

Cabinet Report



Report of Head of Finance

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COUNCIL 17 July 2024

Local Authority Housing Fund (LAHF) – Round 3

Recommendations

- (a) To accept the Department for Levelling Up, Housing and Communities' grant of £747,000 (indicative Local Authority Housing Fund 3 allocation) to deliver four homes that meet the eligibility criteria outlined within the Local Authority Housing Fund 3 prospectus, and to authorise the head of finance in consultation with the chief executive or their nominated officer to sign the Memorandum of Understanding with the Department for Levelling Up, Housing and Communities, which sets out the understanding between both parties for the use of funding.
- (b) to recommend to Council to add £1.644 million to the capital programme, part funded by Local Authority Housing Fund 3 funding of £747,000 to purchase four homes under this scheme.

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	Yes	Yes	Yes	Yes
Signing off officer	Simon Hewings	Pat Connell	Jessie Fieth	Abi Witting

Purpose of report

1. To allow the council to accept additional grant funding which has been made available under the latest round of Local Authority Housing Fund (LAHF) funding. This will further support the provision of housing for the council's refugee accommodation programme, building on previous rounds which the council has taken advantage of.

Corporate objectives

2. Local authorities including this council 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

3. As Cabinet members will recall, the Department of Levelling Up Housing and Communities (DLUHC) has introduced a Local Authority Housing Fund, under which DLUHC provides partial grant funding to support the purchase of local accommodation. The council has previously participated in LAHF rounds 1 and 2. The intention of LAHF 1 was to help councils obtain accommodation for families with housing needs who have arrived in the UK fleeing the war in the Ukraine and those on Afghan resettlement and relocation schemes. For LAHF 2, the scheme was widened to address wider homelessness pressures and to house those on Afghan resettlement schemes.
4. In March 2024 DLUHC announced the third round of LAHF - the prospectus and guidance are attached as Appendix 1. DLUHC's funding objectives for LAHF round are as follows:
 - Reduce local housing pressures and use of expensive and unsuitable accommodation, by providing better quality temporary accommodation to those owed homelessness duties by local authorities,
 - Reduce temporary accommodation costs,
 - Provide sustainable settled housing to those on Afghan Citizens Resettlement Scheme (ACRS) so that they can build new lives in the UK, find employment and integrate into communities, and
 - Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.
5. This fund aims to support local authorities to provide:
 - better quality temporary accommodation for those owed a homelessness duty, and
 - safe, suitable, long-term housing for those on the ACRS who are unable to secure their own housing.
6. The council received an initial funding allocation of £747,000. There are different elements to the funding, and the initial funding allocation is made up as follows:
 - Temporary accommodation element: a minimum of 1 home,

- Resettlement element: a minimum of 2 homes,
 - Large resettlement element (4+ bed): a minimum of 1 home.
7. The base grant funding rate represents 40 per cent of the median property price for the area, except for the large resettlement element for which 50 per cent is provided. An additional 10 per cent uplift to the grant rate will be added for each unit delivered as a new home, and there is an additional £21,000 per property to account for any other costs, for example refurbishment and conveyancing costs. To support delivery, there is an indicative allocation of £6,175 of revenue funding.
 8. Officers submitted a validation form confirming our interest in participating in the scheme by the deadline of 28 March 2024. To participate, as per communication received during May 2024, a Memorandum of Understanding (MoU) between the council and DLUHC must be signed by 12 July 2024. This may be subject to change due to the calling of the general election. The draft MoU is attached to this report as appendix 2 and Cabinet is asked to authorise the head of finance in consultation with the deputy chief executive – transformation and operations to agree and sign the MoU to enable participation in the scheme.

Options

9. The council could choose not to sign the MoU and participate in this round of the scheme. However, the LAHF scheme provides an opportunity for the council to utilise government funding to purchase property for housing, which supports the council's efforts in fulfilling the UK's humanitarian duties to assist those fleeing war, and also to support the council's corporate plan objectives regarding housing. It is therefore recommended that the council participates in the scheme.

Financial Implications

10. Entry into the MoU does not in itself commit the council to additional capital or revenue expenditure at this stage. However, to progress the purchase of the additional houses required under this scheme requires an addition to the capital programme of £1.644 million, part funded from the £747,000 LAHF 3 funding. Cabinet recommends to Full Council that this additional budget allocation be made.
11. The financial modelling previously considered in the Cabinet report of 3 July 2023 has not been extended to these purchases at this stage but, as identified in that report, a decision to proceed with these purchases is expected to either reduce a potential overspend on the council's temporary accommodation budget or to result in an underspend, with the reduction in temporary accommodation costs expected to be greater than the cost of funding the scheme.

Legal Implications

12. Whilst less formal than a funding agreement the Memorandum of Understanding will set out the expectations that DHLUC has of the council in delivering the housing expected in return for the funding. Flowing from this will be further legally binding decisions to purchase the expected properties with the funding received.

Climate and ecological impact implications

13. Entry into the MoU itself does not have any climate and ecological impact implications.
14. The purchase of property through the Local Authority Housing Fund will have significant climate implications. In summary, for periods where the council is paying the property's energy bills, these will be added to the council's annual greenhouse gas reports, potentially affecting the council's ability to reach our net-zero target for council operations. Furthermore, where necessary and viable, works required to improve the energy performance of a property, such as improving insulation or replacing the heating system, will need to be undertaken to reduce the carbon footprint of the building.

Equalities implications

15. In preparing this report, due consideration has been given to the council's 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.

Risks

16. A comprehensive risk register is being maintained for all the council's housing programmes 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 within the programme timescale dictated by Government. To seek to mitigate this risk, officers developed a comprehensive framework to manage delivery of the programmes, whilst reducing the financial and legal implications to the council as far as possible.
17. 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 is delivering these services on our behalf, enabling the council to deliver a compliant service within the immediate programme delivery timescales.
18. Extensive modelling has been undertaken to understand the financial implications of the housing programme 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 is undertaken by the programmes team and overseen by the head of finance and regularly reported to Cabinet.
19. The LAHF 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 mitigate adding further to the risk of homelessness. The proposed council's housing programmes resource is intended to be sufficient to assist in securing and support families to move on.

Other Implications

20. None.

Conclusion

21. Following involvement in the previous rounds of LAHF it is recommended that the council participates in the third round, as laid out in the report.

Appendices

- Appendix 1 – LAHF Round 3 prospectus and guidance
- Appendix 2 – Draft MoU