

COMMUNITY BASED FINANCIAL INSTITUTION (CBFI)

Report of the Acting Director of Housing Services

SUMMARY OF REPORT

1. This report sets out proposal to develop a CBFI in Derby and seeks agreement that Derby Homes support its development.

RECOMMENDATIONS

That the Board resolve that Derby Homes

- 2.1 be named as the host organisation for the Derby CBFI Project.
- 2.2 be the accountable body for its application for an Objective 2 grant through the European Regional Development Fund.
- 2.3 make a contribution in kind towards cost of the Derby CBFI project equivalent to £10,000 per annum.

MATTER FOR CONSIDERATION

- 3.1 Research undertaken in 2000 identified people who are excluded from financial services. This research was considered at a seminar held in 2001 which identified the need to develop a CBFI project in Derby.
- 3.2 CBFIs are described as intermediary lending institutions which among other things can provide a range of loans, insurance and other financial services accessible to people who may otherwise be excluded from them. The attached Project Brief and an article from Housing Today (21 March 2002) outlines the concept in more detail.
- 3.3 The Steering Group is seeking financial assistance through objective 2 of the European Regional Development Fund. It proposes to engage a Project Manager, the costs of which Will be met by Rolls Royce PLC and the Derbyshire Building Society. Potential applicants from Rolls Royce are being considered as part of its out placement programme.
- 3.4 The CBFI could offer financial services to tenants facilitated by cash receipting through local housing offices, together with Post Offices and Co-operative retail outlets.
- 3.5 During the development phase of the project Derby Homes is being asked to assist in three ways, by

- acting as the host organisation
- acting as the accountable body for its ERDF grant and
- thereby making a contribution in kind to the project equivalent to £10,000 per annum.

3.6 As host organisation Derby Homes would:

- act as the secretariat for the project
- support development activity in Derby
- manage the seconded Project Manager
- assist the Steering Group to raise funds and promote the project.

3.7 As the accountable body Derby Homes would:

- maintain financial and management information systems
- prepare and submit finance and performance returns
- ensure that the terms and conditions of financial assistance are being met.

3.8 A contribution in kind to the project would be made in this process. This would consist of the following services equivalent to £10, 000 per annum

- Accommodation costs (rent, heat, lighting)
- Running costs (telephones, leased equipment)
- Support services (administration, postage)
- Project management (financial accounting, supervision of Project Manager).

CONSULTATION IMPLICATIONS

4 The partners within the Steering Group of the project have been consulted on the proposal consisting of the City Council, Walbrook Housing Association, Southern Derbyshire Chamber, Derbyshire Building Society, the Co-operative Bank, Central Midlands Co-operative Society and the University of Derby.

FINANCIAL IMPLICATIONS

5. The contribution in-kind will be made from within existing resources.

LEGAL IMPLICATIONS

6. The proposed support is activities consistent with the Derby Homes Memorandum and Articles.

PERSONNEL IMPLICATIONS

7. The seconded Project Manager will be supervised by the Housing Regeneration Manager and other support services will be provided from

within staffing existing resources.

ENVIRONMENTAL IMPLICATIONS

8. Derby CBFi will offer local access and reduce journeys required to access financial products and services.

EQUALITIES IMPLICATIONS

9. Derby CBFi will develop products that will particularly assist disadvantaged groups who experience financial exclusion such as black and minority ethnic residents and sick and disabled persons.

Background Papers