Community Finance Resilience Fund

Supporting community finance providers through the cost of living crisis

May 2026

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Executive summary

As the cost of living crisis developed, it became clear people in financially vulnerable circumstances and the community finance providers that serve them would need extra support.

Moving quickly

Recognising this, we quickly secured additional dormant assets funding to establish the Community Finance Resilience Fund, following an extensive sector consultation and co-design process led by New Philanthropy Capital (NPC).

The fund was designed with two clear aims:

- To enhance the resilience of the community finance sector
- To preserve and scale the provision of affordable credit for people whose financial challenges were intensified by the cost of living crisis

How the Fund performed

The Fund **deployed £6.2m** in grants and social investment, **supporting 47** credit unions and CDFIs across England.

An independent impact and process evaluation from Ecorys has found that the Fund:

- **Enhanced the resilience of the community finance sector** by supporting organisations to respond effectively to immediate financial pressures during the cost of living crisis, while also laying stronger foundations for long-term sustainability and continued service delivery
- **Preserved the provision of affordable credit** with the monthly average number of new loans issued maintained across the two-year period monitored, with **early but limited evidence of increased affordable credit provision** during the funded period

The evaluation also highlighted things we could have done differently, giving us valuable insight for our future work and programmes.

Supporting community finance

The community finance sector – credit unions and community development finance institutions (CDFIs) – has real expertise in serving people responsibly and ethically.

We're committed to helping the sector grow and reach more customers, through long term systems change in line with our mission to make the financial services sector fairer for everyone, and through targeted support during moments of acute need.

£6.2m deployed to 47 credit unions and CDFIs

Introduction

Established in 2019, Fair4All Finance has a bold mission: to address financial exclusion by increasing the financial resilience and wellbeing of people in financially vulnerable circumstances, and by expanding the availability of fair and accessible financial products and services.

Since its inception, Fair4All Finance has demonstrated how dormant assets can be mobilised responsibly and at pace to deliver tangible impact.

The scale of the challenge we are addressing is substantial. Our 2022 segmentation model identified 17.5 million people in financially vulnerable circumstances but by July 2024 the cost of living crisis had pushed this number sharply higher, **to 20.3 million people**.

In such turbulent conditions, **organisational resilience is not a 'nice to have': it is essential**, determining whether critical services can withstand shocks and continue to operate when demand is highest.

While Fair4All Finance holds a long-term systems-change mandate, we have also shown strategic agility and leadership by flexing our approach at moments of acute need.

In 2020 this took the form of the Covid-19 Resilience Fund, and, from 2024 to 2026 the Community Finance Resilience Fund.

Both funds focused on the community finance sector - credit unions and community development finance institutions (CDFIs) - organisations that are committed to **serving some of the most underserved consumers**.

We know that these organisations operate with tight margins and limited economies of scale and that as macroeconomic conditions deteriorated, they faced significant financial pressures.

Without timely intervention, there was a real risk that lending, particularly to customers in financially vulnerable circumstances, would be reduced or, at worst, disappear altogether.

Against this backdrop, we were proactive in securing additional Dormant Assets and establishing the Community Finance Resilience Fund.

The Fund has since deployed **£6.2 million** in grants and social investment, supporting **47 credit unions and CDFIs** across England.

This short report summarises the key findings from Ecorys' independent impact and process evaluation of the Fund, evidencing the Fund's impact in **safeguarding essential provision while strengthening the foundations for longer-term systems change**.

The Fund's impact

The Fund's impact on the preservation of Affordable Credit provision

The evaluation found that the provision of affordable credit was 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.

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.

> **'The Fund has been critical for us at a critical period, helping us get through'**
>
> Credit union recipient

The Fund's impact on the scaling of Affordable Credit provision

The evaluation found **early but limited evidence of increased affordable credit provision** during the funded period.

At the time of reporting, **the effect of the Fund on expanding affordable credit was not yet fully clear**, reflecting the fact that many Expression of Interest (EOI) funded projects were still at an early stage of delivery. Further evidence of increased access to affordable credit is therefore expected to emerge over time through ongoing monitoring.

That said, the evaluation identified an **upward trend in total loan book value** during the funded period, driven primarily by higher-value lending, suggesting that organisations were lending more overall.

Lending to people in financially vulnerable circumstances also increased, both in terms of value and volume.

This growth was supported by **strengthened organisational resilience**, including improvements to underwriting methodologies and the adoption of technology to assess affordability more robustly.

These findings are consistent with learnings from Fair4All Finance's Scale-Up portfolio, where increases in lending have been observed but not at the scale required to meet unmet demand.

Together, this evidence underlines the case for Fair4All Finance to **continue developing targeted interventions focused explicitly on enabling sustainable scale**.

Importantly, delivery of the Fund provided critical insights into the underlying business models of community finance organisations.

This learning has directly shaped subsequent work we are now commissioning including the Credit Union Transformation Fund, recognising that **collaboration, consolidation, and technology transformation are essential to enable the wider scaling of affordable credit**. These are important learning points for Fair4All Finance.

Although the Fund did not fully achieve its scaling objective, it did preserve the supply of affordable credit.

The Fund's impact on improving the resilience of the Community Finance sector

The evaluation highlighted that **funding both operational and technology costs was critical to strengthening organisational resilience** across the community finance sector.

Support for essential operational costs helped organisations to **bolster reserves and stabilise their financial position**, while investment in digital transformation work **enabled cost savings and improvements in efficiency**.

Together, these improvements - including greater automation and strengthened governance - **supported organisations to respond effectively to immediate financial pressures** during the cost of living crisis, while also **laying stronger foundations for long-term sustainability and continued service delivery**.

'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

Process evaluation

What we did well

Inclusive, transparent fund design

We designed the Fund through an open, sector-wide co-design process that was welcomed by community finance organisations.

Stakeholders particularly valued the transparency of our approach, the opportunity to shape funding parameters, and our decision not to impose eligibility criteria linked to organisational size, helping ensure broad accessibility.

Alignment of grant funding with sector needs

Grant funding was widely seen as well suited to the immediate needs of the sector during the cost of living crisis, providing flexible support at a time of heightened financial pressure.

Strong relationships and hands-on support

Although the application process was somewhat onerous, applicants consistently praised our responsiveness, accessibility and willingness to provide direct, hands-on support.

Regular communication and relationship-based engagement were seen as strengths throughout delivery.

Clear communication on delivery pressures

Where application volumes affected the pace of funding decisions and disbursement, this was communicated clearly to the sector, helping to manage expectations in a challenging context.

'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

What we could do better

Refining the role of social investment for credit unions

While grant funding met immediate needs, the evaluation suggests that social investment - particularly capital adequacy investments - requires further exploration to ensure it aligns more closely with organisational readiness, confidence and need.

(See our recent article on scaling affordable credit here).

Streamlining application processes

The evaluation found that application processes were experienced as time-consuming, with repeated information requests.

Making key information requirements and assessment criteria clearer upfront and ensuring information requests are tightly aligned to these criteria could reduce burden and improve efficiency.

Improving speed of disbursement

Although recipients generally deployed funding quickly once received, the speed of disbursement was perceived by some organisations to be slow.

Alongside streamlined applications, increasing programme management capacity to anticipate and manage bottlenecks could support faster delivery in future funds.

Providing earlier clarity on monitoring requirements

Earlier visibility of monitoring expectations - particularly data categories and reporting periods - would help organisations prepare and ensure relevant data is captured from the outset.

Strengthening learning from innovative projects

Future programmes could benefit from enhanced monitoring and learning around more experimental funding types, such as the EOI-funded projects.

This may include light-touch ongoing returns, regular relational check-ins, and targeted follow-up evaluation to capture longer-term impact.

'The evaluation highlights things we did and what we could have done differently, giving us valuable insight for our future work and programmes.'

Fair4All Finance

Final reflections and next steps

We continue to be inspired by the organisations we work alongside, and we know that achieving lasting systems change is only possible through collaboration of this kind.

Looking ahead, the insights captured in this evaluation will directly inform how we design and deliver future programmes, most notably the Credit Union Transformation Fund.

We would like to thank the **community finance organisations** supported through the Fund, who have been a joy to work with throughout delivery and who engaged so openly and meaningfully with the Fund throughout – from the initial consultation all the way through to the monitoring and evaluation processes.

Their commitment, insight and continued focus on providing excellent services to their customers sit at the heart of the Fund's impact.

We are also grateful to our delivery partners **New Philanthropy Capital (NPC)** and **Sagana** who worked so effectively in enabling us to establish and deliver this fund at pace.

We'd also like to thank our evaluation partners **Ecorys**, whose work throughout has been thorough, robust and flexible, ensuring both strong delivery and high-quality learning.

We would like to thank the community finance organisations supported through the fund, our delivery partners New Philanthropy Capital and Sagana, and Ecorys, our evaluation partners.