

ASSESSMENT CATEGORY - Strengthening the Third Sector

**Community Development Finance Association
(CDFA)**

Adv: Tim Wilson

Amount requested: £133,380

**Base: Camden
Benefit: Several London
boroughs**

Amount recommended: £133,400

Purpose of grant request: To develop affordable credit facilities for deprived communities, voluntary and community organisations across London.

Background

The Community Development Finance Association (CDFA) is the infrastructure organisation for a national network of community development finance institutions (CDFIs). The CDFI sector works to provide finance to disadvantaged and underserved communities, investing in small businesses and individuals who would otherwise struggle to obtain credit from mainstream providers and whose alternative would therefore be high-cost lenders. In 2013 CDFIs lent £123m to 50,700 customers, from which CDFA estimate that 8,400 new businesses and 33,900 new jobs were created, and 531 people were able to stay in their own homes.

CDFA provides support, funding and networking services to CDFIs, and works to raise their profile with government and prospective investors. Established over ten years ago, the CDFA supports a growing network of community finance providers. Affordable credit is an issue of growing interest from a range of agencies including government, the Church of England, and the mainstream banking sector.

Funding History

None.

Current Application

Despite high community demand, there are currently only five CDFIs serving London. Consequently their coverage is patchy, and whilst the far eastern and far southern boroughs are relatively well-served, communities in deprived areas elsewhere in the capital do not enjoy good access to CDFI services.

CDFA's application is to help London's CDFIs expand their reach and consolidate. This will involve helping organisations connect with each other and identify opportunities for collaboration and efficiency savings. Each CDFI currently operates in a sufficiently different way to its peers, and with limited staff capacity, to require the input of a strong infrastructure organisation who can lead integration work.

CDFA will develop three pilots in North, East and South London. Each pilot will involve a CDFI working with a range of local partners. These are likely to include debt advice agencies, housing associations, voluntary organisations, legal firms and community accountants. The partnerships will map needs and existing provision before developing plans to provide improved community finance services in the area.

Each partnership will raise at least 50% of the capital it needs to deliver its work, matching the contribution sought from your grant funding. Once established, the partnerships will then be in a position to provide affordable credit to a wide-range of voluntary and community organisations and the deprived communities they serve. CDFA anticipate that it will be possible for each partnership to recycle the credit it delivers four times over, and to create 165 jobs and new enterprises in its locality.

Financial Observations

Audited accounts for the year ended 31 December 2012 show a deficit of £58,658 (9.1% of turnover), entirely on unrestricted funds.

The organisation states that its reserves policy is to hold free unrestricted reserves equivalent to 3 months' worth of core operating costs. At 31 December 2012 the organisation held £265,486 in free unrestricted reserves, which is equivalent to 5 months' worth of 2014 budgeted total expenditure.

The draft outturn for the year ended 31 December 2013 shows a small surplus of £1,292 (0.2% of turnover) which is entirely on unrestricted funds.

The budget for the current year to 31 December 2014 anticipates a further surplus of £27,132 (4.1% of turnover), also entirely on unrestricted funds. Total income is predicted to be £669,332, of which £301,701 (45%) has been confirmed as at 19 February 2014.

Officer's Appraisal

CDFA is a well-regarded infrastructure organisation working in a field that has attracted significant media attention. At a time when confidence is returning to the UK economy, many small businesses (including social enterprises) and low income households continue to find it difficult to access affordable credit. High-interest, such as that offered by payday lenders is often the alternative, a situation that has been sharply criticised by many, including the Archbishop of Canterbury.

You currently support the Institute of Public Policy Research to investigate the impact of high-credit costs of London's deprived communities, and you have also indicated a desire to support community finance through your Investing in Londoners programmes. CDFA's pilots will help expand community finance provision to deprived and underserved parts of London, would complement your existing interest in this topic and yield valuable learning in support of your future work.

CDFA propose to deliver an ambitious programme in only two years. The level of funding sought is commensurate with grants you have made previously for infrastructure activities at this level and with good project management there is no reason why CDFA would be unable to deliver the three pilots in 24 months.

Recommendation

£133,400 over two years (£44,440; £89,000) towards the delivery of three community finance partnership pilots in North, East and South London, on the condition that the balance of funding is raised from other sources.



The City Bridge Trust

Charity Registration Number: 1035628

Working with Londoners: Application for a grant

Please read the guidance notes before completing this form

Reference:
(office use only)

11936

Date Received:

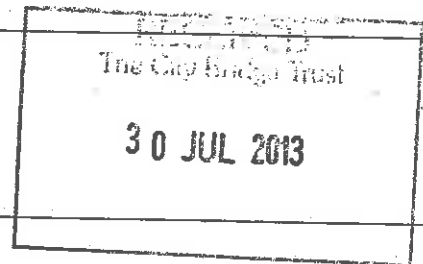
03/07/2013

Programme
Area:

07

1. About your organisation

Name of organisation applying for grant: COMMUNITY DEVELOPMENT FINANCE ASSOCIATION (CDFA)	
If the organisation is part of a larger organisation, what is its name?	
Address for correspondence: Room 101, Hatton Square Business Centre 16 Baldwin Gardens London	
Postcode: EC1N 7RJ Is this your home address? Yes	
Contact person: Mr Ben Hughes	Position: Chief Executive Officer
Phone: 02074300222	Fax:
E-mail: b.hughes@cdfa.org.uk	
Website: http://www.cdfa.org.uk/	
Legal status of organisation: Company Limited by Guarantee	
If registered, please give charity number:	
Date organisation established: 07/05/2001	



2. Request for funds

Under which of the Trust's themes are you applying (see our website or brochure for further details)? Strengthening the Third Sector
Purpose for which funds are requested: (25 words maximum) To create an integrated, enterprise support infrastructure, to strengthen the capability of London's VCS so it can fully benefit from significant new investment programmes
How much funding is requested? Year 1: £44,430 Year 2: £88,950 Year 3: £0 Total: £133,380

3. Aims of your organisation

The CDFA wants to enhance the quality, scale and effectiveness of the community finance sector. It aims to achieve this by:

- Implementing common performance standards as the basis for accreditation across all CDFIs through the development of the Change Matters 2 performance framework
- Developing impact measurement for CDFIs as industry benchmarks
- Ensuring comprehensive access to finance for under-served communities, across all four UK nations
- Empowering members to broaden their horizons in driving social change
- Pioneering partnerships with key stakeholders to place community finance at the heart of government's fiscal and social policy
- Creating innovative financial models that accommodate CDFI investment readiness support role alongside their loan portfolios

4. Main activities of your organisation

1. Strengthening the Community Finance Sector, by:

- offering a suite of member support services
- Events, seminars and conferences
- Training schemes
- Networking and peer review activities
- rolling out CM2, a bespoke cdfi performance management system
- developing systems to ensure efficient back office support, and new developments such as the bank-cdfi referral scheme

2. Being a credible and recognisable voice for the sector, through:

- Policy briefings
- responding to government consultations
- developing policy ideas and promoting these with key influencers
- targeting the media with suitable news stories, and implementing a comms strategy intended to grow awareness and understanding of the sector.

3. Drive growth through attracting new resources, and innovating new products, by:

- establishing wholesale funds, for distribution across all cdfis
- leveraging investment from new sectors and bodies, including international banks, European funds and UK finance institutions
- ensuring suitable grant support is available as a subsidy to high risk investment
- designing and ensuring implementation of guarantee schemes tailored to the cdfi sector

5. Number of staff

Full-time	Part-time	Management committee members	Active volunteers
8	1	13	0

6. How do you support your volunteers?

CDFA actively encourages post graduate interns, to develop policy and research initiatives, through FE and HE institutions. We offer a quality learning opportunity for the right people. We provide training and development opportunities, cover full expenses and ensure proper line management support and supervision.

7. Property occupied by your organisation

Is the main property owned or leased/rented by your organisation?	If leased/rented, how long is the outstanding lease/rental agreement?
Leased	3 month rolling arrangement

8. Finance

From your most recent audited or independently examined accounts, complete the following:

Financial year ended - **Month: December**

Year: 2012

Income received from:	£
Voluntary income	422,008
Activities for generating funds	192,057
Investment income	7,691
Income from charitable activities	0
Other sources	0
Total Income	621,756

Expenditure:	£
Charitable activities	0
Governance costs	10,592
Cost of generating funds	673,111
Other	0
Total Expenditure:	683,703
(Deficit)/surplus for the year:	(61,947)

Asset position at year end:	£
Fixed assets	13,121
Investments	0
Net current assets (liabilities)	263,712
Long-term liabilities	0
*Total A:	276,833

Reserves at year end:	£
Endowment funds	0
Restricted funds	0
Unrestricted funds	276,833
*Total B:	276,833

* Total A and Total B must be the same and should be taken from your balance sheet

9. Statutory funding

For the financial year above, what % of your income was from statutory sources?
10%

10. Material changes

Describe any material changes to the organisation's activities, structure or financial position since the date of the most recent accounts:

11. Previous applications to the Trust

Have you applied to the Trust before? If so, please give details:			
Month/Year:	Ref:	Grant received:	OR application rejected?
Month/Year:	Ref:	Grant received:	OR application rejected?
Month/Year:	Ref:	Grant received:	OR application rejected?

12. Previous funding received

Funding received by your organisation from the following sources during the last THREE years: (i) City of London (other than the City Bridge Trust) (ii) London boroughs (iii) London Councils (formerly ALG) (iv) Health authorities (v) Central government departments (vi) Other statutory bodies (e.g. Housing Corporation, Arts Council) - List source, years and annual amounts:				
		Year: 2010	Year: 2011	Year: 2012
(i)				
(ii)				
(iii)				
(iv)				
(v)	Department of Business Innovation & Skills (BIS)	385,237	98,480	0
	Department of Work & Pensions (DWP)	100,000	25,000	0
(vi)				

13. Previous grants received

Grants received by your organisation from charitable trusts and foundations (other than the City Bridge Trust) during the last TWO years. List source, years and annual amounts:		
	Year: 2011	Year: 2012
Friends Provident	4,959	
Lankelly Chase		19,500

14. What steps is your organisation taking to reduce its carbon footprint?

CDFA is working towards being a paper free office, and has implemented an automatic scanning policy. We also have a commitment to using new technologies to facilitate virtual meetings, so negating the need for unnecessary travel. CDFA's staff expenses policy automatically prioritises train travel, with car mileage only being covered when there is evidently no realistic alternative. Likewise, any foreign travel is strictly monitored and is only sanctioned if deemed to be of priority importance for the organisation.

cdfis themselves are increasingly active in directly funding renewable s as part of their social and community enterprise portfolio; CDFA is committed to creating wholesale funds that can enhance funding of this important and emerging market. They are also active in funding development of community buildings - often with an explicitly emphasis on reducing environmental impact

15. Purpose

Complete this section whatever the amount of grant requested. **In addition**, if the request is for £25,000 or more in total, a fuller proposal should be sent with this form. Also, if your application is for all or part of new or existing post(s), please enclose a copy of the relevant job description(s) including the salary level.

In order to provide the right information, please refer to guidance note 15 before completing this section.

London's VCS is undergoing a rapid transition in its funding base, from reliance on grants and charitable support, to one that is enterprise focused and able to generate funds through trading services, procuring large scale public contracts and maximising the potential of assets.

Combined with the Localism Act, and emphasis on community rights and neighbourhood budgeting, this requires the VCS to work in different ways; to up-scale through consortia; to maximise income generating potential of assets; to re-profile service offers, to ensure market awareness, and to have sufficient cash reserves to operate payment by results contracts.

Such a change requires new skills, competencies and resources, yet the very support and partnership building capacity necessary are declining, leaving the sector fragmented and vulnerable. The Community Finance Partnership (CFP) blends the provision of financial services, community asset development and social innovation - essential to this change process, and so to better meeting the needs of London's diverse populations.

This proposal covers costs of developing 3 CFPs - North, East and South. They will integrate provision of enterprise support, availability of finance and community development as a means of strengthening the VCS, by:

- Converting latent community need into tangible demand for community finance
- Boosting the supply of new capital
- Generating a new generation of community enterprise.
- Building VCS skills, knowledge and confidence, to ensure inclusion of less obviously sustainable organisations
- Creating collaborative advantage through new partnerships, that place public/private and community organisations on an equal footing

The engagement of all community members with key community economic institutions will be central to each CFP. This makes it possible to integrate the social, cultural and environmental concerns of communities' and the VCS organisations that serve them, into their revenue generating aspirations.

Financing: On the supply side, each partnership will pioneer new approaches to blend traditional capital forms (bank/government backed finance) with emerging models of crowd funding.

Each CFP will have available a £50k, self-financed fund that will be released when a match £50k has been raised through the community. The fund will offer blended investments, from small grants through patient capital to small commercially oriented loans.

Operating as a hub for local enterprises that are directly building the social economy, CFPs are a delivery mechanism for various emerging initiatives including GLA's £25m social enterprise fund, the £1bn Business Bank (explicitly targeting hyper-local community enterprises), post 2014 European Structural funds and BIG's Enterprising Communities fund. All offer a significant new resource to London's VCS, but need a rapid growth in enterprise capability if the sector is to realize this potential.

Programme structure

CFPs re-configure existing organisations into an integrated finance partnership. Representation will be drawn from CDFIs, CU's, Settlements, Development Trusts, housing associations, debt advice agencies, community foundations, local trusts, corporate bodies, law and accountancy firms, along with local authorities. By pooling the expertise of these organisations, the partnership will be a hub for innovation in community enterprise alongside providing much needed match investment. Each CFP will have a lead agency who will appoint Community Catalysts, to:

1. Build relationships across agencies serving the area
2. Facilitate needs analysis
3. Work with relevant organisations to develop ways to meet those needs
4. Work with these organisations to promote the solutions in the neighbourhood
5. Identify potential sources of finance within the neighbourhood and beyond
6. Work with relevant organisations to raise finance

The lead agency will be accountable to the CFP and will be supported by CDFAs regional coordination role, able to oversee initial formation, programme design and coordination, monitoring and impact assessment, and to report back to City Bridge Trust.

16. Explain how you will monitor and evaluate both your own outcomes and those of the programme under which you are applying.

Each partner will be required to evidence a strong commitment to developing and scaling the approach; the longer term aspirations will focus on stimulating community enterprise as a corner stone to resourcing the VCS - and to developing effective and sustainable VCS support infrastructure. CFPs will need to lever matched investment from a range of sources, through corporate social responsibility streams as well as commercially driven investors.

It will be essential, therefore, to develop an evaluation and learning strand which captures real-time learning (the successes and struggles of establishing a CFP) and empirical research (the outcomes/outputs of the approach, including social and economic benefits) of the proposed activity. Independent 'real time' evaluation of each CFP will be undertaken.

To ensure sufficient reach into different communities and localities, the pilots will run simultaneously, from October 2013 - October 2014

17. Beneficiaries

In line with our anti-fraud policies, we may, in exceptional circumstances, require you to provide contact details of your beneficiaries (see Guidance Notes).

How many people will benefit from the grant per year?

c1.2m

What age group will benefit? **Adult, over 16 years, over 60**

In which local authority is your organisation based?

Camden

Which borough(s) of Greater London will benefit from this grant?

(if more than one, please give % for each)

Islington, Haringey, Enfield, Waltham Forest, Hackney, Tower Hamlets, Newham, Redbridge, Barking and Dagenham, Southwark, Greenwich, Lewisham, Wandsworth, Merton and Bromley

At what address will the activity be located?

the three CFP lead agencies will be based in: Tower Hamlets, Southwark and Enfield

What will the ethnic grouping(s) of the beneficiaries be?

	%		%
White - British	40	Black - Caribbean	15
White - Irish	5	Black - African	12
White - Other (please describe)		Black - Other (please describe)	
Asian - Indian	13	Black - British	7
Asian - Pakistani	8	Chinese	
Asian - Bangladeshi			
Asian - Other (please describe)		Other (please describe)	
Open to everyone			100

What proportion of the beneficiaries will be disabled people?

20%

18. Funding required for the project

What is the total cost of the proposed activity/project?
(List main expenditure headings and amounts)

Expenditure heading	Year 1 £	Year 2 £	Year 3 £	Total £
Community catalyst role (15,000 per pilot x 3)	15,000	30,000		45,000
area specific on-costs (meetings, travel, community exp'ns x 3)	5,000	10,000		15,000
Lead agency (local project management, secretariat)	10,000	20,000		30,000
CDFA programme coordination	8,330	16,600		24,930
Monitoring & real time evaluation	6,100	12,350		18,450
community fund	100,000	200,000		300,000
TOTAL	144,430	288,950		433,380

What income has already been raised? (List amounts and main sources)

Source	Year 1 £	Year 2 £	Year 3 £	Total £
CDFI contribution	50,000	100,000		150,000
community crowd funded match	50,000	100,000		150,000
TOTAL	100,000	200,000		300,000

What other funders are currently considering the proposal?

Funder	£
Discussions underway with DCLG, to align with Neighbourhood Community Budget pilots	
TOTAL	

19. Funding requested from the Trust

How much is requested from the Trust? (List main expenditure headings and amounts)

Expenditure heading	Year 1 £	Year 2 £	Year 3 £	Total £
Community catalyst role (15,000 per pilot x 3)	15,000	30,000		45,000
area specific on-costs (meetings, travel, community exp'ns x 3)	5,000	10,000		15,000
Lead agency (local project management, secretariat)	10,000	20,000		30,000
CDFA programme coordination	8,330	16,600		24,930
Monitoring & real time evaluation	6,100	12,350		18,450
TOTAL	44,430	88,950		133,380

20. Funding requested from the Trust (continued)

When will the funding be required?

01/11/2013

Is the activity to continue beyond the period for which funding is requested?

If so, how will it be resourced?

CFPs are ultimately self-sustaining, both as a vehicle to resource the VCS, and in their ability to generate the funds necessary for admin and management costs. This will be covered through fees and % charged on the capital they manage - and through their ability to attract matching resources from a wide range of investors

If any planning or other statutory consents are required for the project to proceed, what stage have the applications reached?

None required

21. Referee

Please provide us with the contact details of a current or recent funder of your organisation who is willing to act as a referee.

Referee

Name: Brian Whittaker

Organisation: Lankelly Chase Foundation

Address:

LankellyChase Foundation
Greenworks
Dog and Duck Yard
Princeton Street
London WC1R 4BH

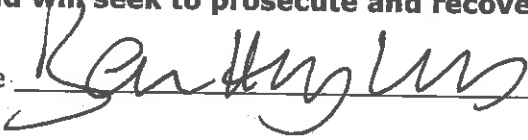
Tel: 020 3747 9930

E-mail: Brian@lankellychase.org.uk

Declaration on behalf of applicant organisation

I, BEN HUGHES (your name)
am an authorised representative of
CDFA (your organisation)
within which I am CEO (your position)

To the best of my knowledge, all the information that I have provided in this application form is correct. I fully understand that the City Bridge Trust has zero tolerance towards fraud and will seek to prosecute and recover funds in every instance.

Signature  Date July 29th '13

How your information will be used by the Trust

City Bridge Trust (which is administered as part of the Bridge House Estates by the City of London Corporation) processes personal data in compliance with the Data Protection Act 1998. The Trust obtains and uses information, including personal data, as part of the process of assessing grant applications and monitoring the use of grants. The information you provide on the application form may be made public as part of the assessment of this application. In addition, the Trust may share this information with third parties, including other funders, its external consultants and external auditors, police and regulatory bodies for the purpose of determining, preventing or detecting crime; or ensuring that no organisation is receiving duplicate funding; or the validation of contracts; or where this is otherwise required by law.

By signing and submitting your application form you give your explicit consent for us to use data relating to your application as set out above.

Our contact details for enquiries about how we process your information are:

The City Bridge Trust, City of London, PO Box 270, Guildhall, London EC2P 2EJ. Telephone: 020 7332 3710

Concerns over fraud and corruption

Should you, at any time, have concerns of fraud and corruption within your organisation relating to the grant, then please raise your concerns with us using our Whistle Blowing facilities. You may use our Audit team's 24 hour answer phone number, 020 7332 3663, to report the details or email raiseyourconcern@cityoflondon.gov.uk

Return the completed form to: The City Bridge Trust

City of London
PO Box 270
Guildhall
London EC2P 2EJ

Please

- do not send this application by fax or e-mail – unless applying online, applications must be posted to the Trust
- do send the information in the checklist – if items are missing, your application will be returned to you
- do send only the information in the checklist – if further information is required, we will contact you
- do ensure you have signed and dated this form – we cannot accept forms which have not been signed and dated
- do use the correct postage – the completed form and additional materials are likely to exceed 100g in weight