at all, did this vary between funding types?	(As relevant) Were recipients more able to cover their operational and infrastructure costs? How?		Grantee/investee interviews Unsuccessful applicant interviews	Monitoring data
		(As relevant) Did the Fund improve the reserves of recipients? How? Did it strengthen balance sheets, and if so, what was the impact of this on lending?		Grantee/investee interviews	Monitoring data
		(As relevant) Did the Fund support sustained staff resourcing, e.g. preservation of existing roles, or retention? How did it support this?		Grantee/investee interviews Unsuccessful applicant interviews	Monitoring data
	Did the Fund support the community finance sector to scale its provision of affordable credit? In what ways did it achieve this and what is the strength of the evidence?	Did the Fund improve recipients' profitability and financial resilience?	Review of wider reports	Grantee/investee interviews Unsuccessful applicant interviews External stakeholder interviews	Monitoring data

	How, did the funding types contribute to this? Were there any variations?				
		Did the Fund support recipients to improve their technology, systems or processes? Have there been any related operational improvements to services or efficiency?		Grantee/investee interviews Unsuccessful applicant interviews	
		Did the Fund support enhancements to staffing e.g. additional roles, or training for staff? Have there been any related operational improvements to services or efficiency?		Grantee/investee interviews Unsuccessful applicant interviews	Monitoring data
		Did the Fund support new, scalable initiatives that aim to support provision of affordable credit access for customers in vulnerable financial circumstances? If so, what learning can be drawn from these initiatives?	Document review	Grantee/investee interviews Fair4All Finance latter interviews	
	Did the Fund succeed in reaching communities which are particularly underserved by mainstream financial services? How, if at all, does this vary between funding types?	Was customers' access to affordable credit preserved? Specifically, was access preserved for customers in vulnerable financial circumstances, and for underserved customers? Why / why?		Grantee/investee interviews Unsuccessful applicant interviews	Monitoring data
		To what extent and how did the Fund help recipients to expand their reach (e.g. to provide more new loans, reach new or underserved customer groups etc)?		Grantee/investee interviews Unsuccessful applicant interviews	Monitoring data

		Why / why not?			
		To what extent did and how the Fund help recipients to deliver additional financial education to customers?	Document review	Grantee/investee interviews	
	What other outcomes and/or impacts did the Fund support? How, if at all, does this vary between funding types?	What other outcomes, if any, were brought about by the Fund? Were these unexpected, or unintended outcomes? If so, why, did they happen?		Grantee/investee interviews Fair4All Finance latter interviews External stakeholder interviews	
		What were the key enablers to the Fund achieving its intended outcomes? Were there any external enablers?	Review of wider reports	Grantee/investee interviews Fair4All Finance latter interviews External stakeholder interviews	
	What factors influenced the extent to which the Fund could achieve its intended aims?	What were the key challenges to the Fund achieving its intended outcomes? Were there any external barriers?	Review of wider reports	Grantee/investee interviews Fair4All Finance latter interviews External stakeholder interviews	

Process	What processes were involved in designing the Fund and its funding types? What worked well/less well?	What resource was needed during Fund design (from Fair4All Finance and other stakeholders)? To what extent was this as anticipated?	Document review	Scoping interviews Fair4All Finance interim interviews	
		What processes were involved in refining the design of the Fund, and its different funding types, after the external consultation (led by New Philanthropy Capital (NPC))?	Document review	Scoping interviews Fair4All Finance interim interviews	
		How were effectively were the findings from the NPC consultation incorporated into Fund and funding types design?	Document review	Fair4All Finance interim interviews External stakeholder interviews	
		How well-suited were the funding types, and their parameters, to the organisational needs of applicants, and of the wider sector?		Grantee/investee interviews Unsuccessful applicant interviews External stakeholder interviews	
		Overall, what worked well about the process of designing the Fund and its funding types, and why?	Document review	Scoping interviews Fair4All Finance interim interviews	
		Overall, were there any challenges in designing the Fund and its funding types? If so, what were these and how were they addressed?		Scoping interviews	

				Fair4All Finance interim interviews	
		What are the overall lessons learned from Fund design, and the design of its different funding options?		Scoping interviews Fair4All Finance interim interviews Grantee/investee interviews Unsuccessful applicant interviews External stakeholder interviews	
	What worked well/less well about the application process for the Fund and its funding types?	Who applied to the Fund, and to what extent was the distribution of applications in line with expectations?	Document review	Scoping interviews Fair4All Finance interim interviews External stakeholder interviews	
		How did applicants hear about the Fund?		Grantee/investee interviews Unsuccessful applicant interviews	
		How clear and easy to understand was any guidance received by applicants about how to apply? How clearly were the different funding types communicated?		Grantee/investee interviews Unsuccessful applicant interviews	

		How clear and proportionate were the information requirements of the application?		Grantee/investee interviews Unsuccessful applicant interviews	
		What was the overall quality of applications? To what extent were applications in line with the aims of the Fund, and the specific funding type being applied for?	Document review	Scoping interviews Fair4All Finance interim interviews External stakeholder interviews	
		How was the process of assessing applications? What worked well, and what worked less well?		Scoping interviews Fair4All Finance interim interviews External stakeholder interviews	
		To what extent did applicants feel that communication throughout the application process was sufficiently clear and frequent?		Grantee/investee interviews Unsuccessful applicant interviews	
		To what extent did applicants feel they had sufficient opportunity to ask questions, and receive support with their application? How useful was any support received, and would anything additional have been useful?		Grantee/investee interviews Unsuccessful applicant interviews	
		What was the role of Sagana in supporting with initial eligibility checks and financial due		Fair4All Finance interim interviews	

		diligence on grant applications? What worked well, and what worked less well?		External stakeholder interviews	
		Overall, what are the lessons learned from administering the Fund?		Grantee/investee interviews Unsuccessful applicant interviews Scoping interviews Fair4All Finance interim interviews External stakeholder interviews	
	What worked well/less well about disbursement processes for the Fund?	What funding was given and to whom?		Fair4All Finance interim interviews External stakeholder interviews	
		Were grants disbursed in a timely manner and as expected? Were grantees satisfied with the disbursement?		Fair4All Finance interim interviews Grantee/investee interviews	
		Overall, what worked well/less well about disbursement processes for the Fund?		Fair4All Finance interim interviews Grantee/investee interviews External stakeholder interviews	

	What were the lessons learned about the delivery overall?	What has been recipients' experience of using the funding/investment?		Grantee/investee interviews	Monitoring data
		How easy or difficult have recipients found incorporating the funding into existing practices (e.g. alongside other initiatives, debt commitments, administrative responsibilities etc)?		Grantee/investee interviews	Monitoring data
		What support, if any, have funding recipients needed during implementation? How helpful have they found any support provided, and would anything additional have been useful?		Grantee/investee interviews	
		What continued resource has been needed from Fair4All Finance to enable implementation after disbursement, and how does this differ for each funding type?		Fair4All Finance interim interviews	
		How easy or difficult have recipients found monitoring returns to complete? What, if any, challenges or enablers have they encountered to completing these?		Grantee/investee interviews Fair4All Finance latter interviews	Monitoring data
		What were the lessons learned about implementation of the funding overall?		Grantee/investee interviews Fair4All Finance interim and latter interviews	Monitoring data

Monitoring framework metrics

In addition to the table below, grant funding recipients were also asked to respond to the following open-text questions:

- If you selected 'Yes' to 'Does your organisation have any unfilled vacancies or new roles planned but not yet filled?' (row 60) please tell us if there have been any challenges in filling vacancies. This is helpful for us to know what some of the challenges are across community finance organisations in filling staff vacancies or 'going live' with job adverts.
- Please provide details of any changes your organisation has made this quarter, with the aim of improving resilience (e.g. introduced new data systems / upgrades, delivered staff training, made improvements to technology etc). Please tell us what difference you think this has made.
- What, if any, changes has your organisation made (e.g. to its customer journey, to its systems / processes) that has been enabled by the Community Finance Resilience Fund funding, this quarter? What has the impact of these changes been?
- If there are any anomalies, caveats or considerations to be made with any of the data points above, please explain here. This will help us to correctly interpret and analyse the data for monitoring and evaluation purposes.
- If there are any gaps in the data you have been able to provide, please explain these here. Please also indicate whether you anticipate being able to address these gaps in future monitoring returns. This will help us to understand what further data is likely to be available in future that can help us understand the impact of the funding.

	Part 1: Financial information	Part 2: Overall lending	Part 3: Social impact	Part 4: Organisational change	Financial information for Credit Unions only
Data requested	Total income	New loans	New loans to first time customers	Number of staff (Head Count)	Capital Assets Ratio
	Total expenditure	Total loan applications	New loans to repeat customers	Number of volunteers (Head count)	Capital Assets Ratio (regulatory minimum)

	Loan book gross (£)	New loans value ≤ £1,000	New loans to customers who are in the 40th or lower income percentile (i.e. earning equal to or less than £31,700)	Number of staff (FTE)	
	Loan book net (£)	New loans duration ≤ 52 weeks (up to and equal to)	New loans to customers who are lone parents with dependent children	Number of volunteers (FTE)	
	Surplus/Deficit (£)	Number of (all) Customer Complaints	New loans to customers who are social housing tenants	Does your organisation have any unfilled vacancies or new roles planned but not yet filled?	
	Bad debt provision (£)	Number of complaints made to the Financial Ombudsman Service (FOS)	New loans to customers who are unemployed		
	Bad debt write off (£)	Number of complaints to the Financial Ombudsman Service (FOS) that have been upheld	New loans to customers who are in full-time employment		

	Loans in arrears (£)		New loans to customers who are in part-time employment		
	Loans in arrears after 30 days (£)				
	Total recoveries (£)				
	Closing cash balance (£)				

Graphs to show loan trends to the most vulnerable groups

Figure A: Average number of new loans to customers who are unemployed

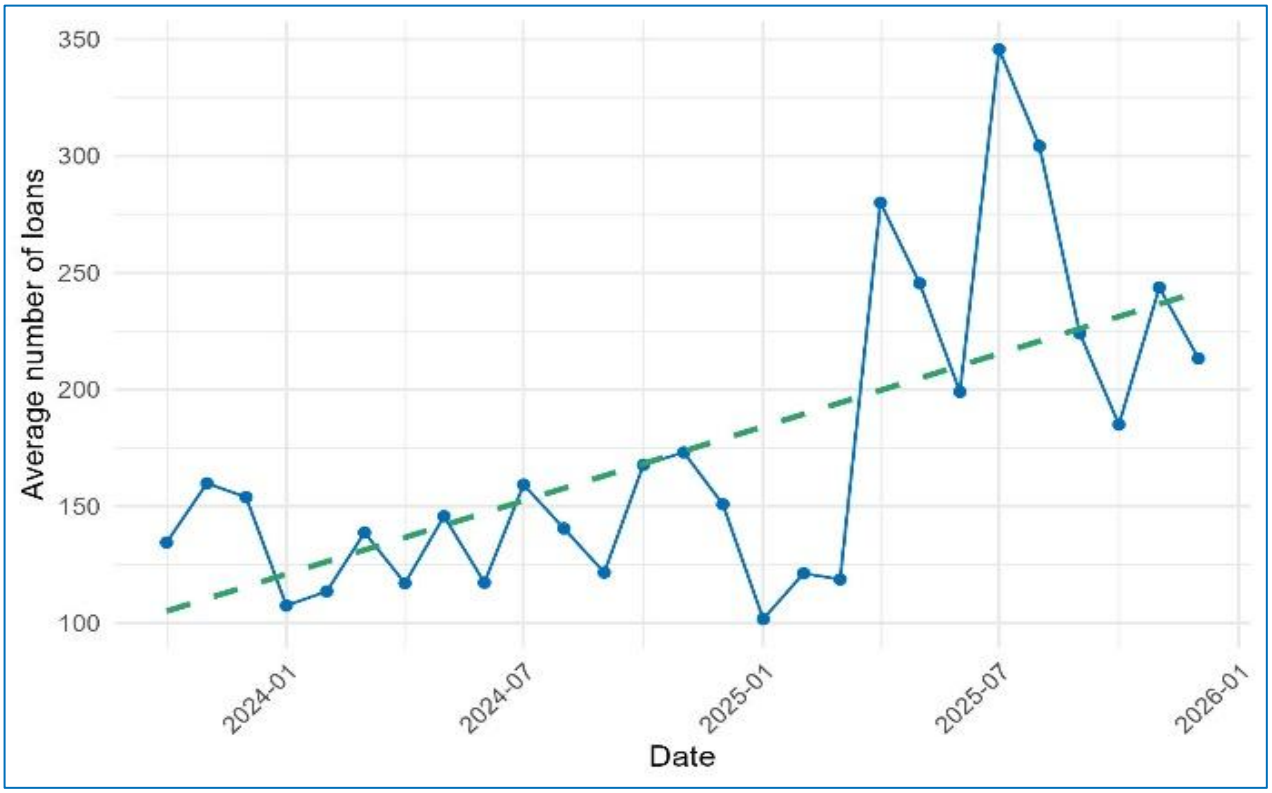


Figure B: Average value of new loans to customers who are unemployed

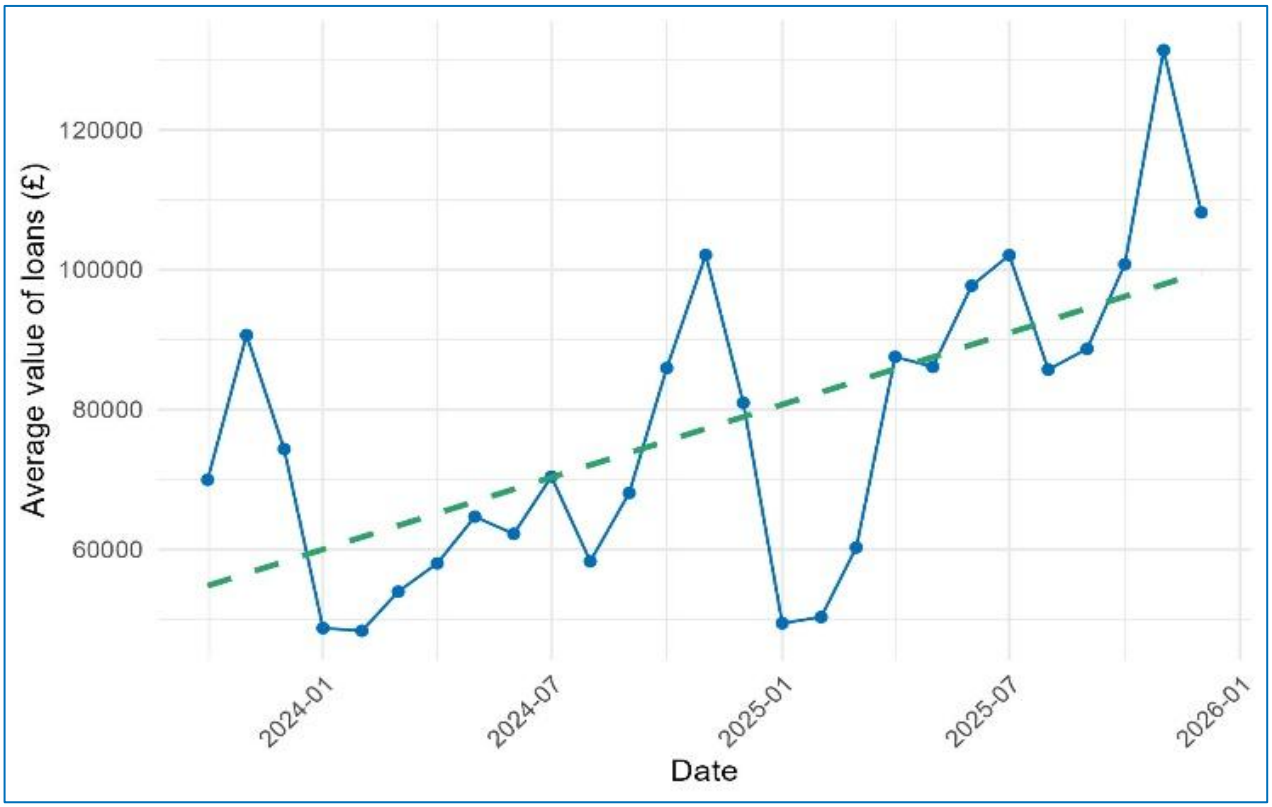


Figure C: Average number of new loans to customers who are lone parents with dependent children

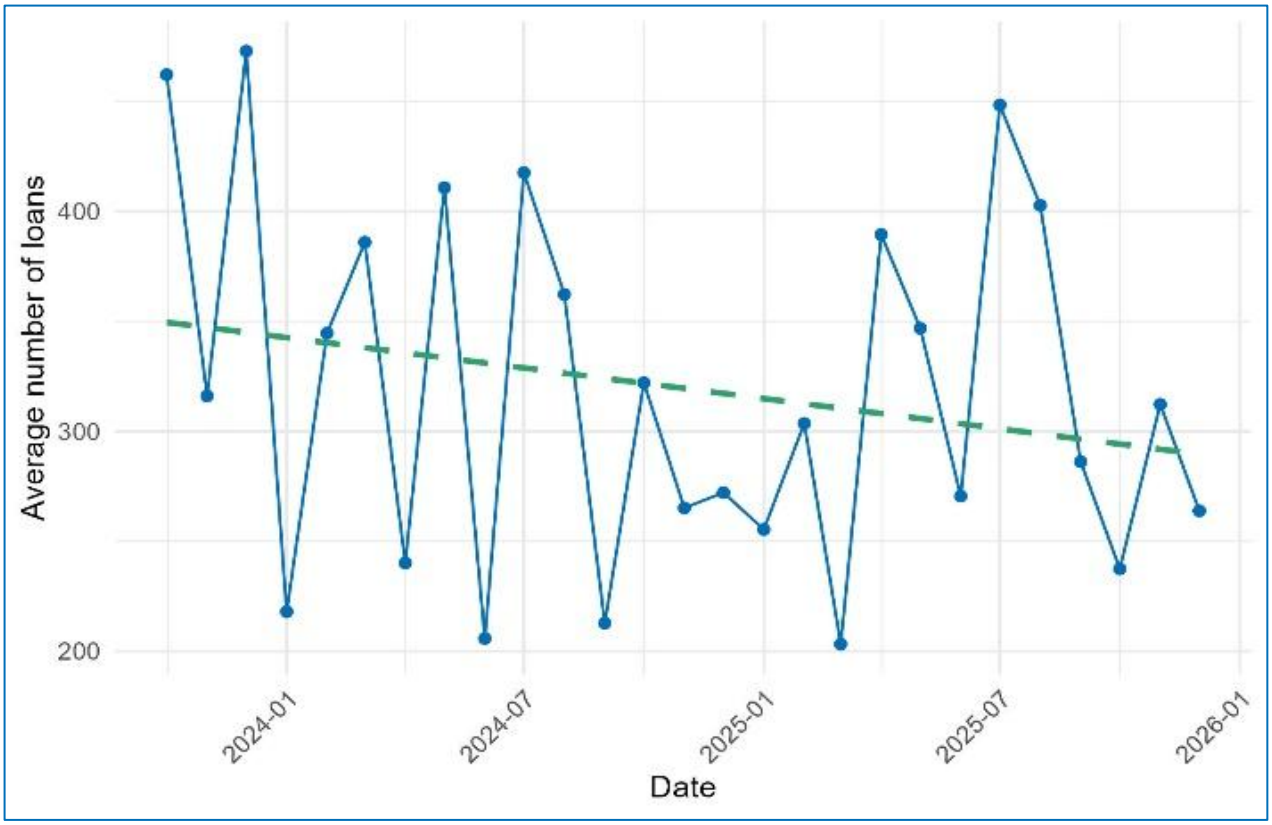


Figure D: Average value of new loans to customers who are lone parents with dependent children

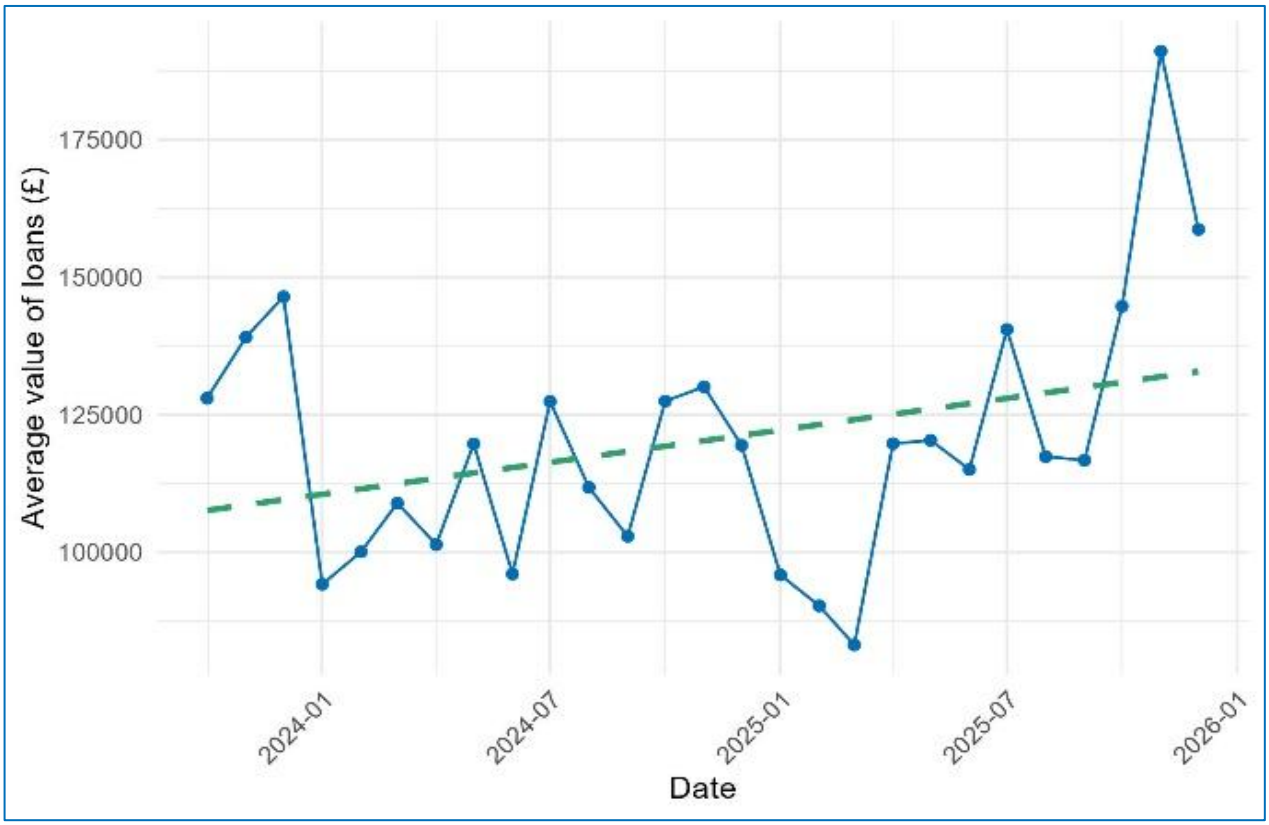


Figure E: Average number of new loans to customers who are social housing tenants

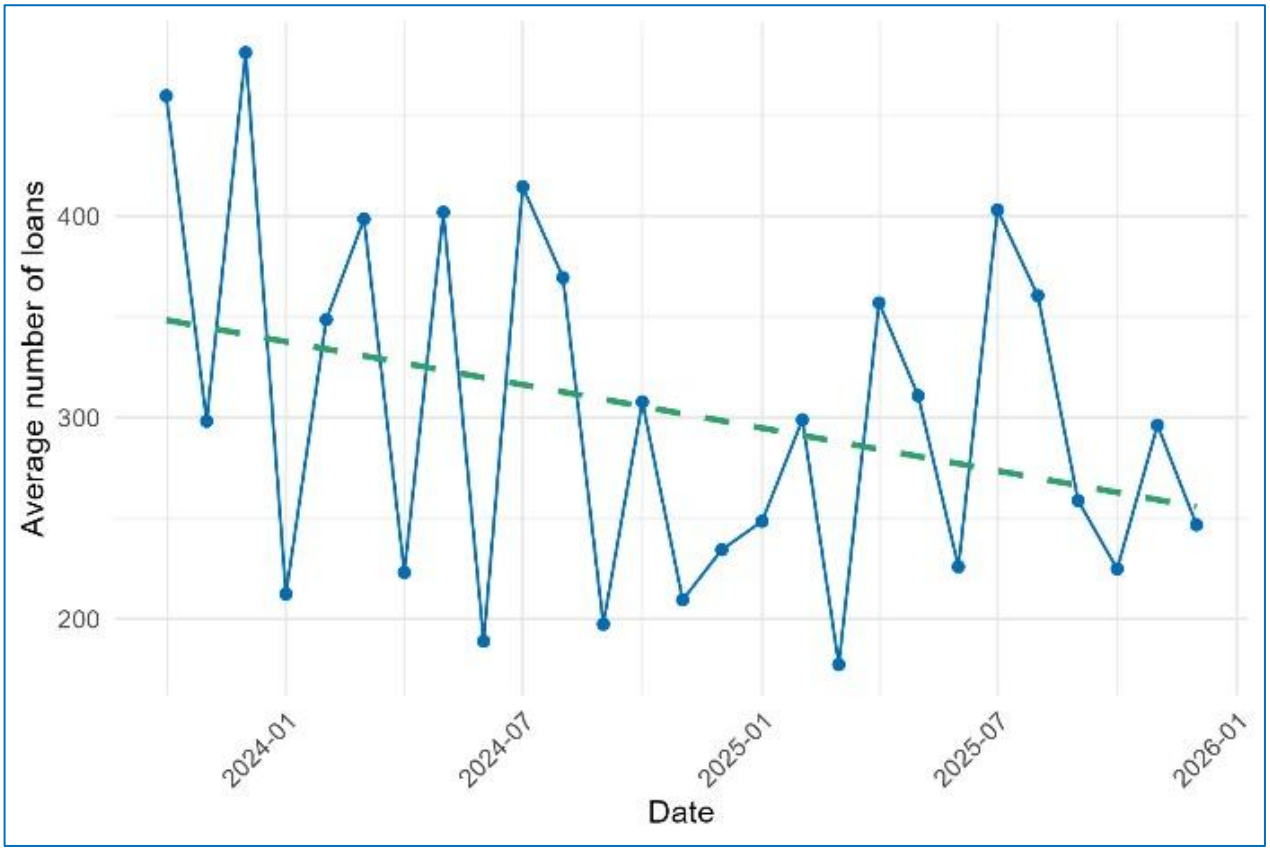


Figure F: Average value of new loans to customers who are social housing tenants

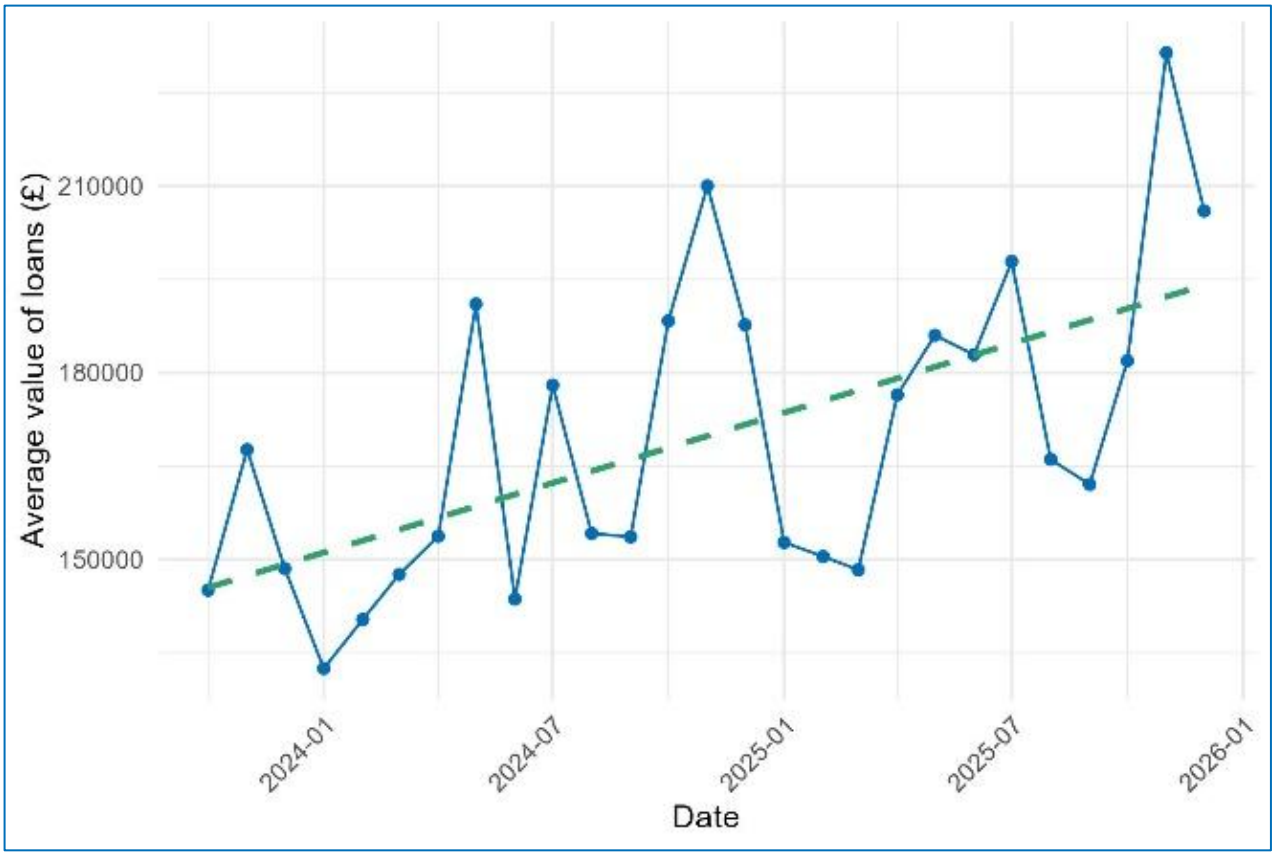


Figure G: Average number of new loans to customers who are in the 40th or lower income percentile (i.e. earning equal to or less than £31,700)

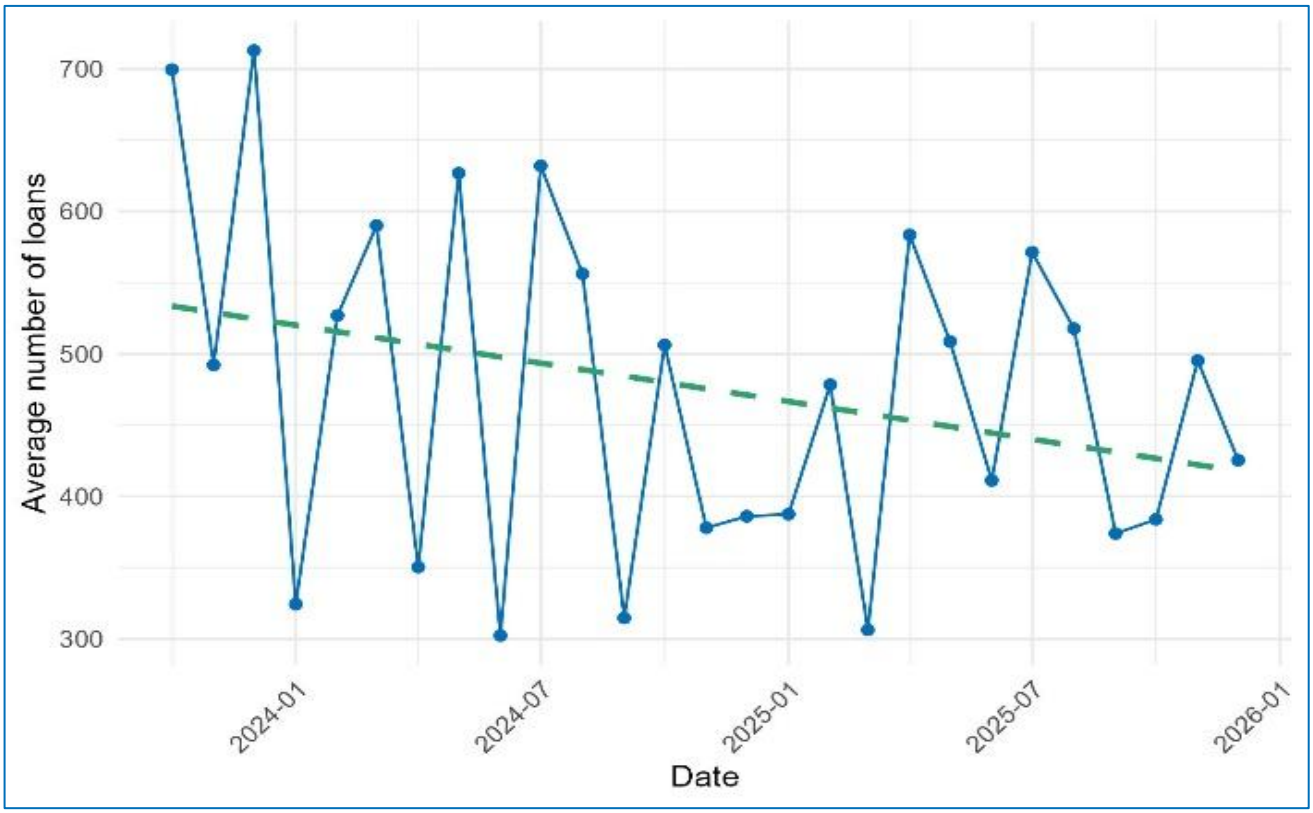
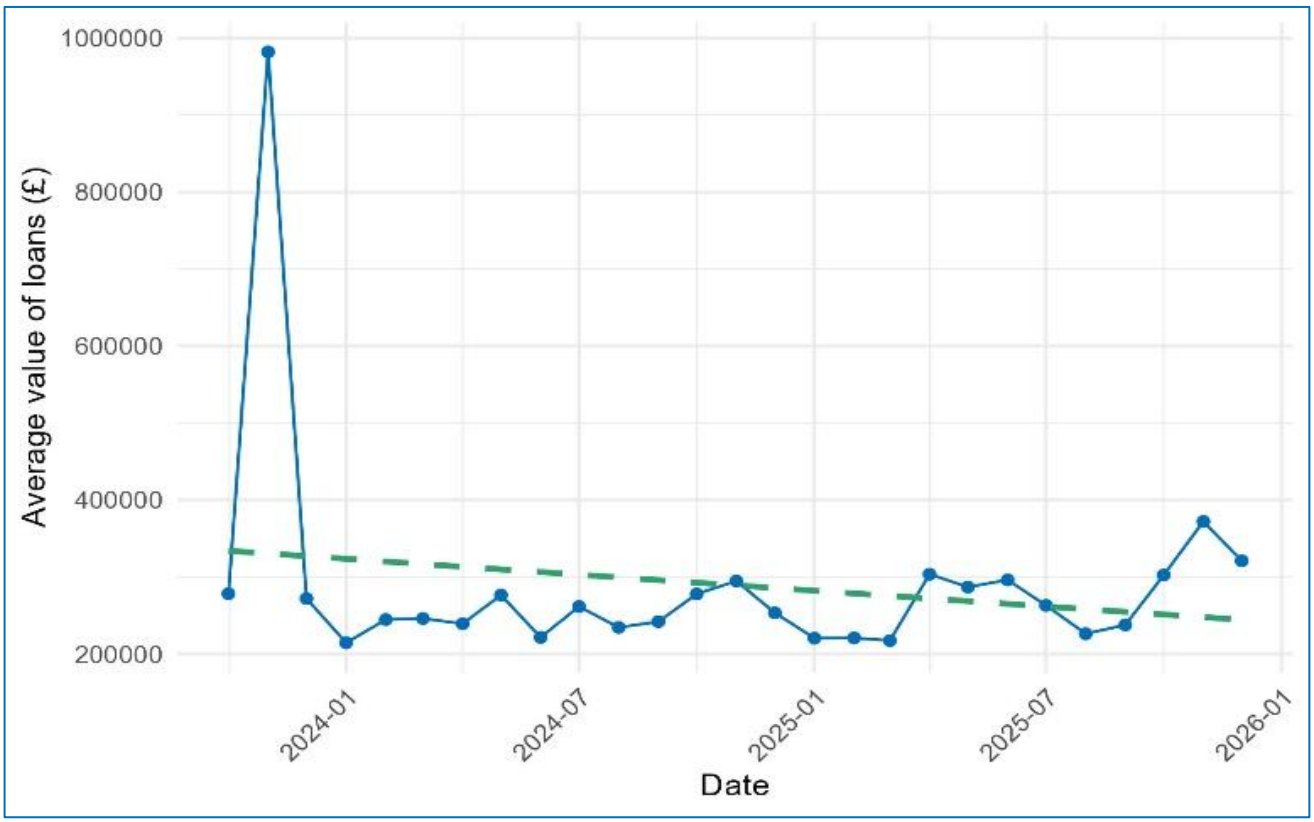



Figure H: Average value of new loans to customers who are in the 40th or lower income percentile (i.e. earning equal to or less than £31,700)