

DERBY HOMES BOARD
28 MARCH 2009

ITEM B3

MIDLAND COMMUNITY FINANCE (FORMERLY DERBY LOANS)

Report of the Director and Company Secretary

1. SUMMARY OF REPORT

This report proposes that Derby Homes enters into a service level agreement (SLA) with Midland Community Finance (MCF) to provide additional loans and advice services to tenants. This report was considered by the Resources and Remuneration Committee on 30 April who agreed to recommend the proposal to the Board.

2. RECOMMENDATION

- 2.1 To agree that Derby Homes enters into a SLA with MCF for two years including the funding of a post at £17k a year from Derby Homes fee income, and to ask the Council to provide funding up to £50k a year for two years from the Housing Revenue Account to supplement the MCF loan fund.
- 2.2 To delegate to the Chief Executive, in consultation with the Chair and Vice Chairs, the negotiation of the £50k payment with the Council.
- 2.3 To note that a report will be brought to a future meeting on other options to help tenants through the current financial climate.

3. MATTER FOR CONSIDERATION

- 3.1 Board Members may recall that in the past Derby Homes and the Council provided funding for Derby Loans, now called Midland Community Finance. These were £15,000 to cover running costs and £35,000 for the loan fund in 2004, with two further payments of £15,000 in 2005 and 2006 to cover running costs.
- 3.2 The current economic downturn will undoubtedly cause some of our tenants to fall into new debts or to increase their debts. Levels of unemployment and short time working can be expected to increase. We have seen that rent arrears have increased in the past year.
- 3.3 National research has shown that social housing tenants are particularly vulnerable to poverty and debts. I attach at Appendix A a copy of a leaflet produced by the national forum for financial inclusion 'transact'. This highlights the best practices that social housing landlords can do to help tenants who suffer from poverty and financial exclusion.

- 3.4 One of the problems that tenants face is door step lenders who charge excessive rates of interest. It is difficult to measure the level of this activity accurately, but it is common for our staff to learn from tenants that they have taken out such loans.
- 3.5 A meeting was recently held with MCF to explore ways in which they could assist Derby Homes and the Council by providing support for tenants in debts. As a result, MCF have submitted a proposal (see Appendix B) for Derby Homes to enter into a two year SLA with them under which they would undertake to supply increased levels of advice and loans for tenants managed by Derby Homes. In return they are seeking a further contribution of £17,000 to cover running costs and £50,000 contribution to their loan fund for each year. Representatives from MCF attended the Resources and Remuneration Committee to explain their proposals.
- 3.6 Officers are currently considering options to help tenants through the current financial climate and a report will be brought to a future Board meetings. It is anticipated this will include proposals for a burglary reduction initiative.

4. CONSULTATION IMPLICATIONS

It is necessary to consult with the Council and obtain their support for this proposal. The matter has been discussed at the recent HRA Strategic Working Party and was in principal supported by the Council.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

The costs of a revenue contribution will be contained within Derby Homes' budgets for 2009-11.

6. LEGAL AND CONFIDENTIALITY IMPLICATIONS

The SLA will be finalised and agreed and monitored through regular meetings.

7. EQUALITIES IMPACT ASSESSMENT

The assistance that MCF can offer will undoubtedly support many disadvantaged tenants and their families.

The areas listed below have no implications directly arising from this report

- Personnel
- Environmental
- Health & Safety
- Risk

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, phil.davies@derbyhomes.org - Tel 01332 711010

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Background Information: None.

Supporting Information: None.