

Creative Sector Services CIC (t/a Creative United) Own Art Scheme Credit Provider Contract

Tender Ref: CU/OA/2022

Stage 1 Clarification Questions and Responses

7 March 2022

1. Can you clarify how many galleries in the membership are actively writing loans each year?

Based on year to date: (1 April 2021 – 28 February 2022) 256 galleries have actively written loans across subsidised and unsubsidised loans on the Own Art Scheme

2. Please could you give us an indication on the amount of loans being written for the top 10 performing galleries in the scheme?

Based on the year to date (1 April 2021 - 28 February 2022), the top ten performing galleries combined have written 1,550 loans worth a total value of £1.6m

3. The scheme is currently writing £4.3m a year. It states you expect to see £26m over the next 5 years. Is this organic growth or does this include new business being onboarded by Creative United?

£26m is the total value of the contract over a 5 year period, we would therefore expect on average £5.2m of loan volume each year, understanding that in the first years of the contract sales volume would be below this average and by the end of the contract volumes would be in excess of the average. This would be generated by both organic growth within the existing network and new business onboarded by Creative United

4. How would you attract new retailers to the scheme?

We have recently undertaken a growth and recruitment strategy to drive awareness in prospective businesses via direct communications and through engagement at art fairs and other related trade events. Over the last 24 months, 60 galleries have joined the scheme although some of this growth has been offset by businesses closing or ceasing activity during the pandemic.

5. 24 new retailers were successful in applying for membership in 2021/22. Roughly what was the average credit amount likely to be achieved by these retailers?

New members within the last year (1 April 2021-28 February 2022) have averaged 3.5 agreements at an average individual transaction value of £1,250.

6. Does the lender for the scheme have exclusivity to be the only lender for the retailer. For example, if the lender provides the funding for the subsidised products, would the lender also have the right to offer all the unsubsidised lending in the contract?

Under the current contractual arrangements all business transacted under the Own Art brand through member galleries is operated exclusively by the lender in partnership with Creative United.

7. What percentage of loans are being written at £100 - £300?

17%

8. What percentage of loans are being written at £15k - £25k?

Less than 1%

9. Clarification on breakdown of the existing membership by the overall volumes per member gallery based on sales for the Year to Date (1 April 2021 – 28 February 2022).

Finance Volume per retailer for YTD Sales 1 April 2021- 28 February 2022	Under £50k	£50k - £100k	>£100k - £250k	>£250k - £500k	>£500k - £1m	£1m plus
Number of members	242	8	5	0	1	0

ENDS