

This report is public	
Flexible Home Improvement Loans Limited – Future of Company	
Committee	Executive
Date of Committee	2 December 2025
Portfolio Holder presenting the report	Portfolio Holder for Housing, Councillor Nick Cotter
Date Portfolio Holder agreed report	21 October 2025
Report of	Interim Executive Director Neighbourhood Services, Nicola Riley

Purpose of report

To update the Executive on Flexible Home Improvement Loans Limited and its status, the alternative governance structures proposed for the company and to agree the preferred model as stated within the recommendations.

1. Recommendations

The Executive resolves:

- 1.1 To delegate authority to the Executive Director Neighbourhood Services to enter into negotiations to form a consortium with other Local Authority members.
- 1.2 To delegate authority to the Executive Director Neighbourhood Services to engage with the procurement of a Financial Conduct Authority (FCA) regulated provider to undertake loan administration services on behalf of the consortium.
- 1.3 To authorise the Executive Director Neighbourhood Services to engage with the winding up of FHIL once the net assets have been transferred with the appropriate safeguards.
- 1.4 To delegate to the Executive Director Neighbourhood Services in consultation with the Monitoring Officer and Section 151 Officer the authority to negotiate and agree new contracts pertaining to the future of FHIL on behalf of the Council.

2. Executive Summary

- 2.1 Following the receipt of grant funding, Flexible Home Improvement Loans Limited (FHIL) was established in 2008 as a not-for-profit company, limited by guarantee, to administer home improvement loans on behalf of its local authority members. There are currently 12 members, including Cherwell District Council, operating the loan scheme. Loan administration is outsourced to an FCA regulated provider. The current provider has been engaged since July 2023.

Cherwell District Council

- 2.2 Royal Borough of Windsor and Maidenhead (RBWM) has been the host authority of FHIL since its inception, and in 2024 informed the local authority members that it no longer wished to undertake this role. Consequently, an options appraisal was undertaken by Foundations, a national body that supports home improvement agencies and local authorities in England.
- 2.3 This report examines alternative governance and delivery models for loan administration to those currently operated through FHIL. It draws on the conclusions and recommendations put forward by Foundations, which were subsequently reviewed by FHIL directors and local authority members. The preferred model is as stated in the recommendations.

Implications & Impact Assessments

Implications	Commentary
Finance	<p>If a consortium is created, there is current budget provision for an annual contribution of £5,000, replacing the existing membership fee to FHIL Ltd. There would be no resource pressure as the Cherwell representative will continue to be the Head of Housing.</p> <p>Kelly Wheeler, Finance Business Partner, 23 October 2025</p>
Legal	<p>CDC legal will be involved in the negotiation and agreement of any Consortium Agreement and can provide advice on the legal implications as part of that process. It is unclear what legal status a consortium would have, it is likely that in practice this would be a partnership. CDC legal can provide advice as to the practical implications of the legal arrangements once further detail is understood on this point.</p> <p>It will be necessary to create appropriate authorisations for officers to undertake actions within the consortium once this has been established. CDC legal can provide advice and guidance on this point once further details are understood.</p> <p>CDC legal and procurement will also need to be involved in the procurement process for any future loan administration service. CDC legal have already begun the process of discussing the procurement process with the interim executive referred to within the report and will continue to engage to ensure that the procurement process meets the Council's legal requirements.</p> <p>Denzil-John Turbervill, Head of Legal Services, 4 November 2025</p>
Risk Management	<p>It is important that the Council cooperates with other FHIL member councils and ensures appropriate stewardship of the company.</p> <p>It is important that the Council continues to engage closely with RBWM and other FHIL members to ensure it is party to, in agreement with and can understand fully the implications of</p>

	decisions made to ensure the appropriate legal processes are followed in moving this project forward as per the report.			
	Celia Prado-Teeling, Performance Team Leader, 28 October 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		x		
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		Not from the report directly
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		Not from the report directly
Climate & Environmental Impact		x		N/A
ICT & Digital Impact		x		N/A
Data Impact		x		N/A
Procurement & subsidy		x		N/A
Council Priorities	Quality Housing and Place Making			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	None			

Supporting Information

3. Background

- 3.1 FHIL was set up to provide low cost, flexible loans for senior homeowners who would otherwise be unable to maintain their homes. The scheme was extended to offer empty homes loans that would assist in bringing empty homes back into habitable use, and loans to landlords to improve the quality of rental accommodation.
- 3.2 Up until April 2024, there was a full-time member of RBWM staff responsible for the day-to-day management of the home improvement loans scheme. Their responsibilities included liaising with local authority members; ensuring compliance and resolving any technical, legal or financial queries; managing the funds including the allocation of mortgage quotas to each local authority; and oversight of the loan administration provider. Each local authority member should appoint a FHIL Director to act on its behalf, the Cherwell FHIL Director is the Head of Housing.
- 3.3 When this member of staff left, RBWM decided that they no longer wished to continue being the host authority and if there was an alternative way to deliver the service.
- 3.4 Due to governance uncertainties and the resignation of the full time FHIL CEO, no new loans have been approved since April 2024, which ultimately affects homeowners in need. Since June 2025, an external interim executive (who is a practising lawyer) has been engaged for two days per week to oversee current FHIL business.
- 3.5 The current loan administration provider took over the loan administration in 2023 as result of the previous provider having gone into administration. A two-year agreement was signed and has been extended for a further year while the future governance arrangements are confirmed and put in place. The contract extension date is May 2026.

Governance and Assets

- 3.6 The prevailing view by the member councils is that historically there had been a concentration of knowledge and workload in the FHIL CEO, and when that person left, so did the corporate memory. As it stands, no council has expressed an interest in undertaking this role as a host authority.
- 3.7 For FHIL to continue to exist, there are legal and compliance obligations that must be met. Naturally, there are expectations of being a board director with legal responsibilities under the Companies Act 2006. In governance terms, it can be difficult to proceed with change as directors cannot fully make decisions on behalf of all the member councils.
- 3.8 If no council is willing to take on the lead role, then an alternative delivery model must be found that is acceptable to the member councils.
- 3.9 As part of the review undertaken by Foundations, directors have been informed that whilst comparable schemes exist for the provision of loans through partnerships between councils, no other such scheme is provided using the current approach.
- 3.10 In 2008, the South East Regional Housing board awarded funding to a consortium of councils. At the time, it was felt that the most appropriate way to deliver this funding was through the setting up of a limited company. When FHIL was

incorporated, its Memorandum of Association was drafted in such a way that the funds were ringfenced for the benefit of the consortium and not for individual councils. Under clause 8.3, in the event of winding up, the FHIL net assets cannot be distributed to individual councils, and this includes the profit and loss reserve. Historically, each council has had a notional fund allocation against which it can issue loans. When the loans are paid off the repayments are returned to the central lending pot.

- 3.11 If FHIL were to be wound up, the net assets must remain protected with a mechanism by which the monies remain centrally. Although technically each council could administer the loans themselves accessing the central lending pot, there would still need to be a lead authority to oversee the holding of the funds which would create an additional layer of complexity and duplication of costs. Furthermore, it is unlikely that member Councils have the expertise to undertake the loan administration themselves. A further consideration is whether the regulatory exemptions could be relied upon regarding loan administration which is a regulated activity under the Financial Conduct Authority (FCA) regime.
- 3.12 It is critical that any funds transferred out of FHIL have strong safeguards in respect of both ringfencing and the protection of the net assets from any threats if held in a third-party account, such as a loan administration provider.

Loan Products Offered

- 3.13 Prior to the suspension of new loan activity, FHIL offered secured loans with the relevant council member taking a legal charge against the property. FHIL's current loans are shown in the table below.

Loan product	Interest rate	Payment terms
Over 60s homeowner(s) loan (main type of loan)	3.5%	No repayments until property sold, transferred (including death) or no longer main residence of the borrower. Payments can be made at any time during the course of the loan without penalty.
Empty property loan (main type of loan)	5%	No monthly repayments but repay loan in full by the 5 th anniversary. Payments can be made during the course of the loan without penalty.
Capital and interest loan	3.5%	Repay capital and interest back on a monthly basis until loan is repaid in full.
Rented property loan	3.5%	Repay capital and interest back on a monthly basis until loan is repaid in full. (Maximum term of 15 years)

Exceptional circumstances loan – over 55s	3.5%	No repayments until property sold, transferred (including death) or no longer main residence of the borrower. Payments can be made at any time during the course of the loan without penalty.
Where one borrower is 55+ but not yet 60	3.5%	No repayments until property sold, transferred (including death) or no

- 3.14 Approximately 70% of FHIL's existing loan book consists of loans with rolled up interest with no repayments being made until the property is sold, transferred (including when the borrowed has died) or no longer the main residence of the borrower. As there are no monthly repayments, this means there is limited potential to recycle the capital to offer new loans.
- 3.15 While the future of the loan scheme is being considered, there is potential for an expansion of the scheme into new products offered to homeowners that have different payment terms or can be provided for different purposes, aligning with strategic council objectives as appropriate.

Current financial position of FHIL

- 3.16 At 31 March 2025, the key financial information regarding FHIL was as follows

Statement of Financial Position	2025	2024
Investments (the loan book)	5,880,499	6,550,923
Debtors	-	145,963
Cash at bank	4,051,171	2,918,502
Net assets	9,922,670	9,606,988
Reserves		
Capital contribution reserve	7,373,250	7,373,250
Profit and loss account	2,549,420	2,233,738
Income Statement	2025	2024
Administrative expenses	(103,638)	(116,625)
Other operating income	63,787	80,638
Operating loss	(39,951)	(35,987)
Interest receivable	355,533	379,930
Surplus for the financial year	315,682	343,943

- 3.17 Based on the year-end figures, the net assets of the company are £9.92M, a committed loan book of £5.88M, and cash of £4.05M. The cash includes the profit and loss reserve of £2.55M which relates to cumulative bank interest earned on the lending pot since the loan scheme was started. This reserve reflects the retained profits available for reinvestment and can be strategically used to provide loans to

residents. FHIL's external financial accountant has confirmed that there is no need to convert this to a capital account, allowing the utilisation of funds directly for lending activities.

- 3.18 The profit and loss reserve cannot be distributed to individual member councils in accordance with FHIL's Memorandum of Association. Therefore, the net assets will be transferred and held on trust using the most appropriate mechanism that safeguards the assets. It is likely that the loan administration provider will hold the monies on trust within a client account. However, as an alternative, the cash could also be held within a third-party managed account (TPMA) operated by a provider that is regulated by the FCA. There would be an additional cost if a TPMA provider is engaged in addition to a loan administration provider. So, the preference is that the loan administration provider holds the funds on trust, as they too would be regulated by the FCA.

Member Fees

- 3.19 FHIL member councils currently pay an annual membership fee of approximately £6,000, which has been used to cover the day-to-day running costs such as RBWM employment costs, loan administration, accountancy, audit and consultancy fees. The contractual agreements between each council and FHIL states that each council is obliged to contribute to the day to day running costs including loan administration costs.
- 3.20 If a consortium is established, it is proposed that that member councils will continue to pay a nominal membership fee to allow continued access to the lending pot. The level and review of this fee will be agreed by the members councils.

4. Details

Creation of a consortium outside of FHIL

- 4.1 Due to the requirement to protect the funds that are currently held by RBWM on behalf of the member councils, the creation of a consortium outside of FHIL is the preferred option. This will involve Cherwell and other member councils agreeing to form a consortium under a formal consortium agreement.
- 4.2 Having a consortium outside of a company structure allows greater flexibility, less regulatory burden and can be more adaptive to shared governance and partnership needs. A standalone consortium that is not a company avoids the stricter requirements of legal formalities, director requirements and operational procedures. Amending governance, roles or objectives in a company requires formal changes, whereas a consortium can agree changes with a simple consortium agreement. Individuals representing their councils will be free from any personal or collective liability which they held as directors of FHIL
- 4.3 All FHIL council members that wish to continue to access the loan funding will be required to sign a consortium agreement which will detail the contractual relationship and terms of collaboration. This will include such things as membership and retirement, whether a steering group is established and how consortium meetings will be conducted, including the frequency and decisions made regarding the scheme. Although there may be lead officers as part of a steering group, there

will be no lead council.

- 4.4 It is expected that each consortium member will nominate an officer or employee to be their representative for all matters concerning the consortium, the loan scheme and the agreement with the third-party loan administration agreement. It would be expected that the Cherwell representative would continue to be the Head of Housing.

Procurement of the loan administrator

- 4.5 A competitive procurement will need to be undertaken by the member councils. This will involve RBWM acting as the lead on the procurement process, but the member councils will be actively involved in scoping the tender specification, agreeing the scoring, assessing the tenders and making the final award decision. This process will be carried out alongside the preparation required for the consortium agreement.
- 4.6 Any contract that is awarded will be formally executed after the consortium agreement has been signed.

Process for the dissolution of FHIL

- 4.7 Dissolution of FHIL will only occur once the consortium agreement and loan administration agreement are executed. The net assets must also be safely transferred with appropriate safeguards which are to be held on trust for the purposes of issuing loans to consortium members' residents. Following these steps and ensuring that any creditors are paid, the company would have no remaining assets or liabilities.
- 4.8 Where a company retains assets or liabilities, a Members' Voluntary Liquidation (MVL) would normally be required which would be conducted by a licenced insolvency practitioner. An MVL is only necessary when the company has assets that need to be realised and distributed to shareholders once any creditors have been paid. However, as the company is expected to have no assets or liabilities following the transfer, there would be no need for an MVL or insolvency practitioner.
- 4.9 Subject to confirmation from an insolvency practitioner that an MVL is not required, it is proposed that the company is dissolved via a voluntary strike off under Section 1003 of the Companies Act 2006. Under this provision, a strike off is permitted, provided the company has not traded for at least three months, holds no assets, and has no outstanding liabilities. Although a solvency statement is not required for strike off, the directors will need to confirm that the conditions have been met. Once Companies House accepts the application and publishes the notice in The Gazette, the company is struck off, and dissolved two months later, provided there are no objections during that period.

5. Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Another member council, including Cherwell DC, takes over the role of managing FHIL. This option is not considered viable as there are no other

authorities willing to host FHIL. Cherwell DC does not have the capacity or expertise to host the limited company.

Option 2: Each Council administers its own loans. This option is not considered viable as if a local authority ceases to be a member, it is not permitted to take any funds out of the available fund for its own benefit. When borrowers pay back a loan, councils must ensure that the loan is paid back to the central lending fund.

Option 3: Do nothing. This option is not viable due to RBWM signalling its intentions in not being willing to be the host authority. RBWM considers the hosting of FHIL an unnecessary burden in time, effort and resource. This is stated in its Cabinet report.

6. Conclusion and Reasons for Recommendations

- 6.1 The future of FHIL needs to be decided given the intentions of the host authority, RBWM. The decisions made need to give account to our legal obligations. Both within the Memorandum of Association and in accordance with Companies Act, due to FHIL being a Limited Company of which the Council has an appointed Director.

Decision Information

Key Decision	Yes, community threshold met
Subject to Call in	Yes
If not, why not subject to call in	N/A
Ward(s) Affected	All Wards

Document Information

Appendices	
Appendix 1	None
Background Papers	None
Reference Papers	None
Report Author	Richard Smith, Head of Housing
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Executive Director Approval (unless Executive Director or Statutory Officer report)	Report of an Executive Director