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The accreditation journey: CDFI, CITR, GGS and CEF

COMMUNITY FINANCE TOOLKIT · BRIEFING #6

This note is a horizon-scanning tool for community lenders. It identifies how a CDFI may evolve to become eligible for loans under the British Business Bank's Growth Guarantee Scheme (GGS), and to receive Community ENABLE Funding (CEF). It presents this as a gateway analysis, because the journey is paced by time, by lending volume, and by the discretion the British Business Bank applies to its own published criteria.

A plain-English summary of public material, sourced with full links at the foot of this note. It is not tax, legal or financial advice, and not a substitute for the primary documents.

The population, and the scale

To put the journey in proportion, this is how many community lenders currently hold each status, and the money involved. The counts are the CDFI population recorded in Briefing #1. The three figures measure different things and should not be added together.

Community lenders by accreditation status, with the scale of each. Counts from Briefing #1; figures as dated.

Status	CDFIs	Scale, and what it measures
CITR-accredited	**25**	£180.7m of investment raised over eight years to 2023/24, per HMRC: the private-investor route
GGS-accredited	**19**	£181.7m of GGS lending drawn as at 31 March 2026, per BBB quarterly performance data
CEF counterparties	**8**	About £120m allocated across seven CDFIs, plus a £3.5m pilot allocation to Social Investment Scotland announced in July 2026

The numbers narrow at the stages that matter most: 25 CDFIs can offer CITR to investors, 19 are accredited to lend under GGS, and only 8 have so far reached CEF. Each step down is a smaller group, and the rest of this note explains why.

Accreditation: introduction

There are two independent accreditations here, run by two different bodies, and Community ENABLE Funding (CEF) sits where they meet.

The **Department for Business, Innovation, Science and Trade (DBIST)** accredits a body **as a CDFI**. (DBIST was formed in July 2026, when the former Department for Business and Trade merged with the Department for Science, Innovation and Technology; it is the sponsor department of the British Business Bank.) That accreditation is what unlocks Community Investment Tax Relief (CITR) for the lender's own investors. In practice, "being a recognised CDFI" and "being a CITR counterparty for investors" are not two separate steps: they are the same DBIST accreditation. Membership of Responsible Finance is voluntary and is not part of this, so it is not a gate.

The **British Business Bank (BBB)** runs the two schemes this note is mainly about, and they do different things. The **Growth Guarantee Scheme (GGS)** is a loan guarantee: when a CDFI, or any other accredited lender, makes a business loan, GGS attaches a 70% government-backed guarantee to that individual loan, so the lender is partly insured if the borrower defaults. **Community ENABLE Funding (CEF)** is wholesale funding: rather than guaranteeing new loans, BBB provides funding to a lender that already has a book of loans it has issued, by buying those loan receivables for cash.

Put together, the two schemes form a cycle. The lender originates loans; the GGS guarantee insures each loan against default; the loan book is then purchased under CEF; and the cash that releases becomes wholesale funding the lender can use to make more loans. BBB has stated an ambition to bring private capital into CEF in time, as a secondary investor in these loan books.

CEF is downstream of both accreditations. To join it, a lender must be GGS-accredited (or applying), must be a CDFI or a not-for-profit lender, and its loans must qualify as CITR relevant investments. So the CEF gate is where the DBIST track and the BBB track have to line up at the same time. Separately, a lender can hold GGS accreditation without CITR, or CITR accreditation without GGS.

Summary of gates A, B and C for CDFIs.

Gate	What it is	Who controls it	What it gives the lender	Depends on
A	**Accredited CDFI (unlocks CITR)**	DBIST accredits; HMRC administers the relief	Its investors can claim CITR; it can issue CITR tax certificates	Nothing else in this note
B	**GGS lender**	British Business Bank	A 70% government guarantee on eligible SME loans	Nothing else in this note
C	**CEF counterparty**	British Business Bank, through BBFSL	Its loan receivables bought for cash, to re-lend	GGS accreditation, CDFI or not-for-profit status, and CITR-qualifying loans

The journey that a CDFI may follow to join BBB programmes

CITR accreditation is the lightest gate and can be reached early. GGS is the real filter. CEF is not available immediately, because it depends on lending history that only time can produce. A lender scanning the horizon should treat the CITR and GGS tracks as things to run in parallel, and CEF as the point where both have to be true at once.

Gate A: becoming an accredited CDFI, and unlocking CITR

DBIST accredits the organisation as a CDFI under the CITR regulations. The application is a written submission, and DBIST aims to decide within about two months; once accredited, a CDFI is re-accredited each year simply by filing its annual return.

The substance DBIST looks for is about purpose and structure, not scale:

- The organisation is set up to operate for the long term, with an intention to run for at least five years.
- It directs the large majority of its activity, at least 75%, to providing finance, or finance-related services, in disadvantaged communities.
- The finance it provides goes to enterprises that meet the CITR "disadvantage" test and cannot readily get the finance elsewhere.

There is no minimum headcount, no minimum lending volume, and no minimum track record fixed in the rules. CITR lending is capped at the lender level, and lending is expected to flow steadily over time:

- A CDFI's own CITR fundraising is capped at £10m over any three-year period if it is accredited as a retail CDFI, or £20m if wholesale.
- The money raised has to be deployed on a schedule: at least 25% by the first anniversary of accreditation, 50% by the second, and 75% by the third.

Gate B: becoming a GGS lender

GGS accreditation runs through a four-stage process. BBB recommends an informal preliminary discussion before anything is submitted.

1. **Expression of Interest.** A short submission setting out how the applicant meets BBB's criteria.
2. **Formal Proposal.** A detailed submission on the organisation, its strategy, and its intended use of GGS, specific to the lending types sought.
3. **Review and Approval.** Full due diligence on the business model, credit performance, governance, ownership, funding and controls.
4. **Completion.** The standard guarantee agreement is signed, with no amendments permitted, before lending can begin.

BBB offers a streamlined route only to existing BBB delivery partners and to PRA-regulated banks and building societies, so most community lenders go through the full process. A lender must not advertise that it intends to offer GGS, or offer it, until it is formally accredited.

Passing through those stages is not the hard part. The hard part is a set of quantified requirements, several of which are about age, size and capital rather than paperwork:

The GGS requirements that function as real barriers, from BBB's own criteria.

Requirement	What it asks for
Track record	At least three years providing finance of the type sought, 100 or more facilities deployed to date, and currently lending £10m or more a year (£20m or more portfolio for development or bridging finance)
Critical mass in the scheme	At least £1m of new GGS lending during the scheme period, benefiting at least 20 SMEs
Capital structure	No more than 70% of the lending may come from sources under government control (central government, devolved administrations, local authorities, ERDF and legacy public funding); at least 30% must come from private or institutional investors; retail and individual funding is not allowed
Own capital at risk	The lender's own capital genuinely at risk in the guaranteed lending, at a level BBB finds acceptable
Staffing	At least 10 full-time-equivalent staff in lending activities (15 for development finance lenders)
Systems and governance	Robust, established systems for origination, underwriting, documentation, back-office, monitoring, compliance, governance and management-information reporting
Legal structure	The same legal entity that originates the loan must also service it (the lender-of-record model); any other arrangement is reviewed at the applicant's own cost
Fraud and financial crime	Documented policies, screening software, a recoveries model, and membership of a data-sharing bureau unless the lender can justify why it is not appropriate to its size

BBB discretion

BBB says explicitly that where an applicant is a Responsible Finance provider, a regional fund or a social enterprise lender that cannot show the minimum lending value, "a lower minimum value may be considered", and that lower volume requirements may be considered for lenders outside London and the South East.

Public-private mix: the 70:30 ratio

BBB's criteria set a composition rule on the capital behind GGS lending: no more than 70% may come from sources under government control, and at least 30% must come from private or institutional investors, with retail and individual funding not permitted.

Changes to GGS announced by government, 12 July 2026

The borrower-facing parameters of GGS are changing. Following the Chancellor's announcement of 12 July 2026, the turnover eligibility limit is rising from £45m to £54m, and term-loan and asset-finance terms are extending from six years up to ten. BBB has said it is operationalising these changes over the following weeks, and at the time of writing its own pages still show the older figures in places.

Gate C: becoming a CEF counterparty

BBB has published an open invitation on its website for CDFIs to apply for CEF. It states that applicants must already be accredited under GGS, or in the process of applying, and that the programme is open only to UK CDFIs and not-for-profit lenders that lend to SMEs. That rules out banks, asset and specialist finance, challenger banks and fintech lenders. Of the roughly 68 GGS-accredited lenders, only the CDFI and social-lender group, around 18, are in scope.

The process has more steps than GGS and is relationship-led throughout:

1. Expression of Interest, by email.
2. Initial Meeting.
3. A written SME Finance Proposal.
4. A Management Presentation.
5. Selection as an eligible participant.
6. Operational review, negotiation and Award.
7. Approvals, closing and portfolio ramp-up.

Applications are considered first come, first served, but with a stated preference for larger, more developed proposals, so being early does not by itself secure a place.

The requirements are:

The CEF-specific requirements, from BBB's Community ENABLE Funding RFP.

Requirement	What it asks for
Eligibility	A UK CDFI or not-for-profit lender to SMEs; already GGS-accredited or applying
Portfolio size	A preference for proposals of at least £3.5m and 100 or more loans; smaller proposals are accepted only with a credible plan to reach that size in a reasonable time
Portfolio history	Historic SME portfolio-performance data, such as vintage loss and default curves
Ramp-up	Able to originate within one month of closing, and reach the full proposed portfolio within 24 months
CITR-qualifying loans	Every loan placed into CEF must separately qualify as a CITR "relevant investment"

Why CEF is not available immediately

The portfolio-history requirement is a time gate. Vintage loss and default curves cannot be manufactured; they can only be earned by lending for long enough to generate real repayment and default data. This is why CEF sits structurally after a period of GGS lending, independent of any minimum waiting time BBB might apply informally. The evidence itself takes years to exist.

How CEF treats the loan book: an open point

BBB's published invitation requires loans placed into CEF to qualify as CITR "relevant investments". A CDFI's wider loan book, though, can contain both GGS-guaranteed and unguaranteed loans, and it is not clear from the public material how CEF treats those two kinds of book, or how the CITR per-enterprise caps (£250,000 or £375,000, set out in Briefing #2) bear on the loans CEF will purchase. This is a point to confirm directly with BBB rather than assume, and it is one the toolkit's supporting research examines further.

What gates the journey: the requirements and BBB's discretion

Pulling the three gates together, this is the single view a lender can scan to find its binding constraint. In the "BBB discretion" column, "No" means a clearly stated rule in BBB's published criteria; "Yes" means BBB's own guidance allows discretion or a lower threshold. That guidance has been reviewed for this note but cannot be reproduced in full.

Every material requirement, and whether BBB's published criteria allow discretion. Gate A is CDFI/CITR (DBIST); B is GGS (BBB); C is CEF (BBB).

Requirement	Threshold	BBB discretion	Gate
CDFI purpose	At least 75% of activity directed at finance in disadvantaged communities	No	A
CITR fundraising cap	£10m (retail) or £20m (wholesale) per three-year period	No	A
CITR deployment pace	25% / 50% / 75% deployed by accreditation year 1 / 2 / 3	No	A
GGS track record	3 years, 100+ facilities, £10m+ a year	Yes	B
GGS critical mass	£1m+ new GGS lending, 20+ SMEs	Yes	B
Capital structure	Max 70% government-controlled, min 30% private or institutional, no retail	No	B
Own capital at risk	"Meaningful", level at BBB's discretion	No	B
Staffing	10 FTE in lending (15 for development finance)	No	B
Systems and MI	Robust, established, assessed at both BBB gates	No	B, C
Lender of record	Same entity originates and services the loan	No	B
CEF eligibility	UK CDFI or not-for-profit lender only	No	C
CEF portfolio size	£3.5m+ and 100+ loans preferred	Yes	C
CEF portfolio history	Vintage loss and default curves	No	C
CEF ramp-up	Originate within 1 month; full portfolio within 24 months	No	C
CITR-qualifying loans	Each CEF loan must qualify as a CITR relevant investment (see Briefing #2)	No	C

A readiness self-check

A lender can locate itself on the journey by working through these in order. The first one it cannot tick is, in most cases, its binding gap.

Are you ready for Gate A (CDFI / CITR)?

- [ ] You are constituted for the long term, and at least 75% of your activity is finance for disadvantaged communities. If not: this is a purpose-and-structure question, not a scale one.
- [ ] Your lending is to SMEs that meet the CITR disadvantage test and cannot readily get the finance elsewhere. If not: see Briefing #2 for the disadvantage Cases.
- [ ] You can deploy CITR-raised capital on the 25% / 50% / 75% schedule. If not: the pace, not entry, is your constraint.

Are you ready for Gate B (GGS)?

- [ ] You have roughly three years of lending in the product type, around 100 facilities, and meaningful annual volume, or a credible case for BBB's discretionary relief. If not: this is a time-and-volume gap, the one BBB is most likely to exercise discretion over.
- [ ] At least 30% of your lending capital is private or institutional, not public or retail. If not: this is a hard structural gap and usually the real blocker for a publicly funded lender.
- [ ] You have at least 10 lending FTE, established systems and MI, and you originate and service your own loans. If not: these are fixed requirements with no published relief.

Are you ready for Gate C (CEF)?

- [ ] You are a CDFI or not-for-profit lender, and GGS-accredited or applying. If not: CEF is closed to you regardless of scale.
- [ ] You have real portfolio-performance data, such as vintage loss and default curves. If not: only continued lending over time closes this gap.
- [ ] You can reach roughly £3.5m and 100+ loans, all structured to qualify for CITR, and ramp within 24 months of closing. If not: a credible growth plan may still get you considered.

Where this sits in the toolkit

This note maps the accreditation journey. Briefing #1 records which lenders currently hold CITR, GGS and CEF status. Briefing #2 sets out the CITR rules that shape a CEF-eligible product, including the disadvantage test and the per-enterprise caps. Briefing #5 explains how CDFIs are funded, including where the private and institutional capital that GGS requires can come from.

This is a summary. The requirements above are paraphrased from the British Business Bank's own published material and Requests for Proposals for the Growth Guarantee Scheme and Community ENABLE Funding, and from DBIST and HMRC guidance on CITR. Those documents cannot be reproduced in full here, and BBB's terms govern in the event of any difference. Any lender preparing an application should work from the current primary documents, linked below, and take its own professional advice.

> This note is general information compiled by SDWH Limited from public sources. It is not tax, legal, financial or investment advice, and no liability is accepted for decisions taken in reliance on it. Figures and criteria should be re-verified against the current sources before external use.

British Business Bank, Growth Guarantee Scheme: https://www.british-business-bank.co.uk/finance-options/debt-finance/growth-guarantee-scheme

British Business Bank, Request for Proposals under the Growth Guarantee Scheme: https://www.british-business-bank.co.uk/finance-options/debt-finance/growth-guarantee-scheme/request-for-proposals

British Business Bank, Request for Proposals under the Community ENABLE Funding Programme: https://www.british-business-bank.co.uk/finance-options/debt-finance/enable-programmes/request-proposals-under-enable-community-programme

Department for Business and Trade, Community Investment Tax Relief: accreditation of community development finance institutions: https://www.gov.uk/government/publications/community-investment-tax-relief-cdfi-accreditation

The Community Investment Tax Relief (Accreditation of Community Development Finance Institutions) Regulations 2003 (SI 2003/96): https://www.legislation.gov.uk/uksi/2003/96/contents/made

HMRC, Community Investment Tax Relief Manual: https://www.gov.uk/hmrc-internal-manuals/community-investment-tax-relief-manual

HMRC / DBIST, Aggregate investment for accredited CDFIs under CITR: https://www.gov.uk/government/statistics/community-investment-tax-relief-scheme

British Business Bank, Community ENABLE Funding accreditation announcements, and GGS quarterly performance data: https://www.british-business-bank.co.uk/about/research-and-publications