

# Cabinet Report



Report of Deputy Chief Executive – Transformation and Operations

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To: CABINET

Date: 3 July 2023

## **Delivery and management arrangements for council-provided LAHF and SFA housing**

Appendix 2 and 2a and 3 are not for publication on the basis they contain information which is exempt as defined by paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 as amended

## Recommendations

It is recommended that Cabinet:

- a) Note the approach proposed for the delivery and management of the properties under the LAHF scheme, noting the risks, and approves officers to proceed.
- b) Note the proposed phase one staffing structure for the delivery and management of these properties alongside those purchased or managed under other arrangements.
- c) Subject to approval of recommendation a), to recommend to Full Council to proceed the allocation of a capital budget envelope of £2.5 million, being the council's share of the purchase costs of properties bought under the LAHF scheme.
- d) To approve a virement from contingency of up to £100,000 to cover potential unbudgeted revenue expenditure.
- e) To delegate authority to the Head of Development and Corporate Landlord in consultation with the Heads of Finance, Legal and Democratic and Housing and Environmental Services to approve the freehold or leasehold acquisition of property under the LAHF scheme following appropriate due diligence.
- f) Note the financial and other risks presented by the decisions above as set out in this report.
- g) Approve the approach proposed for the leasing and management of properties under the Service Family Accommodation (SFA) scheme, noting the risks, and approve officers to proceed.
- h) Subject to g) to delegate to the Head of Development and Corporate Landlord to agree terms and enter into the lease with the Ministry of Defence for SFA properties.
- i) Subject to g) to delegate to the Deputy Chief Executive - Transformation and Operations the decision to enter into a funding agreement with the Home Office (HO) should the opportunity arise, to support delivery of the scheme.

## Purpose of Report

1. To provide an overview of all of the work being undertaken in relation to providing homes under Government schemes. A glossary of all the acronyms used and an where necessary an explanation as to their meaning or a description of the scheme has been included within this report as **Appendix Five**.
2. To brief Cabinet on the proposed framework to deliver the target number of 14 homes, that meet the eligibility criteria outlined within the Local Authority Housing Fund (LAHF) prospectus. Cabinet will recall that this is in accordance with the signed Memorandum of Understanding (MoU) officers were authorised to enter into with the Department of Levelling Up Housing and Communities (DLUHC), and which sets out the basis for the use of the grant funding. Having made significant progress, officers now seek Cabinet approval to progress to the delivery phase.
3. To brief Cabinet on the proposed framework to lease approximately 48 Service Family Accommodation (SFA) properties for up to three years. The purpose of this scheme is to provide transitional accommodation for individuals and families here under the Government's Afghan Relocations and Assistance Policy (ARAP) scheme. Subject to details set out below, officers seek Cabinet approval to enter into the

respective arrangements with the Home Office (HO) and the Ministry of Defence (MoD).

4. To outline the projected capital and revenue implications and potential risks and benefits of proceeding with the schemes. Given the capital funding and potential borrowing requirement necessary for the LAHF scheme, Cabinet will need to make recommendation to Full Council so that agreement can be sought for appropriate financial allocations to be made to allow the schemes to proceed.

## Corporate Objectives

5. Local authorities have been pivotal in supporting the UK's humanitarian duties to assist those fleeing war. The council's response supports the Corporate Plan themes of providing the homes that people need and building healthy communities.

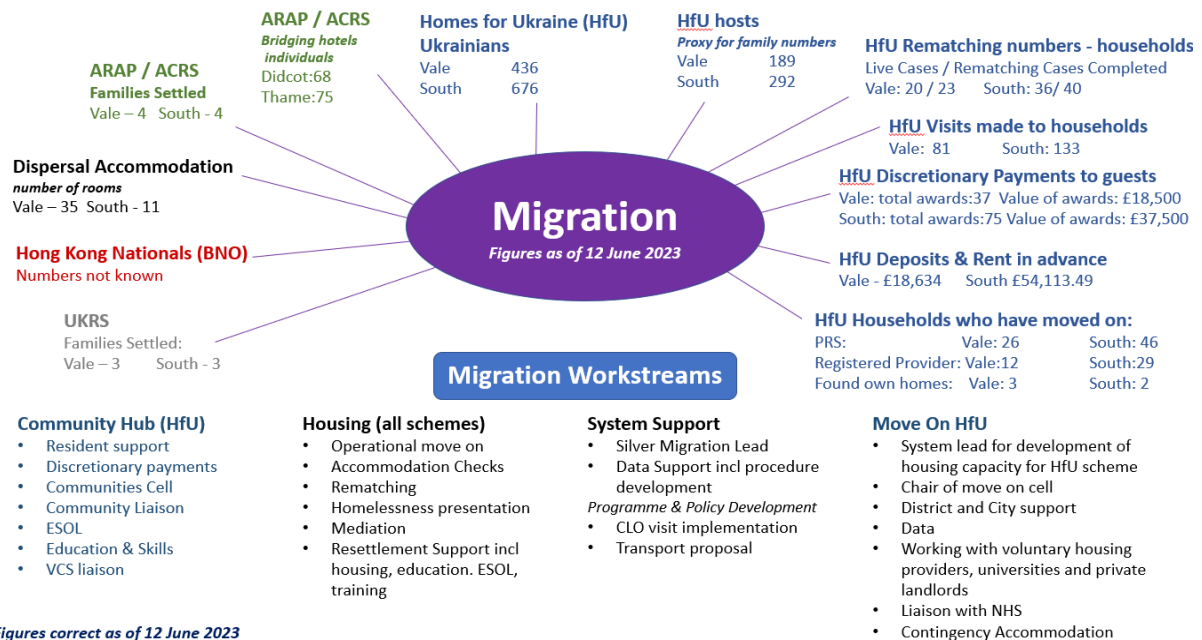
## Background

6. On 7 December 2022, Council approved a Housing Delivery Strategy and associated action plan. The aims of the Housing Delivery Strategy are:
  - Providing homes to meet current and future local need
  - Delivering housing that is truly affordable
  - Valuing and supporting council and community led housing initiatives
  - Planning for well-designed net zero carbon housing.
7. Within the associated action plan there are a series of actions to increase social housing across the district, including the appointment of a Housing Delivery Manager (now in post) and creation of a Housing Delivery team.
8. On 10 March 2023, Cabinet members received an update on DLUHC's £500 million capital fund – the Local Authority Housing Fund (LAHF). The purpose of this fund is for local authorities in England to acquire and/or refurbish property in order to provide sustainable housing for families with housing needs who have arrived in the UK via the Ukrainian and Afghan resettlement and relocation schemes only. As a result of this, Cabinet approved acceptance of the proposed DLUHC grant of £2,136,514 (total allocation) to deliver 14 homes that meet the eligibility criteria outlined within the LAHF prospectus. Authority was delegated to the Deputy Chief Executive Transformation and Operations to sign the Memorandum of Understanding (MoU) with DLUHC. The MoU has been completed and consequently, officers have now developed a specification for the type of properties required, taking account of price, location, type of construction and energy performance and access to public transport services. This is to ensure as far as possible that they are suitable for the scheme. Officers have also mapped out the management and support arrangements that would need to be in place to deliver the scheme.
9. Following the MoU being entered into the initial grant payment of £640,954 has been received. Further payments are dependent on progress reporting against benchmarks and the council successfully utilising the funds to purchase properties as set out in the MoU in **Appendix One**.
10. Alongside the LAHF scheme, in November 2022, the council was approached by the HO and MoD about a potential offer of utilising 30 service family accommodation (SFA) properties within the Vale as transitional accommodation for Afghan nationals under

the Afghan Relocations and Assistance Policy (ARAP) scheme. ARAP relocates and resettles those Afghans that risked their lives in service to the UK in Afghanistan and whose lives are now at risk as a result. In December 2022, the MoD increased the offer up to 48 properties. Officers have been engaged in extensive feasibility discussions with the HO and MoD and have taken detailed external legal advice upon the proposed arrangement.

## Context

- Cabinet will be aware that the council, alongside partners, residents, community groups and voluntary sector organisations, have undertaken significant and proactive vital work to help provide safe shelter and support to refugees and asylum seekers across a number of Government schemes. These are Homes for Ukraine, Afghan Relocations and Assistance Policy scheme, Afghan Citizens Resettlement scheme, UK Resettlement Schemes, the Hong Kong British National (Overseas) visa scheme and unaccompanied asylum seeking children.
- In addition, the Oxfordshire migration partnership is also supporting a range of Home Office contingency and dispersed accommodation pathways. Officer teams, co-ordinated through the council's Community Hub, continue to provide a wraparound support offer to settle individuals and families in the district, distribute government grants, provide housing and homeless advice and assistance, offer community integration support and support access to schooling, language lessons, access to medical services, benefits and support into employment.
- An outline of the current numbers across the schemes within South Oxfordshire and the Vale of White horse district are detailed below in **Figure One**.



- All local authorities who have welcomed arrivals in their districts are facing significant challenges in securing settled accommodation for these households, which unless alleviated will further impact existing housing pressures.
- At the end of April 2023, the HO announced its timetable for the intended closure of bridging hotels across the UK which has added to the urgency and the need for officers

to work at pace to ensure that homes can be provided for families. As Cabinet will be aware from Government announcements, families at the two bridging hotels within South Oxfordshire have received their three months' notice from the Government and have been given a timeframe to move out by the end of August 2023. Should no alternative accommodation be found before the 31 August 2023, then all families may present as homeless to either council, as families who are here under both ARAP and ACRS schemes are eligible to do so.

16. In addition, whilst host numbers are still positive for Oxfordshire across the Homes for Ukraine scheme, some guests have now been with their hosts for 14 months (the original commitment was for 6 months). The Government has also made its commitment clear to increase capacity to welcome new arrivals across a number of schemes.

17. Therefore, it is against this challenging timeline and housing and homelessness pressure, that officers recommend progressing with the LAHF and SFA property schemes as a matter of necessity and urgency.

## **Framework approach**

18. In the following sections of this report, officers have outlined their proposal for the property, management and support arrangements required to deliver the LAHF and SFA schemes, along with the legal, financial and risk implications on a thematic basis.

19. It should be noted that any legal and financial implications are written on the basis that this report is in the public domain. What is set out below is therefore a summary of the legal position. Officers have taken extensive external legal advice from Trowers and Hamlin solicitors which is subject to legal advice privilege and privilege could be waived if details were set out here. Therefore, if any member wishes to receive more detailed legal advice this will be provided by the Head of Legal and Democratic in private session.

20. As stated in the March 2023 Cabinet report, the council transferred its housing stock as part of a Large-Scale Voluntary Transfer (LSVT) in 1995 and has since been reliant upon external organisations to deliver and manage social housing. As a non-housing stock local authority, approval to progress with the schemes means the council will take on the role of direct landlord.

21. At the time of the decision to adopt the Housing Delivery Strategy in 2022, the opportunities regarding the use of Service Family Accommodation (SFA), or the Local Authority Housing Fund (LAHF), were not known. The report at that time identified a number of steps to fulfil their statutory landlord duties as required under current primary and secondary legislation and with the Social Housing Regulators Home Standards. This includes the need to register with the Regulator for Social Housing (RSH) and work to the standards they prescribe. This is therefore new work to the councils and there are opportunities and risks associated with entering into this work in a position of urgency and at pace which have been outlined within this report.

22. There are two resource phases proposed to deliver the accommodation workstream, which are covered in more detail below. The first phase, which has already commenced in order to undertake the necessary scoping, feasibility and assessment work, has been to set up the programme infrastructure to support the purchasing of properties and related survey work, the identification of a maintenance and repairs offer, an allocations

process, and on-going wrap-around support and tenancy management arrangements. The first phase is being led by the Deputy Chief Executive (Transformation and Operations) and managed by the Programmes Service Manager.

23. The second phase will be housing delivery and housing management on a business as usual (BAU) basis to manage properties and their tenants in a steady state. It is anticipated that this phase will be managed by the Deputy Chief Executive (Place) and the newly established Housing Delivery Team.

### **Local Authority Housing Fund (LAHF) - Purchase of properties**

24. Local authorities were allocated capital funding under section 31 of the Local Government Act 2003 on the basis of a formula, set out in the LAHF prospectus. For the 'main element' the prospectus refers to the average lower quartile property price in the council area and for the 'bridging element' the prospectus refers to the estimated lower quartile property price in the council area.

25. Vale of White Horse District Council (VWHDC) was contacted on 21 December 2022 with an indicative allocation of:

- £1,569,600 in funding to provide a minimum of 12 properties for households that meet the eligibility criteria outlined in section 3.2 of the Prospectus ('the main element').
- £566,913 in additional funding to provide a minimum of 2 four+ bed properties to be allocated to households currently in bridging accommodation ('the bridging element').

26. DLUHC stipulated, that as with other affordable housing provision, they expected councils to part fund or finance some of the required capital. They stated that for 'main element' housing, government funding equates to 40 per cent of total capital costs (average £110,800 grant per property) plus £20,000 per property. For 'bridging element' housing, government funding equates to 50 per cent of total capital costs (£263,457 grant per property) plus £20,000 per property. 30 per cent of the funding provided by DLUHC will be paid in Q4 2022/23 and 70 per cent in 2023/24 (the 2023/24 funding is paid incrementally once the local authority has spent 60 per cent of their 2022/23 funding).

27. Following receipt of the signed MOU, Vale received the first payment from DLUHC of £640,954 on 28 March 2023.

28. To support the search of suitable properties, the housing and community hub team have worked with property officers to create a property specification to assist in identifying properties which will meet the needs of the currently intended tenants and the LAHF requirements. It is intended to purchase properties within the district wherever possible. Property will be acquired, owned and managed by the council, and therefore at this stage the search has focused within the district area. Alongside cost, size and type, officers are also taking into consideration the location and access to support and amenities, and the ability to be available within the timescales set out within the MoU with DLUHC. Unfortunately, it is not always possible to purchase Accessible properties (Accessible housing refers to housing where the design and layout is free of barriers to enable independent living for persons with disabilities), however access to and within properties is always assessed and any adaptations or modifications required to meet specific tenant needs will be considered as and when required.

29. A number of properties have already been reviewed in the district which broadly meet the criteria, and some of them have been deemed suitable to be inspected. Consideration is now being given as to whether the council should progress in making offers, but of course this is subject to Cabinet approving progression of the scheme and full Council approving the overall financial element. The current mortgage rate levels have depressed the market, which can be an advantage to the council in securing properties at a lower cost, particularly as it is a no chain, cash purchaser. However, it has also resulted in a lower availability of properties on the market as sellers are struggling to find purchases.
30. Subject to agreement to proceed with the LAHF scheme, and prior to the exchange of contracts and completion of the specific purchase, final approval for each purchase will be sought from the Head of Development and Corporate Landlord, in consultation with the Heads of Finance, Legal and Democratic and Housing and Environment in accordance with the constitution.

#### Financial modelling and implications for purchasing property under the LAHF scheme

31. DLUHC grant will provide approximately 40 per cent of the capital cost of purchasing the properties. The council will need to fund the balance of the purchase cost and £2.5 million has been included as a growth item in the capital programme for 2023/24 to cover the council's share of the purchase costs. For the purposes of financial modelling it has been assumed that this cost will be funded from prudential borrowing.
32. DLUHC has not provided any specific funding for the management, financing and operational running costs of these properties and these revenue costs will need to be covered by rental income paid by the tenants.
33. A range of assumptions have had to be made to establish the likely financial impact on the revenue budget of the costs of providing a landlord function for these properties. These include principal and interest costs on borrowing, rental income, repairs & maintenance costs, rent collection, staff costs, insurance costs etc. These are set out in more detail in the financial model in **Confidential Appendix Two** and are based on the council buying the full 14 properties for which funding has been provided.
34. The financial modelling also assumes that Stamp Duty Land Tax (SDLT) will not be payable because the councils will become registered with the Regulator of Social Housing as Registered Providers and the use of LAHF funding falls within the exemption category for SDLT announced in the recent budget.
35. In setting the budget for 2023/24, it was assumed that the rental income would offset the borrowing and running costs for the properties. This modelling however shows an annual estimated net revenue cost of circa £112,000 at today's prices. This is an approximation only as each property will come with its own purchase price and remedial costs, and rental levels, based upon Local Housing Allowance rates, will depend upon location within the district. It is assumed that 50 per cent of properties may be purchased in the Oxford Local Housing Allowance (LHA) area and 50 per cent in the Swindon LHA area where rates are lower.
36. This estimated cost however needs to be compared against the alternative scenario of families being accommodated in hotels/B&B. The cost per hotel room for providing external temporary accommodation for these families ranges from an estimated £17,000 pa to £28,000 pa. This equates to £238,000 pa to £392,000 pa if all the

families rehoused in these properties would have otherwise remained in temporary hotels.

37. Sensitivity analysis has been done on these figures to model the costs of a 10 per cent increase in purchase price, to model different interest rates on borrowing and to model different levels of bad debt provision. This is also included in the financial model set out in **Confidential Appendix Two A**.
38. Based upon the financial model, that properties will not become occupied until 2024, and that the occupation will be phased, officers believe that the deficit for 2023/24 will be less than £20,000 per council, but are asking for a supplementary estimate of up to £100,000 per council for resilience if required.
39. In the long term, it is expected that this housing will become available for general needs or, if not required, could be sold. It should be borne in mind that whilst DLUHC has funded 40 per cent of the purchase price, the houses will be a 100 per cent council owned asset and there is no clawback of grant funding should the house be transferred into general needs use or sold at some future date.
40. This financial model has been further developed to show the annual costs over 50 years. The stated aim of the fund is to create a lasting supply of affordable housing for the general population, and the expectation is that the stock will be made available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed, although there is nothing in the guidance that prevents sale of the housing at a future date. Therefore, should the usage of the properties change, or there is a significant change in the financial position, officers will report back to Cabinet for a decision which could include a decision to divest itself of the property.

#### Legal implications

41. The regulation of social housing is governed by the Housing and Regeneration Act 2008 (the 2008 Act) which defines social housing as Low Cost Rental and Low Cost Home Ownership housing with some additional property held by private registered providers of social housing as at 2 April 2010.
42. Local authorities that provide social housing will need to be registered by the Regulator of Social Housing pursuant to section 114 of the 2008 Act and the Housing and Regeneration Act 2008 (Registration of Local Authorities) Order 2010/844.
43. Legal Services, in conjunction with Property colleagues, will carry out all the normal due diligence check which form part of the conveyancing process. In order to take advantage of the public subsidy exemption from Stamp Duty Land Tax which is normally payable on property purchases, the council will need to be registered as a registered social landlord/local authority registered provider with the Regulator of Social Housing (RSH). It should be noted that registration is required in any event if the council provides or intends to provide social housing. Officers are in the process of making the necessary application for registration.

#### **Service Families Accommodation (SFA) - Lease of properties**

44. The MoD has offered to lease up to 48 (28 in tranche 3 and 20 in tranche 4 of the Government's tranche allocation) of its Service Family Accommodation (SFA) housing



to the council. In the spirit of openness and transparency, the properties are located in Shippon, Shrivenham and Watchfield. The MoD properties are solely for use by families who are in the UK under the ARAP scheme. The properties will be provided to the MoD's move in standard and with MoD 'Get You In Packs', which include basic furniture (including kitchen equipment), fixtures and fittings, pans, crockery etc to allow the property to be occupied immediately.

45. The basis of the arrangement is that the MoD will offer an umbrella lease for all of the properties and the council will then offer individual tenancies to the households. Officers have been in negotiation with the MoD regarding the lease of these properties. To ensure that the properties are up to the required housing standard and to inform these discussions, all properties within tranche 3 have been subject to a condition survey by experts retained by the council. These condition surveys will then form part of the lease arrangements on the basis the council has to keep the properties on a no worse condition, though it should be noted that the council is responsible for ongoing maintenance and repairs and any repairing / inspection obligations placed on the council as landlord.
46. Encouragingly, the reports indicate that the properties have generally been well looked after and are mostly newly decorated with new carpeting and kitchens. Three of the 28 have suffered water damage, and so will not be taken as part of the tranche three and it should be noted that the council is seeking to ensure that it can 'carve out' of the lease any unsuitable properties.
47. Should agreement be given to progress with the SFA scheme, delegated authority will need to be given to the Head of Development and Corporate Landlord to finalise negotiations and conclude the lease with the MoD.
48. To protect its position, the council has retained Trowers & Hamlin solicitors to act on its behalf in legal discussions with the MoD. In principle, agreement has been reached and the headlines are that the MoD will grant the council a lease of three years duration. This will be excluded from the security of tenure provisions of the Landlord and Tenant Act, 1954 which means that the council will not have security of tenure of the properties and they will have to be returned at the end of the lease term or sooner if the lease is terminated earlier. The annual rent for the overarching lease agreement is £1 plus £5,000 per annum, per property (whilst the individual property is occupied).
49. As part of its standard lease model, the MoD will benefit from a landlord's only break option, exercisable upon six months prior notice. Officers sought to challenge the inclusion of this requirement, however it reflects the MoD's own lease arrangement over the properties and cannot be removed.
50. The Council will be responsible for keeping the premises in no worse state and condition as evidenced by the Schedule of Condition.
51. The council is in discussions to secure grant funding to fund necessary posts to support this initiative. Delegated authority to the Deputy Chief Executive – Transformation and Operations is sought, should the discussions progress to an available funding mechanism.

## Financial modelling and implications for leasing property under the SFA scheme

52. The council will lease the properties from the MoD for a period of three years at a cost of £5,000 per property per annum. The total lease cost for the proposed 48 properties is £240,000 pa which assumes that no SDLT or VAT will be payable. The accounting treatment of this cost under IFRS16 (international financial reporting standard on lease accounting) when it becomes effective is still to be established.
53. The council will collect rents from the tenants and bear the operational running costs as a landlord for three years. It will be required to return the properties to the MoD in the same condition as it received them.
54. The estimated net cost of the SFA programme is set out in **Confidential Appendix Three**.

## Legal implications of the council granting tenancies

55. Ordinarily, when a property is let by a council to an individual for occupation as their only or principal home, the default position is that a secure tenancy is granted. There are exceptions to the general rule providing certain conditions are met. Officers wish to ensure that any tenancy granted is not secure on the basis the properties will have to be returned to the MoD. The exemption is satisfied if the property is leased to the council with vacant possession for use as temporary housing accommodation and the terms on which it has been leased include provision for the MoD to obtain vacant possession from the landlord on the expiry of a specified period or when required by the lessor as is the case here.
56. Legal advice received by the council notes that there is no settled case law which is directly relevant to the ARAP scheme, so this is to some extent untested. However, it was considered that on balance, the provisions will be satisfied and the tenancies granted to the ARAP families will not be secure provided the lease granted satisfies the conditions.
57. To put the question beyond doubt, any form of occupational tenancy agreement used by the council will specifically state that it is a non-secure tenancy and granted under paragraph 6 of Schedule 1 to Housing Act 1985. Where a tenancy is not secure, it will be a contractual tenancy which is terminable in accordance with its terms. The tenancy agreement should therefore contain a contractual mechanism for termination by Notice to Quit. The council will not be required to establish any statutory ground or basis for possession.

## **Management of fixtures and fittings**

58. Fixtures and fittings will be provided for LAHF properties by the Community Hub using government grant funding. This means that the provision can be aligned to the scheme rather than the property or family to enable a flexible approach to make best use of fixtures and fittings between properties and/or families as part of the transitional arrangements and move on package. For SFA properties the MoD has committed to providing 'Get You In' packs for all properties. These will be supplemented with additional items as required by the Community Hub in the same way and funded through community integration funding for SFA.

## **Repairs, maintenance and compliance**

59. Statutory compliance surrounding the management of housing property is complex. The councils have a duty, as a landlord, to repair, maintain and ensure compliance in its properties. The council will need to ensure they fulfil their statutory landlord duties as required under current primary and secondary legislation and thus, comply with the Regulator for Social Housing Home Standards.
60. The council does not have in house expertise in this area and would need time to develop the necessary expertise to achieve the longer term aim of in house delivery set out in the Housing Delivery Strategy. The tight delivery timescales for this programme mean that in the short term in house delivery is not an option. As such, officers are in the process of making arrangements to procure the necessary services, but Cabinet will note that the timetable has been set by Government and is extremely challenging. Therefore, any procurement process will need to be conducted with this in mind and that, if approved the council will need access to these services prior to the bridging hotel arrangement coming to an end on the 31<sup>st</sup> of August.
61. Although the risk of challenge is low, if someone were to challenge the likelihood they would succeed is high. If there was a successful challenge to such a VEAT notice, officers believe that this would stall the ability to provider repairs and maintenance services whilst a full procurement was undertaken. This is likely to take at least nine months (probably longer) to procure and mobilise, and during that time properties would not be able to be safely occupied.
62. The financial modelling has taken account of the likely costs arising from the use of partnering arrangements in the short-term.
63. Council officers will work together to take all necessary steps to ensure that the service is in place and will comply with council standing orders.

## **Allocations and tenancy management**

64. Afghan and Ukrainian families will be allocated to SFA and LAHF transitional housing the under the statutory duty to provide temporary accommodation to homeless families, utilising specific government funding to provide housing for this purpose. The duty to provide temporary accommodation is normally ended when the family move to longer term settled accommodation.
65. Management of the tenancies in the short term will be undertaken by an experienced partner using the same procurement arrangements as outlined for repairs, maintenance and compliance.

## **Community wraparound support**

66. Community wraparound support for households will be provided by the Housing and Community Hub teams. From the outset there will be a firm emphasis on the properties being let short-term and transitional while officers support households into more settled arrangements. Housing Support Officers will provide initial housing allocation, property and services inductions before working with households to find longer term more sustainable housing. Community Support officers will provide initial support including orientation and induction into the area, support into local services including schools, health, benefits and employment and then signpost and support

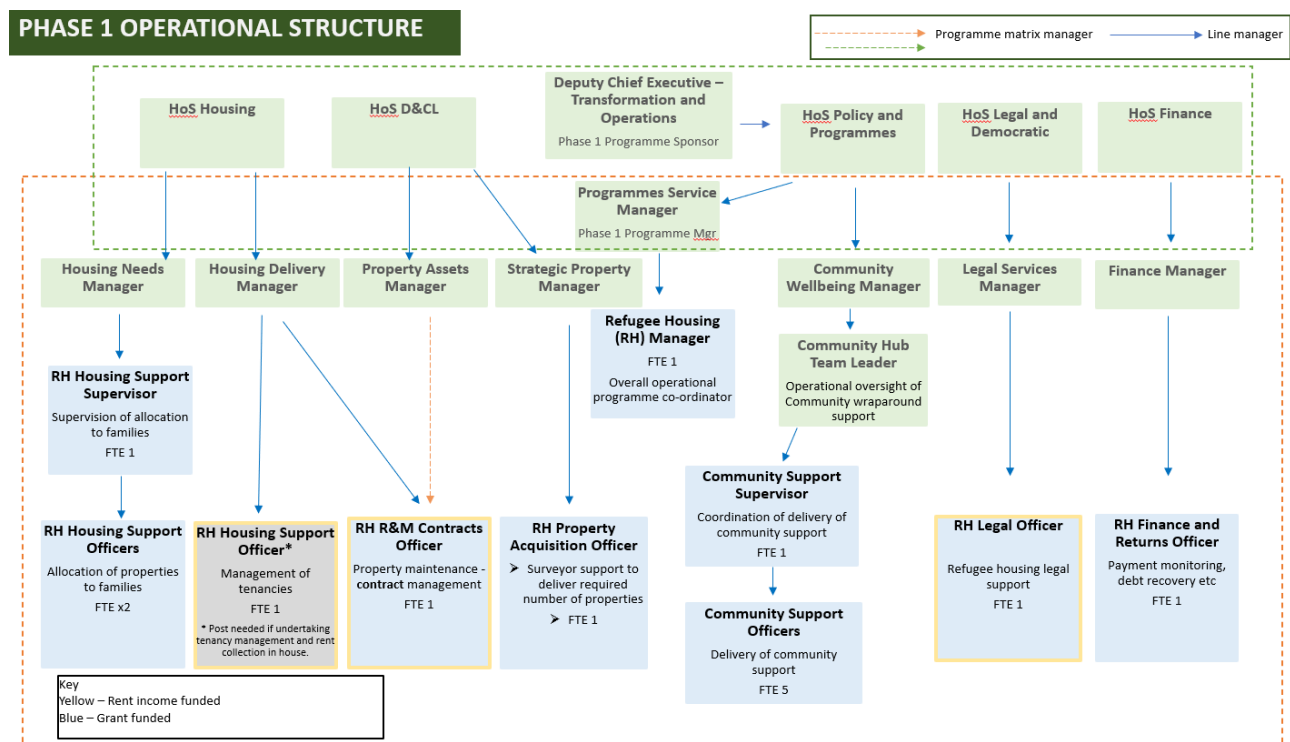
adults into training, ESOL access and employment opportunities so that families will be financially able to move on. The level of support will flex according to the needs of the individuals which will range from a high level of English and employability to illiteracy in their own language. Staffing resource will be required for this as set out in **Figure Two** below.

67. Resource and the community wraparound arrangements will be grant funded from the Flexible Housing Fund, Homelessness Assistance Fixed Tariff, Local Authority Caseworker and Relocation Support Funding and Homes for Ukraine top up funding as outlined in below in section 69 and in more detail in **Appendix Four**.

## Resource requirements

68. Following an assessment of all the required workstreams to deliver the LAHF and SFA programmes, and taking into consideration current community response requirements across the schemes as presented in **Figure One**, officers have determined the initial staff resource requirement as outlined in **Figure Two** below. It is anticipated that for the duration of phase 1, the identified roles will be line managed within their subject matter workstream, but oversight and team co-ordination will be managed by the Refugee Housing Manager which will report directly Programmes Service Manager. Should agreement to progress with the schemes be given, recruitment will commence in accordance with the council’s HR policies.

**Figure Two** – proposed staffing resource requirements and reporting lines



69. Resource requirements for this programme will be funded from a variety of sources as set out in detail in **Appendix Three**. Grant funding arrangements are complex, however they can be summarised into two funding streams:

- Funded from rental income – Rental income at LHA rates provides an income stream, some of which may be used to employ the staff necessary to run the

housing related elements of the service. Posts that could be funded in this way are outlined in yellow in **Figure Two** above.

- Funded from government grant funding –There are a significant number of grant funding schemes available, and officers monitor the grant landscape on an ongoing basis as criteria and eligibility windows are complex. From the various funding pots available now outlined in **Appendix Three/Four**, the posts identified in blue in **Figure Two** above can be funded. Officers will continue discussions with the HO about all available funding mechanisms.

70. Governance arrangements have been put in place to ensure that all funding/costs allocations and use is maintained and can be monitored and reviewed to ensure that grant funding criterion is met at all times.

## **Equality implications**

71. In preparing this report, due consideration has been given to the councils' statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. Equality Impact screening/assessments will be undertaken to assess if a full Equality Impact Assessment EIA is required. This will be an ongoing process to review our approach on an ongoing basis to ensure that we are complying with best practice.

## **Climate and ecological impact implications**

72. The council has set an ambitious target to reduce carbon emissions, aiming to be carbon neutral within its own operations by 2030, with a 75% reduction by 2025. Action B4 of our Climate Action Plan sets out our intention to agree an energy efficiency standard for new asset acquisitions. The recently published Oxfordshire Net Zero Route Map and Action Plan suggests that 100% of properties in Oxfordshire will need to be EPC B or above by 2045 to reach the UK net zero by 2050 target. Furthermore, any property purchased through the Local Authority Housing Fund will need to meet the national Minimum Energy Efficiency Standards for rental properties which is currently set at EPC E but is expected to be strengthened to at least EPC C by 2030.

73. The climate impact of housing is closely linked to the level of insulation, quality of the structure and the type of heating system, which in part will be informed by the age and the building regulation requirements in place at the time it was built. Newer properties are generally much better insulated than older ones. Following the principles of minimising energy use and achieving net zero set out in the councils Housing Delivery Strategy, the energy performance of houses and expected costs of retrofitting will be assessed prior to purchase to inform whole lifetime costs (particularly for older properties). Where necessary and viable, works required to improve the energy performance of a property, such as improving insulation or replacing the heating system, will to be undertaken to reduce the carbon footprint of the building as well as reducing the energy costs to tenants.

## **Financial implications**

74. Any council decision that has financial implications must be made with the knowledge of the council's overarching financial position. For Vale, the position reflected in the council's medium-term financial plan (MTFP) as reported to full Council in February 2023 showed that the council was able to set a balanced budget for 2023/24, but that

there is expected to be a budget gap in future years. However there is great uncertainty over this caused by a lack of clarity from government.

75. The future funding gap is predicted to increase to over £7.8 million by 2027/28, based on current cautious officer estimates of future funding levels. Whilst it is anticipated that overall funding for the council will remain relatively unchanged in 2024/25, the lack of certainty on future local government funding from 2025/26 onwards means the level of funding, and the resulting estimated funding gap, could be significantly different from current officer estimates in either a positive or negative way. Every financial decision, particularly those involving medium-term funding commitments (i.e. those beyond 2024/25), needs to be cognisant of the potential for significant funding gaps in future years.
76. The financial implications of the individual workstreams have been detailed in the report. Note that there is an existing budget for temporary accommodation costs and that a decision to proceed with these schemes is expected to either reduce a potential overspend on this budget or to result in an underspend, with the reduction in temporary accommodation costs expected to be greater than the cost of funding the schemes.

## **Legal Implications**

77. All legal implications have been set out in summary form in the body of the report. As stated above, should Cabinet require more detail, this will be provided in private session by the Head of Legal and Democratic.

## **Risks**

78. A comprehensive risk register is being maintained for this programme to manage risk. The key risk in the initial phase have been outlined above within each relevant workstream, but overall the main risk is not being able to mitigate homelessness pressures effectively through being able to acquire suitable properties in appropriate locations at affordable prices within the LAHF scheme and/or make the SFA properties available within the programme timescale dictated by Government. To seek to mitigate this risk, officers have developed a comprehensive framework to manage delivery of the programmes, whilst reducing the financial and legal implications to the council as far as possible.
79. The operational phase of the programme when properties are occupied contains risks around compliance with legal standards and duties. In order to mitigate these in the short term a partner with experience of repairs and maintenance and compliance in social housing is being sought to deliver these services on our behalf. This will enable the council to deliver a compliant service within the immediate programme delivery timescales.
80. Extensive modelling has been undertaken to understand the financial implications of the programmes and the multiple different funding criteria for all the grants available. However, elements of the financial modelling are necessarily based on assumptions around the numbers, sizes and locations of properties. There is therefore a risk that the predicted rental income based on the number of properties will not materialise, leading to a revenue funding shortfall which may not be able to be covered by grant funding. Careful financial monitoring will be undertaken by the programmes team and overseen by the Head of Finance and regularly reported to Cabinet.

81. The LAHF and SFA programme is intended to be transitional accommodation. The council will need to ensure that it pro-actively manages and supports families into settled accommodation, to mitigating adding further to the risk of homelessness. The proposed resource structure outlined in **Figure Two** above, seeks to ensure that sufficient resource is in place to assist in securing and support families to move on.

## **Conclusion**

82. In this report, officers have outlined their proposal for the property, management and support arrangements required to deliver the LAHF and SFA schemes, along with the legal, financial and risk implications on a thematic basis. Officers recommend progressing with the LAHF and SFA property schemes as a matter of necessity and urgency.

## **Appendices**

Appendix One – Signed DLUHC MoU

Appendix Two – Confidential LAHF financial model

Appendix Two A – Confidential Sensitivity Analysis

Appendix Three - Confidential SFA financial model

Appendix Four - Scheme Funding Sources Overview

Appendix Five – Glossary of refugee accommodation abbreviations

## **Background Papers**

None