



REPORT TO:	Cabinet Council
DATE:	Tuesday, 12 September 2023 Wednesday 27 September 2023
SUBJECT:	Local Authority Housing Fund
PURPOSE:	Following invitation from Government, to seek agreement for the Council to take part in the Local Authority Housing Fund programme Round 2. This is with a view to accepting government funding to support the of delivery of eight new homes in the district to meet short, medium and long term housing need
KEY DECISION:	Y
PORTFOLIO HOLDER:	Cllr Tracey Carter, Portfolio Holder for Communities and Operational Housing
REPORT OF:	Matthew Hogan, Assistant Director – Strategic Growth and Development
REPORT AUTHOR:	Matthew Hogan, Assistant Director – Strategic Growth and Development
WARD(S) AFFECTED:	All wards
EXEMPT REPORT?	N

SUMMARY

The Local Authority Housing Fund is a £750m national programme to support local authorities in providing accommodation to Ukrainian and Afghan families, settled in the UK legally under various government schemes following the conflict that has occurred in the two countries.

Round 2 of the fund is designed to support primarily with providing accommodation for Afghan families, as opposed to the Ukrainian cohort. The fund also allows authorities to access funds to support in providing additional general temporary accommodation for use generally by authorities in meeting local need. Under Round 2 of the fund, the Council has been invited by government to consider an offer of £880,000 to support in making eight properties available; five homes for Afghan families, and three properties for temporary accommodation to meet wider housing need.

In order to take part in the scheme, the total project cost is estimated at c£1,960,000, therefore the project requires an anticipated maximum council capital contribution of £1,080,000 funded across the Housing Revenue Account and the General Fund. As the properties would generate a revenue stream for the council, the project is anticipated to be self-financing.

The report sets out the background to the fund, and a recommended way forward.

RECOMMENDATIONS TO CABINET:

1. That Cabinet formally agrees to take part on the Local Authority Housing Fund Round 2 programme with a view to bringing eight properties into the council's ownership to meet short, medium and long term housing needs within the district.
2. That it is recommended to Council that the 2023/24 capital programme is amended to reflect the LAHF project as set out at Appendix A
3. To delegate to the Assistant Director – Strategic Growth and Development, in conjunction with the Portfolio Holder for Communities and Operational Housing, the authority to conclude contractual and grant agreement arrangements with Government in respect of the scheme

RECOMMENDATION TO COUNCIL:

That the 2023/24 capital programme be amended to reflect the LAHF project.

REASONS FOR RECOMMENDATIONS

To accept an offer of up to £880,000 in government funding to support in making eight properties available to meet short, medium and long term housing needs within the district. To recommend to Council the inclusion of funds in the 2023/24 capital budget to deliver the project, captured within the capital programme set out in Appendix A. To delegate authority to officers to conclude contractual agreements with government.

OTHER OPTIONS CONSIDERED

Do nothing – Under this option, the council will not accept the funds from government, nor to seek to make properties available. The purpose of the fund is to support local authorities in meeting the housing needs arising in their area. Therefore, under the 'do nothing' option, the potential benefits referenced in this report will not be realised.

1. BACKGROUND

- 1.1. In 2022 the UK government launched various schemes to support with the safe and resettlement of households impacted by the conflict in Afghanistan.
- 1.2. In respect of Afghan resettlement, the UK government committed to resettling 5,000 people in the first year of the resettlement scheme, with an aim of supporting up to 20,000 people over five years. The Afghan scheme has sought to prioritise legal resettlement those

who assisted the UK with its military operations in the country, coupled with those at greatest risk as a result of the Taliban regime.

- 1.3. Many of these families brought to the country by the UK Government are currently accommodated on short term placements or are residing in hotel-type accommodation.
- 1.4. In order to support with accommodating these households, in December 2022 the Government announced Local Authority Housing Fund (LAHF) where funding was offered to specific authorities across the UK. In June 2023, the Government then announced an extension to the programme and expanded the offer of funds to other authorities.
- 1.5. The overall programme has three aims;
 - To support in providing more suitable accommodation and affordable accommodation for these families, who arrived in the UK legally, until their visas expire in c 3-5 years' time.
 - To support local authorities in meeting their duties to accommodate such families if they present as homeless, therefore relieving pressure on wider local housing challenges and constraints.
 - To provide local authorities who take part in the scheme with additional funds to meet wider homelessness within their area.
- 1.6. For the purposes of clarity, the scheme is not aimed at households who have arrived in the UK illegally outside of government sponsored resettlement schemes e.g. those who have arrived in the UK seeking asylum
- 1.7. The council has been offered funding by Government under Round 2 of the programme. The details of the offer from Government is as follows;
 - The council has been offered up to £880,000 in grant funding to make available eight properties; five properties for Afghan households, and three properties for use as general accommodation by the council to meet wider housing needs.
 - For the eight properties, the council is able to use the grant funds to cover 40% of the cost, plus an additional £20,000 per property, capped at a value of £880,000.
 - That the homes are made available by a target date of March 29th 2024
 - For the properties to be provided to households at an 'affordable rent', typically defined as capped at 80% of the market rent for similar properties on the open market
 - That once the five properties designated for Afghan families are no longer utilised by the cohort (currently anticipated to coincide with the expiry of their visas after 3-5 years), the council will be free to use those five properties for whatever purpose it deems suitable. In other words, the homes will be available for use by the council as a long-term asset to meet housing need.
- 1.8. If the council is minded to take part in the scheme, the following approach is proposed in terms of how the funds will be deployed;
 - Whereas the scheme is designed to fund the delivery of additional housing to meet the needs of the cohort that the scheme is aimed at, there is no requirement for the specific properties acquired under the scheme to be the properties occupied by the cohort. In other words, local authorities are able to use the funds to bring about a net increase in the supply of their housing stock, and then use the additional capacity created to

consider how to best meet the needs of the Afghan families supported through the scheme. The council will consider how best to employ this flexibility when considering the arrangements associated with accommodating individual families.

- Given the timescales set by government in respect of the delivery of the additional homes (March 2024), coupled with the requirement for new affordable homes to be additional to those already planned for, it is recommended that a strategy of acquiring new build market properties is adopted. Under this model, the grant funding provided by government will be utilised to subsidise the cost of the acquisition of the properties, to make them affordable to the council as use as low cost accommodation.
- That for the five properties for the Afghan cohort to be acquired and held on the council's HRA, with the three properties for temporary accommodation to be acquired and held on the council's General Fund (reflecting the use of the latter as accommodation to meet short term needs arising from homelessness within the district).

1.9. There are a number of financial implications associated with the report recommendations. In order to deliver eight properties, an assumed total project cost would be £1,960,000 including all project delivery oncosts that the council typically applies to housing acquisition projects. With government providing a capped figure of £880,000 to support the delivery of the eight properties, this will necessitate the council making an anticipated capital contribution of £1,080,000 split between £405,000 from the council's General Fund and £675,000 from the council's HRA.

1.10. If the recommendation set out within this report is agreed, the next steps would be as follows;

- To formally inform Government of our intent to take part in the scheme. This will trigger the issuing of a Memorandum of Agreement to the council from Government. This decision seeks delegated authority be provided to the Assistant Director for Strategic Growth and Development to agree and conclude the terms of that agreement, in consultation with the Deputy Leader of the Council.
- To update the Council's 2023/24 capital programme, as set out in Appendix A
- Following approval, to commence the delivery of the project and the identification of suitable properties for use under the scheme. This is with a view for specific business cases in respect of individual properties to be subject to a further, formal executive decision and report. This with a view to seek to meet the government's stated target date of March 29th 2024 for delivery of the properties.

2. CONCLUSION

2.1 This report seeks to accept an offer of up to £880,000 in government funding to support in making eight properties available to meet housing need over the short, medium and long term within the district. The report also seeks to recommend to Council the inclusion of match funds in the 2023/24 capital programme to deliver the project.

3. EXPECTED BENEFITS TO THE PARTNERSHIP

3.1 The recommendation presents an opportunity for deliver a number of expected benefits, including;

- Support to the UK Government's stated aim to support households displaced and settled legally in the UK, following conflict in Afghanistan

- The delivery of eight new properties owned by the council to meet housing need in the district into the short, medium and long term, supporting with a net increase in supply of homes available to the council to meet need. This includes three properties for use as temporary accommodation, immediately available upon acquisition to meet need arising from those within the district experiencing challenges in respect of housing.

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

- 5.1.1 The recommendation supports the SELCPs aim to increase supply of new housing to meet need.

5.2 CORPORATE PRIORITIES

- 5.2.1 The report recommendations align with the importance that the council places upon meeting the housing needs and aspirations of its residents, including the importance of the support of good quality homes. It also aligns with the council's Annual Delivery Plan.

5.3 STAFFING

- 5.3.1 The report brings with it staffing implications. The project will be managed through the council's Housing Development team, as part of the council's existing housing development programme.

5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

- 5.4.1 The report seeks executive approval of the council's involvement in the Local Authority Housing Fund (LAHF) scheme, coupled with a recommendation that the total project costs be created as a capital budget within the council's 2023/24 capital programme.

5.5 DATA PROTECTION

- 5.5.1 There are no known data protection implications associated with the report recommendations at this time.

5.6 FINANCIAL

- 5.6.1 The tables included in Appendix A set out the financial implications for the acceptance of the grant for both the General Fund capital programme and the HRA capital programme.

5.7 RISK MANAGEMENT

- 5.7.1 The delivery of new housing projects comes with a number of risks. These include financial, reputation and legal. Considerable experience exists with the council in respect of the management and delivery of housing investment projects, and will be deployed in the delivery of these properties.

5.8 STAKEHOLDER / CONSULTATION / TIMESCALES

- 5.8.1 HM Government and the Department for Levelling Up, Housing and Communities (DluCH) are a key stakeholder in the LAHF scheme. Officers have developed a good relationship with key civil servants involved in the scheme and will continue to liaise with DluCH throughout the course of the programme. In terms of timescales, as set out within this report, government has set out a desire to see the five properties delivered by March 2024

5.9 REPUTATION

5.9.1 The management of the council’s reputation will be considered as the project moves forward, including the development of a full communications plan. The SELCP has the experience of Round 1 LAHF for Boston, on which to base its approach to communications on Round 2.

5.10 CONTRACTS

5.10.1 Participation in the scheme will see the council enter into a Memorandum of Agreement with government. This decision seeks delegated authority be provided to the Assistant Director for Strategic Growth and Development to agree and conclude the terms of that agreement, in consultation with the Portfolio Holder for Housing and Communities

5.11 CRIME AND DISORDER

5.11.1 There are no known crime and disorder implications associated with the report recommendations at this time.

5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.12.1 There are no known equality, diversity, human rights or safeguarding implications associated with the report recommendations at this time. However, these will continue to be evaluated as the project develops.

5.13 HEALTH AND WELL BEING

5.13.1 The provision of good quality housing is well documented to have a positive impact upon the health and wellbeing of residents. This report supports that aim.

5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.14.1 There are no known climate change and environmental implications associated with the report recommendations at this time.

5.15 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

MISSIONS	
This paper contributes to the follow Missions outlined in the Government’s Levelling Up White paper.	
Wellbeing	By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.
Housing	By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government’s ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.

6. ACRONYMS

6.1 LAHF – Local Authority Housing Fund

APPENDICES	
Appendices are listed below and attached to the back of the report: -	
<i>APPENDIX A</i>	<i>Proposed changes to GF and HRA Capital Programme as a result of the LAHF scheme</i>

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body

REPORT APPROVAL

Report author:	Matthew Hogan Matthew.Hogan@sholland.gov.uk
Signed off by:	Assistant Director - Strategic Growth and Development Matthew.hogan@sholland.gov.uk
Approved for publication:	Portfolio Holder for Communities and Operational Housing

LAHF Round 2 – General Fund

The table below shows the additional capital scheme required within the General Fund capital programme and the proposed funding for the scheme. The match funding is utilising internal borrowing which will be offset by the additional rental income achieved from the properties.

<u>Addition to the Capital Programme</u>	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Revised	Budget	Budget	Budget	Budget
	£k	£k	£k	£k	£k	£k
3 Properties for general need		738	-	-	-	-
		788	-	-	-	-
Funded by:						
LAHF		(333)				
Internal Borrowing		(405)				
		(738)				

<u>Additional Rental Income</u>	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Revised	Budget	Budget	Budget	Budget
	£k	£k	£k	£k	£k	£k
Additional Income	0	5	22	22	23	23
	0	5	22	22	23	23

LAHF Round 2 – HRA

The tables below show the additional capital scheme required within the HRA capital programme, the proposed funding for the scheme and the additional rental income from the scheme.

<u>Revised Capital Programme</u>	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Revised	Budget	Budget	Budget	Budget
	£k	£k	£k	£k	£k	£k
LAHF		1,225				
		1,225				
Revised Funding		£k	£k	£k	£k	£k
LAHF Grant Funding		(550)				
Reprofiling of Current Financing		(675)	225	150	150	150
		(1,225)	225	150	150	150

HRA Rent income - LAHF

	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28
		Revised				
	Budget	Budget	Budget	Budget	Budget	Budget
	£k	£k	£k	£k	£k	£k
Original Rental Income	0	0	0	0	0	0
Revised Rental Income		9	36	37	38	38
Additional Income		9	36	37	38	38