

## **EX118. Establishing a Community Development Finance Institution for Falkirk**

The Executive considered a report by the Director of Corporate and Housing Services seeking approval to contract a Community Development Finance Institution (CDFI) provider to establish a not-for-profit lending operation in Falkirk, Fife and West Lothian.

The Executive had agreed on 16 August 2016 (ref EX44) to progress a tendering exercise for the procurement of a CDFI service for the Falkirk, Fife and West Lothian Council areas which would be focused on personal lending and set up as an alternative to non-standard, high interest lenders.

A procurement exercise, led by Fife Council, had resulted in two bids and after evaluation Five Lamps had been identified as the preferred supplier.

The report provided detail on Five Lamps and the proposed service it would provide together with a projection of service delivery in the first three years. It was anticipated that a shop in Falkirk and a telephone and online service would be in place by July 2017.

Start up costs are estimated to be £50,000 with annual running costs of £40,000. The start up costs and first 3 years' running costs are provided for within the Fairer Falkirk Fund.

Additionally each of the 3 Councils would be required to provide loan capital to Five Lamps. Falkirk Council's contribution would be £100,000. This would be repaid after 5 years. It was proposed that this be met from the Fairer Falkirk Fund unless the funding referred to below is forthcoming.

Discussions are ongoing with the Money Advice Centre on a bid for funding towards set up and running costs. If successful the funding would replace that already allocated by Council for start up and running costs would then be used to provide loan capital.

### **Decision**

#### **The Executive agreed:-**

- (1) to contract Five Lamps to deliver CDFI services in Falkirk, alongside Fife and West Lothian, and delegate to the Director of Corporate and Housing Services to conclude the necessary agreements on behalf of the Council to implement the initiative;**
- (2) to accept, if offered, funding from the Money Advice Service to cover the set up, first year running and initial project evaluation costs;**
- (3) to provide £100,000 funding from the Fairer Falkirk Fund towards loan capital, to be repaid in full after five years, and**
- (4) to continue to work together with Fife and West Lothian Councils, pending their own decisions to implement and manage this initiative.**