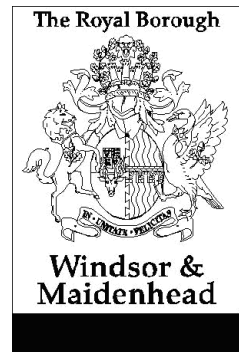


Report for ACTION



<b>Contains Confidential or Exempt Information</b>	No - Part I
<b>Title</b>	<b>Financial Update</b>
<b>Responsible Officer(s)</b>	Andrew Brooker, Head of Finance, 01628 796341
<b>Contact officer, job title and phone number</b>	Richard Bunn, Chief Accountant, 01628 796510
<b>Member reporting</b>	Councillor Dudley, Lead Member for Finance
<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	17 December 2015
<b>Implementation Date if Not Called In</b>	30 December 2015
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Service Monitoring

**Report Summary**

1. This report provides an update to Members on the Council's financial performance. Services are currently projecting a £1.433m overspend. However due to a number of non-service variances totalling £1.586m (listed on Appendix A) there is net underspend of £153k on the General Fund.
2. A list of mitigation savings totalling £170k was proposed in the November Finance Update. These have been included in the projections above.
3. A £362k provision for compulsory purchase order claims has been drawn down and transferred to the Development Fund (see paragraph 4.5).
4. A report is going to Council in December that recommends a number of budget movements to fund the Adult Social Care pressure. The changes are not shown in this report but subject to approval, will be included in the Finance Update going to January Cabinet.
5. The Council remains in a strong financial position with healthy reserves. The Council's Development Fund currently has a balance of £2.075m. Overall our combined General Fund Reserves sit at £6.756m in excess of the £5.43m recommended minimum level set at Council in February 2015.

<b>If recommendations are adopted, how will residents benefit?</b>	
Benefits to residents and reasons why they will benefit	Dates by which they can expect to notice a difference
Assurance that the Council is making effective use of its resources.	17 December 2015
Assurance that budgets are being reviewed regularly.	17 December 2015

## 1. Details of Recommendations

### RECOMMENDED: That Cabinet:

- i) Notes that Strategic Directors in consultation with Lead Members will implement proposals that mitigate the predicted overspend.
- ii) Approves that the provision (£362k) that was set up when two properties were compulsorily purchased and sold, should be transferred to the Development Fund (see paragraph 4.5).
- iii) Approves the addition of Flexible Home Improvement Loans Ltd (FHIL) as a counterparty on its lending list and delegates authority to the Lead Member for Finance and Head of Finance to agree terms on a loan to FHIL (see paragraph 4.6).
- iv) Approves the addition of a £230k, S106 funded budget to the 2015-16 capital programme for a floodlit, all weather pitch in Dedworth Manor park, Windsor (see paragraph 4.9).
- v) That Cabinet recommends to Council a £3m capital budget for Broadway public realm (see paragraph 4.10).

## 2. Reason for Decision and Options Considered

Option	Comments
As this is a monitoring report decisions are normally not necessary but may be required for some budget movements.	Requests for budget movements are included in this report in the recommendations above.

## 3. Key Implications

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered
General Fund Reserves Achieved	Below £5.4m	£5.4m-£5.49m	£5.5m-£5.7m	Above £5.7m	31 May 2016

The General Fund Reserve is £4.681m and the balance on the Development Fund is £2.075m. The combined General Fund and Development Fund reserves now sit at £6.756m. The 2015-16 budget report recommended a reserve level of £5.43m or more to cover known risks for 18 months. For a complete breakdown of the balance on the Development Fund see appendix E.

## 4. Financial Details

4.1. The **Strategic Director of Children's Services** reports a projected year-end underspend of £16k against the net controllable budget of £18.217m. This is an improved position on the nil variance reported to Cabinet in November. At individual service level there have been some significant changes in the last month. Factors adding to the pressure on budgets include:

- An increase in demand on high cost residential social care placements resulting in additional costs of £113k.
- Further upward pressure of £65k on the home to school transport budget adding to the cost increase reported last month. A number of mitigating measures have been identified which will help stem this rise in costs in the longer term.

Offsetting these upward pressures are a number of cost savings that include:

- £102k reduction in projected expenditure for both in-house and external foster care placements
- other mitigating measures such as a freeze on agency support staff and other staff changes, reductions in stationery and training spend, and early implementation of some 2016-17 savings proposals.

Underspends in the current financial year resulting from early implementation of 2016-17 savings will not be available next year, and any continuation into 2016-17 of the current underspends in high cost care budgets will be depend on future demand for places.

4.2. The **Strategic Director of Adults, Culture and Health** reports a projected overspend of £2.118m, £25k less than reported the previous month. The outcome of a detailed review of all Directorate budgets was reported last month and subsequently there have been no significant changes to the budget position. Last month's report identified demand led pressures on a range of budgets for care provision, including older persons homecare and residential care budgets, residential care budget for people with a learning disability, and support budgets for those with mental health problems. The impact of recent Deprivation of Liberty Safeguarding regulation continues to significantly exceed the grant income made available by the Department of Health to meet this additional cost.

4.3. The **Strategic Director of Corporate Services** reports a projected year end overspend of £14k for Corporate Services against an approved net budget of £5.756m. This is an improved position of £9k compared to last month. The mitigation is to continue to manage staff vacancies. The Directorate Management Team is to carry out a mid year review of its budget to ensure that it delivers a balanced position for the Directorate and starts to contribute towards the corporate overspend.

4.4. The **Strategic Director of Operations** projects a significant underspend of £683k on the directorate 2015-16 approved budget of £18.96m, a £30k

improvement since last month, due to the Directorate's share of the mitigation savings that were listed in the November Finance Update.

**4.5. Transfer of a provision to the Development Fund**

In 2006 the Borough made the compulsory purchase of two properties in Sunninghill. The two semi-detached houses had been left empty for approximately 10 years and there was a history of complaints relating to unauthorised access and vandalism. In 2008 the properties were sold and the proceeds held as a provision on our balance sheet pending a claim by the owner. The owner has been written to on a number of occasions each time explaining what should be done to make a claim. To date no claim has been made and under the Limitation Act 1980 the Borough may refuse to pay compensation after 6 years (i.e. after March 2014).

With this in mind it is proposed that the provision (£362k) that was set up when the properties were sold should be drawn back to the General Fund and transferred to the Development Fund.

**4.6. Flexible Home Improvement Loans Ltd (FHIL)**

FHIL is a company which was set up with the objective of making loans to older residents who are home owners that enables them to live longer in their own homes. The loans can be used to make improvements on their property e.g. heating, double glazing, adaptations.

Initial funding came from the Department of Communities and Local Government and many loans have been made and are being repaid at the rate of £1m pa. Loan repayments are recycled as new loans but funds are split between the sixteen authorities who are the shareholders of the company. New allocations to individual authorities are now quite small.

A search for new sources of grant finance to address this problem has not been successful and approaches are therefore being made to the sixteen authorities for loan finance. This idea has merit as the return is comparable with other Local Authority investments, along with the fact that FHIL is a vehicle for meeting the Council's own objectives.

It is therefore proposed that the Cabinet delegates authority to the Lead Member for Finance and Head of Finance to agree terms of a secured loan to FHIL. It is anticipated that this will be in the region of £500k over five years at an annual interest rate of 3% and that the funds would be earmarked for improvement loans to Borough Residents.

**4.7. Revenue budget movements this month:**

	£000
<b>Approved Budget as at 31 October</b>	<b>80,948</b>
Town Centre Management	18
HR Business Objects maintenance budget	8
Other minor adjustments	4
<b>Service Expenditure Budget this Month</b>	<b>80,978</b>

#### 4.8. Capital Programme

A summary of the capital programme is summarised below and in Appendices B and C. In order to make it easier to monitor scheme progress, schemes that are continuing from previous years are shown separately in appendix B from the new schemes approved for 2015-16.

The approved 2015-16 capital estimate is £41.066m; the projected outturn for the financial year is £40.289m.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
<b>Approved Estimate</b>	41,066	(26,596)	14,470
Variances identified	(7)	48	41
Slippage to 2016-17	(770)	770	0
<b>Projected Outturn 2015-16</b>	40,289	(25,778)	14,511

#### Overall capital programme status

	<b>Report to November 2015 Cabinet</b>
<b>Number of Schemes in Programme</b>	<b>383</b>
Yet to Start	13%
In Progress	47%
Completed	30%
Ongoing Programmes e.g. Disabled Facilities Grant	10%
Devolved Formula Capital Grant schemes budgets devolved to schools	0%

#### 4.9. Capital Addition - all weather pitch in Dedworth Manor Park

A £230k, S106 funded capital budget is requested for a floodlit, all weather, 3<sup>rd</sup> generation sports pitch for Dedworth Manor park, Windsor.

The pitch would be 60m x 40m and would be operated by a joint clubs / local members committee. A similar pitch at Charters Leisure Centre has proven very popular with both adults and junior footballers.

Completion of the project, which will be the subject of a full planning application, is scheduled to be September 2016 in time for the 2016-17 winter season.

#### 4.10. Capital budget Broadway public realm update

Members will recall from the report presented to Council in January 2015 that RBWM will be responsible for the cost of certain public realm works to support the regeneration agenda. This includes the pavements in King Street, Queen Street and Broadway, together with the proposed Oxford Crossing outside Maidenhead train station.

A gross capital budget of £3m will be required for the works and will be included

in the 2017-18 capital programme which will come to February 2016 Council for approval. Netted against this is a contribution from Ryger Maidenhead Limited (RML) of £500K and the negotiated value of ground rents payable by RML to RBWM being a net present value of ~£1 million. Previously, the 2017/18 capital programme contained a net allowance payable by RBWM of £700K for these public realm works. The new allowance is now estimated at £1.5 million following confirmation from RML that they will no longer be drawing down the agreed and documented £7.5 million loan facility from RBWM.

**5. Legal**

In producing and reviewing this report the Council is meeting legal obligations to monitor its financial position.

**6. Value for Money**

Service monitoring ensures a constant review of budgets for economy, efficiency and effectiveness.

**7. Sustainability Impact Appraisal**

N/A

**8. Risk Management**

Risks	Uncontrolled Risk	Controls	Controlled Risk
None			

**9. Links to Strategic Objectives**

Residents can be assured that the Council is providing value for money by delivering economic services.

**10. Equalities, Human Rights and Community Cohesion**

This is a monitoring report with no actions related to staff or service provision. An Equality Impact Assessment (EQIA) has not, therefore, been completed for the production of this report. An EQIA would be required should this report generate any changes to policy.

**11. Staffing/Workforce and Accommodation implications:**

None

**12. Property and Assets implications:**

None

**13. Any other implications:**

None

**14. Consultation**

Overview & Scrutiny meetings are scheduled prior to this Cabinet. Any comments from those meetings will be reported verbally to Cabinet.

**15. Timetable for Implementation**

N/A

## 16. Appendices

Appendix A	Revenue budget summary
Appendix B	Capital budget summary
Appendix C	Capital variances
Appendix D	Flexible Home Improvement Loans Ltd
Appendix E	Development Fund analysis

## 17. Background Information

Background Papers: Budget Report to Council February 2015

## 18. Consultation (Mandatory)

Name of consultee	Post held and Department	Date sent	Date received	
<b>Internal</b>				
Corporate Management Team (CMT)	Managing Director and Strategic Directors	23/11/2015		Changes included in final report.
Cllr Dudley	Lead Member for Finance	23/11/2015	24/11/2015	Changes included in final report.
Cllr Burbage	Leader of the Council			Changes included in final report.
Michael Llewelyn	Cabinet Policy Assistant	24/11/2015		Changes included in final report.
<b>External</b>				
None				

## 19. Report History

<b>Decision type:</b>	<b>Urgency item?</b>
For information	No

Full name of report author	Job title	Full contact no:
Richard Bunn	Chief Accountant	01628 796510

SUMMARY	2015/16		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Maintained Schools	53,544	48,708	0
Early Years Provision	7,351	6,150	0
De Delegated Schools Budget	548	563	0
Admissions and Services for Schools and Early Years	1,460	1,102	0
High Needs and Alternative Provision	12,671	12,869	0
Dedicated Schools Grant	(75,982)	(69,803)	0
<b>Total Children's Services - Schools Budget</b>	<b>(408)</b>	<b>(411)</b>	<b>0</b>
Education Central Costs	151	151	0
Educations Standards	699	706	(97)
Sufficiency and Access	2,003	2,008	503
Strategy, Commissioning & Performance	1,503	1,526	26
Early Help & Safeguarding Central Costs	501	501	0
Early Help and First Response	1,708	1,741	179
Early Help-Youth Support	1,090	1,146	40
Safeguarding and Children in Care	2,110	2,117	92
Children and Young People Disabilities Service	2,153	2,164	(291)
Resources and Placements	5,589	5,611	(486)
Berkshire Adoption Service	72	74	0
Children's Services Management	522	531	18
<b>Total Children's Services - Non Schools Budget</b>	<b>18,101</b>	<b>18,276</b>	<b>(16)</b>
<b>CHILDREN'S SERVICES - ELECTIONS</b>	<b>351</b>	<b>352</b>	<b>0</b>
<b>Total Children's Services</b>	<b>18,044</b>	<b>18,217</b>	<b>(16)</b>
Better Care Fund	1,384	1,401	0
Adult Social Care	31,606	31,699	2,059
Public Health	0	0	0
Housing	2,021	2,027	22
Library Information	2,266	2,284	0
Heritage & Arts	308	309	0
Adult Management	337	323	37
<b>Total Adults Culture &amp; Health</b>	<b>37,922</b>	<b>38,043</b>	<b>2,118</b>
Director of Operations	66	111	0
Operational Transformation	161	146	(5)
Benefits & Business Services	808	819	(430)
Highways & Transport	(1,776)	(1,684)	(150)
Commissioning & Contracts	543	222	0
Neighbourhood & Streetscene Delivery Services	2,615	2,723	(50)
Community, Protection & Enforcement Services	12,199	12,334	(138)
Customer Services	1,329	1,405	75
Technology & Change Delivery	2,836	2,886	15
<b>Total Operations</b>	<b>18,781</b>	<b>18,962</b>	<b>(683)</b>
Director of Corporate Services	(28)	220	(52)
Development and Regeneration Service	(850)	(859)	(79)
Corporate Management	943	975	(117)
Communications	257	279	30
Policy and Performance	428	389	0
Democratic Services	1,702	1,780	15
HR	1,182	1,203	(45)
Legal	(2)	(46)	55
Finance	2,420	2,389	37
Building Services	41	18	0
Leisure Services	1,593	1,590	160
Leisure Centres	(2,182)	(2,182)	10
<b>Total Corporate Services</b>	<b>5,504</b>	<b>5,756</b>	<b>14</b>
<b>TOTAL EXPENDITURE</b>	<b>80,251</b>	<b>80,978</b>	<b>1,433</b>



SUMMARY	2015/16		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
<b>Total Service Expenditure</b>	80,251	80,978	1,433
Contribution to / (from) Development Fund	(41)	(94)	1,802
Estimated net NNDR income			(1,864)
Drawdown of provision for compulsory purchase payment			(362)
Pensions deficit recovery	1,830	1,830	0
Pay reward	605	112	(112)
Transfer to/(from) Provision for Redundancy		(65)	0
Environment Agency levy	147	147	0
Capital Financing inc Interest Receipts	<u>6,471</u>	<u>6,433</u>	<u>(950)</u>
<b>NET REQUIREMENTS</b>	<b>89,263</b>	<b>89,341</b>	<b>(53)</b>
Less - Special Expenses	(956)	(956)	0
Variance on budgeted Education Services grant			(55)
Variance on Revenue Support Grant			(45)
Transfer to / (from) balances	<u>0</u>	<u>(78)</u>	<u>153</u>
<b>GROSS COUNCIL TAX REQUIREMENT</b>	<b><u>88,307</u></b>	<b><u>88,307</u></b>	<b><u>0</u></b>
<b>General Fund</b>			
Opening Balance	4,751	4,606	4,528
Transfers to / (from) balances	<u>0</u>	<u>(78)</u>	<u>153</u>
	<u><u>4,751</u></u>	<u><u>4,528</u></u>	<u><u>4,681</u></u>

NOTE Service variances that are negative represent an underspend, positive represents an overspend.

Memorandum Item	
<b>Current balance on the Development Fund (see appendix E for full breakdown)</b>	
	£000
Opening Balance	1,263
Transfer (to) / from other reserves	(896)
Transfer from General Fund - sweep	0
Transfer (to) / from General Fund - other initiatives	<u>1,708</u>
	<u><u>2,075</u></u>

	2015/16 Original Budget			New Schemes – 2015/16 Approved Estimate			Schemes Approved in Prior Years			Projections – Gross Expenditure				
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	2015/16 Projected	2015/16 SLIPPAGE Projected	TOTAL Projected	VARIANCE Projected	VARIANCE Projected
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	(£'000)	(£'000)	(£'000)	(£'000)	(%)
<b>Portfolio Summary</b>														
<b>Corporate Services</b>														
Human Resources	0	0	0	23	0	23	0	0	0	23	0	23	0	
Leisure Centres	800	(400)	400	1,450	(600)	850	(83)	88	5	1,367	0	1,367	0	0%
Outdoor Facilities	680	(265)	415	1,123	(600)	523	482	(135)	347	1,385	220	1,605	0	0%
Property Management	254	0	254	474	0	474	328	0	328	802	0	802	0	0%
Policy & Performance	673	0	673	656	0	656	441	0	441	1,097	0	1,097	0	0%
Regeneration & Economic Development	1,445	(890)	555	2,933	(951)	1,982	2,994	(846)	2,148	5,927	0	5,927	0	0%
<b>Total Corporate Services</b>	<b>3,852</b>	<b>(1,555)</b>	<b>2,297</b>	<b>6,659</b>	<b>(2,151)</b>	<b>4,508</b>	<b>4,162</b>	<b>(893)</b>	<b>3,269</b>	<b>10,601</b>	<b>220</b>	<b>10,821</b>	<b>0</b>	<b>0</b>
<b>Operations</b>														
Technology & Change Delivery	415	0	415	410	0	410	128	(8)	120	579	0	579	41	10%
Benefits & Business Services	0	0	0	21	0	21	93	0	93	114	0	114	0	
Customer Services	18	0	18	216	0	216	205	0	205	421	0	421	0	0%
Neighbourhood & Streetscene Delivery Services	30	0	30	30	0	30	14	0	14	44	0	44	0	0%
Highways & Transport	6,345	(3,230)	3,115	7,578	(4,038)	3,540	4,379	(3,558)	821	11,407	550	11,957	0	0%
Community, Protection & Enforcement Services	893	(682)	211	951	(736)	215	263	(114)	149	1,214	0	1,214	0	0%
Commissioning & Contracts	0	0	0	0	0	0	5	0	5	5	0	5	0	
<b>Total Operations</b>	<b>7,701</b>	<b>(3,912)</b>	<b>3,789</b>	<b>9,206</b>	<b>(4,774)</b>	<b>4,432</b>	<b>5,087</b>	<b>(3,680)</b>	<b>1,407</b>	<b>13,784</b>	<b>550</b>	<b>14,334</b>	<b>41</b>	<b>0</b>
<b>Children's</b>														
Non Schools	205	(130)	75	160	(70)	90	346	(338)	8	506	0	506	0	0%
Schools – Non Devolved	3,952	(3,952)	0	4,483	(4,483)	0	6,041	(6,041)	0	10,476	0	10,476	(48)	-1%
Schools – Devolved Capital	302	(302)	0	386	(386)	0	423	(423)	0	808	0	808	(1)	0%
<b>Total Children's</b>	<b>4,459</b>	<b>(4,384)</b>	<b>75</b>	<b>5,029</b>	<b>(4,939)</b>	<b>90</b>	<b>6,810</b>	<b>(6,802)</b>	<b>8</b>	<b>11,790</b>	<b>0</b>	<b>11,790</b>	<b>(49)</b>	<b>(0)</b>
<b>Adult</b>														
Adult Social Care	256	(256)	0	256	(256)	0	480	(448)	32	736	0	736	0	0%
Housing	1,000	(1,000)	0	1,000	(1,000)	0	1,532	(1,152)	380	2,532	0	2,532	0	0%
Library & Information Service	385	(371)	14	487	(388)	99	358	(113)	245	846	0	846	1	0%
<b>Total Adult</b>	<b>1,641</b>	<b>(1,627)</b>	<b>14</b>	<b>1,743</b>	<b>(1,644)</b>	<b>99</b>	<b>2,370</b>	<b>(1,713)</b>	<b>657</b>	<b>4,114</b>	<b>0</b>	<b>4,114</b>	<b>1</b>	<b>0</b>
<b>Total Committed Schemes</b>	<b>17,653</b>	<b>(11,478)</b>	<b>6,175</b>	<b>22,637</b>	<b>(13,508)</b>	<b>9,129</b>	<b>18,429</b>	<b>(13,088)</b>	<b>5,341</b>	<b>40,289</b>	<b>770</b>	<b>41,059</b>	<b>(7)</b>	<b>0</b>

	(£'000)	(£'000)	(£'000)
<b>Portfolio Total</b>	<b>17,653</b>	<b>41,066</b>	<b>40,289</b>
<b>External Funding</b>			
Government Grants	(7,535)	(16,398)	(15,900)
Developers' Contributions	(2,149)	(8,284)	(8,064)
Other Contributions	(1,794)	(1,914)	(1,814)
<b>Total External Funding Sources</b>	<b>(11,478)</b>	<b>(26,596)</b>	<b>(25,778)</b>
<b>Total Corporate Funding</b>	<b>6,175</b>	<b>14,470</b>	<b>14,511</b>

**Capital Monitoring Report - November 2015-16**

At 30 November 2015, the approved estimate stood at £41.066m

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
Approved Estimate	41,066	(26,596)	14,470
Variances identified	(7)	48	41
Slippage to 2016/17	(770)	770	0
Projected Outturn 2015/16	40,289	(25,778)	14,511

**Overall Projected Expenditure and Slippage**

Projected outturn for the financial year is £40.289m

Variances are reported as follows.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>	
	£'000	£'000	£'000	
Schools - Non Devolved				
CSFQ Eton Wick kitchen 2015-16	(50)	50	0	Lower than estimated final tender
CSFR Dedworth Middle School water supply 2015-16	2	(2)	0	Final cost
CSFZ Newlands School rewire-2015-16	152	(152)	0	Newlands school works combined into one contract
CSGA Newlands Girls' School water services-2015-16	(152)	152	0	
Technology & Change Delivery				
CN58 Smarter Working	41	0	41	Final invoice for construction costs
	<u>(7)</u>	<u>48</u>	<u>41</u>	

Slippage is reported as follows.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>	
	£'000	£'000	£'000	
Outdoor Facilities				
CZ49 P&OS - Victory Field Pavilion Centre	(220)	220	0	Scheme subject to discussions with Parish Council
Highways & Transport				
CD42 Maidenhead Station Interchange & Car Park 2015-16	(100)	100	0	
CE64 Additional Parking Provision for Windsor	(450)	450	0	Scheme subject to Windsor Parking Strategy
	<u>(770)</u>	<u>770</u>	<u>0</u>	

**Overall Programme Status**

The project statistics show the following position:

<b>Scheme progress</b>	<b>No.</b>	<b>%</b>
Yet to Start	51	13%
In Progress	187	47%
Completed	119	30%
Ongoing Programmes e.g.. Disabled Facilities Grant	39	10%
Devolved Formula Capital Grant schemes budgets devolved to schools	1	0%
<b>Total Schemes</b>	<u>397</u>	<u>100%</u>

## FLEXIBLE HOME IMPROVEMENT LOANS LIMITED

### HISTORY

Numerous studies have shown that enabling elderly people to live in warmer, healthier and safer homes contributes to the prevention of ill health, accidents and unplanned or emergency visits to GPs and hospitals.<sup>(a)</sup>

For many years, financial support for repairs and improvements to the homes of elderly people was funded by local authority grants. It is now widely recognised that grants are becoming unsustainable. Despite the apparent affluence of the home counties there are large numbers of elderly homeowners living in poor conditions but without significant savings to fund repairs/improvements, or the ability to access even a modest loan from banks or building societies.

In addition to the above, local authorities have a statutory duty to provide Disabled Facilities Grants (DFGs). Recipients are means tested and a formula determines whether they have to make a contribution (the local authority has no discretion in this respect). Frequently, elderly homeowners are unable to make a contribution from their own resources and struggle to obtain a loan which could be used for this purpose. In many cases they do not proceed with the DFG, even though the work could be considered essential.

In 2007 the Residential Services Manager at RBWM attempted, unsuccessfully, to identify a lender prepared to make low cost loans to our elderly residents. I was subsequently asked to create a vehicle for making such loans and to secure funding for the project.

The South East Regional Housing Board (SERHB) agreed, in principle, to provide funds with the proviso that we make the application on behalf of a group of local authorities to achieve economies of scale. By the end of the year, all of the local authorities in Berkshire, Buckinghamshire and Oxfordshire, plus Surrey Heath, had agreed to come on board and, on 21 February 2008, Cabinet gave approval for RBWM to participate.

Flexible Home Improvement Loans Limited (FHIL) was incorporated on 21 March 2008 as a not-for-profit company limited by guarantee and, on 02 April 2008, our bid for non-repayable grant funding was approved by SERHB. The sum received from SERHB, prior to them being dissolved in 2010, was £7.31 million.

Our core lending was (and still is) for the purpose of funding qualifying repairs and improvements by providing homeowners over the age of 60 years with low cost, flexible loans secured by a first or second charge on their property. Our aim from the onset was to provide loans which are as good as, or better than, any comparable products in the market.

Whilst the loan is outstanding, borrowers may make regular payments, irregular payments, or allow interest to roll-up. The outstanding capital and interest must be paid if the property ceases to be the borrower's main place of residence (or the last surviving borrower if the property is jointly owned). The loan may also be repaid at any time without penalty. Interest on these loans is charged at Bank of England rate, subject to a minimum rate of 3.5% and a maximum of 7.0%. As loans are repaid the funds are recycled to provide further loans.

<sup>(a)</sup> The Chartered Institute of Environmental Health - Good Housing Leads to Good Health. A Toolkit for Environmental Health Practitioners (September 2008) and The Health Costs of Cold Dwellings (April 2011).

In 2009, at the request of the Department of Communities and Local Government, the scheme was extended to include loans to owners of empty properties for the purpose of bringing them back into habitable use. These loans are similar to 5 year bridging finance, at the end of which the owner must repay the outstanding capital and interest, usually by remortgaging or selling the property. Interest on empty homes loans is currently 1.5% higher than for our loans to homeowners aged 60+ years.

There is a very high demand in the home counties for accommodation at an affordable rent, especially for key workers such as teachers and nurses etc. In 2013 we introduced an additional type of empty homes loan at a discounted interest rate (Bank of England rate, subject to a minimum rate of 3.5% and a maximum of 7.0%) if the owner is prepared to let the property at an affordable rent. In this instance the property is managed by a housing association and part of the rental income is used to repay the loan over an agreed term.

These 'Empty Homes to Affordable Housing' loans are match-funded by the Homes and Communities Agency. However, the problems of engaging and negotiating with owners of empty homes means that we are never likely to make a large number of these loans.

With all of our loans the mechanics are that, on paper, FHIL makes funds available to the local authority and the local authority then lends to the property owner. In practice the funds are paid directly to the property owner by our back office administrator. The local authorities make no contribution to the loans and neither do they bear any financial responsibility in the event of any losses in connection with the loans.

Flexible Home Improvement Loans are seen by the local authority members as a valuable resource which is available to support customers who do not qualify for disabled facilities grants or housing assistance grants. It has never been our intention to heavily promote our loans as the scheme has always been regarded reactive rather than proactive. However, as our customer base increases, we are receiving a substantial number of enquiries generated by word of mouth.

## **GROWTH TO DATE**

Since our launch in the autumn of 2008 we have approved 711 loans and made advances of a little in excess of £9.39 million. Of these loans, 96.5% have been made to people over the age of 60 years (often considerably older than 60) and 73% of the money has been spent on measures to make homes warmer, less draughty and more energy efficient.

Repayments of capital and interest have topped £3.28 million and currently average £858,660 per annum (calculated over last 3 years). When loans are repaid, all of the capital and a substantial part of the interest is recycled as further loans. As at 16 November 2015, £2.93 million has been loaned, repaid and re-loaned to further borrowers.

The assets of FHIL at 16 November 2015 comprise outstanding loans of £7,180,638, cash at bank £713,180 and creditors amount to less than £6,000.

Our lending policy is exceptionally prudent and, to date, we have never failed to recover outstanding loans. Flexible Home Improvement Loans has received several accolades but perhaps the most satisfying was from the Government Office for the South East, who described it as "*A benchmark for all local authority lending*".

Recently, Dun and Bradstreet advised that they have given Flexible Home Improvement Loans Limited a credit rating of AAA1.

## Corporate Development Fund (AE35) £000

<b>Balance B/F from 2014/15</b>		<b>1,263</b>
<b>Transacted amounts in 2015/16</b>		
<b>To/From Capital Fund</b>		
Sunninghill Christmas Lights (May Cabinet)	-10	
Feasibility work on development sites in Maidenhead (July Cabinet)	-190	
To fund the work of regeneration staff in the capital programme (July Cabinet)	-126	
Leisure Centre dilapidation capital budget (July Council)	-445	
Update to Transport Model (September Cabinet)	-125	-896
<b>To/From General Fund</b>		
Contribution from General Fund (Budgeted)	229	
Business Rate discount (Budgeted)	-150	
Economic Development post (Budgeted)	-120	
Business rate income contribution (July Cabinet)	1,040	
Budget to resist Heathrow expansion (August Cabinet)	-25	
Contribution resulting from MRP policy change (September Cabinet)	900	
Contribution to the restructure of the Development and Regeneration service	-28	
Transfer to General Fund (November Cabinet)	-500	
Transfer of compulsory purchase provision (December Cabinet)	362	1,708
		<b>2,075</b>
<b>Transaction pending Council approval in December</b>		
Transfer to General Fund (December Council)	-984	
		<b>1,091</b>