

HAVANT BOROUGH COUNCIL

CABINET

22 March 2023

Local Authority Housing Fund (LAHF)

FOR DECISION

Portfolio Holder: Councillor Tim Pike

Key Decision: No

Report number:

1.0 Purpose of Report

- To appraise Cabinet and Council of the Local Authority Housing Fund (LAHF) launched by the Department for Levelling Up, Housing, and Communities (DHLUC).
- To agree that the Council support the aims of the Local Authority Housing Fund.

2.0 Recommendation

That Cabinet recommends that Full Council:

- 2.1 Notes that HBC have accepted the Local Authority Housing Fund (LAHF) grant funding of £705,888 and that this is already in the Council's approved capital programme.
- 2.2 That the Chief Executive in consultation with the Section 151 officer and monitoring officer to be delegated authority to:
- A) Negotiate the terms for the acquisition of the real estate assets required following receipt of the LAHF grant; and
 - B) Subject to a financial appraisal being approved by the S151 Officer, agree the terms and conditions upon which borrowing may be secured from PWLB in order to part fund the acquisition of the property concerned
- 2.3 Approves a delegation to the S151 Officer to amend the Council's Capital programme to reflect this additional borrowing once known.

2.0 Executive Summary

- On 21 December 2022 the Department for Levelling Up, Housing, and Communities (DHLUC) announced a new £500m Local Authority Housing Fund
- HBC has provisionally been identified as eligible for capital grant funding of £705,888 (under section 31 of the Local Government Act 2003) to provide a minimum of 5 houses for families from Afghanistan and Ukraine *who have a right to remain in the UK. These houses must be delivered by 30 November 2023.*

3.0 The purpose of the grant funding:

- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provide sufficient longer-term accommodation to those they support.
- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
- Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined at section 3.2 of the fund's prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing available to local authorities to support those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation.
- Reduce emergency, temporary and bridging accommodation costs
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e., after usage by this cohort ends);
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort.
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing
- Notes that before any borrowing is entered into a separate report will be brought back to Cabinet to approve this borrowing and

demonstrating that the borrowing is in line with the principle of the prudential code.

- Fund prospectus – more detail:
<https://delta.communities.gov.uk/document-repository/public/download?uri=/document-repository/Local-Authority-Housing-Fund-Prospectus-Final.pdf>

4.0 Detail of grant allocation

- Main element:
 - £460000 in funding – expectation is a minimum of 4 homes (2 to 4 bedroom) @ 40% intervention
- Bridging element (currently paid for by Home Office):
 - £245888 in additional funding - expectation a minimum of 1 larger 4+ bed home(s) to be allocated to households currently residing in bridging accommodation @ 50% intervention.
- In the grant figures above is £20,000 per property for refurbishment / other costs, which could include estate agents' costs, stamp duty, etc

5.0 Background & relationship with Corporate Strategy

- Wellbeing: The Health of our Communities. We will enable and deliver interventions to prevent homelessness and rough sleeping
- Pride in Place: creating a great place to live, work and enjoy. We will facilitate the delivery of and improve the quality of affordable housing
- Growth External: Building our Future. We will produce a Local Plan which will deliver sustainable development for our residents and businesses.

6.0 The Solution(s)

1. Option 1. Do nothing
2. Option 2. Build residential
3. Option 3. Fund New development via a partner
4. Option 4. Convert a commercial unit
5. Option 5. Buy property through a partner (Local Authority or Registered Provider e.g Vivid or Guinness)
6. Option 6. Buy property in the principle
 - Options 1, 2, 3 and 4 have initially been discounted from this project, as the timescales set by DHLUC are extremely onerous.
 - Options 5 and 6 are potentially HBC's preferred options and both need to be worked up in more detail with financial

N.B: Option 5 and 6 will be worked up in a full financial appraisal

7.0 Project Key milestones

- 21 December 22 - DHLUC launched new £500m Local Authority Housing Fund
- 17 January 23 - HBC submitted a 'Validation Form' (Expression of Interest) – noncommittal
- 13 February 23 - DHLUC accepted HBC's interest
- 22 February 23 – HBC Management Meeting & Cabinet Briefing
- 15 March 23 – HBC signed and submitted an MOU to DHLUC (no later than)
- 22 March 23 – Cabinet
- 22 March 23 – Full Council
- 31 March 23 – HBC to receive 30% of overall grant funding
- 1 April 23 onwards – HBC receives final 70% of grant funding on achievement of 60% of spend (probably June / July 2023)
- May / June – Officers return to Cabinet and Council with full financial appraisal
- 30 November 23 - Programme complete (or best endeavours)

8.0 DHLUC – Monitoring Milestones

As set out in the Memorandum of Understanding signed and returned to DHLUC on 15 March 2023

Date	Milestone
March 2023	Payment of the Year 1 allocation
April 2023	MI touchpoint
June 2023	Payment of the Year 2 allocation
June 2023	MI touchpoint
July 2023	Payment of the Year 2 allocation if the spend requirement for payment in May was not met.
August 2023	MI touchpoint
October 2023	MI touchpoint
30 November 2023	The Council agrees to make best endeavours to deliver the delivery target by 30 November 2023.
December 2023	Final MI touchpoint following 30 November 2023.

	DLUHC-led evaluation of LAHF begins.
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9.0 Financials

The table below sets out the amount of funding to be received in respect of the LAHF grant over the two years.

Table 1 – LAHF Grant Payment Profile

	2022/23 Allocation	2023/24 Allocation	Total Funding
4 Properties for households that meet the eligibility criteria for this Programme	£ 138,000	£ 322,000	£ 460,000
1 4+ bed properties for households currently in bridging accommodation	£ 73,766	£ 172,122	£ 245,888
Total Funding	£ 211,766	£ 494,122	£ 705,888

- The funding provided by DLUHC in Q4 2022/23 ('the Year 1 allocation') is 30% of the total allocation. The funding provided by DLUHC in 2023/24 ('the Year 2 allocation') is 70% of the total allocation.

Budgetary Implications

If the Council proceeds with purchasing property in the principle, then it will have the burden to maintain and operate that property, this will be funded through the rent earned on those properties. There will also be a requirement to set up a sinking fund to properly maintain these properties. Finally, because the Council may have to borrow then the cost of this borrowing will also need to be met from this rental income.

As part of the next steps the Council need to procure a third party to manage these properties, the Council currently own 6 residential properties and they are managed by Vivid Housing.

There is no Cash limited budget currently within the Council's approved budget to support this and it's a vital principle that any property purchased can support itself through rental income before any acquisition is made a full financial appraisal approved by the S151 will be carried out that demonstrates this.

The rent proposed will be an Affordable rent, capped at the Local Housing Allowance (LHA) rate to ensure that whoever rents that property if they are in receipt of Housing Benefit or Universal Credit that they are able to afford to live there.

If following negotiations, it appears that the Council cannot find a financially viable option to fund this project in the principle then it may look to offer a grant to a third party who may be better placed to own and manage these properties and in return the Council will receive nomination rights.

Section 151 Officer comments

Changes to the Council's capital programme are usually approved by Full Council, this report asks for a delegation to negotiate the acquisition of the property the exact amount is not known, hence why the recommendations seek as series of delegation to Chief Officers and the Leader of the Council to negotiate on the Council's behalf.

The Council can only borrow in line with its own Approved Treasury Management Strategy that was approved by Full Council in February 2023. Any borrowing taken must also meet the conditions of the Prudential Code and must be Affordable, Sustainable and Prudent. Therefore, a full financial appraisal must be approved by the Section 151 Officer before any borrowing is entered into.

10.0 Legal implications

There are no significant legal and governance implications arising from this report outside of those aspects already referenced in the body of the earlier report

Monitoring Officer comments

Finance Procedure Rule No G.15 of the Constitution requires that The Budget contain, in effect, decisions relating to the control of the Council's borrowing

The decision on the aspect of the Report concerning PWLB is before Council as Finance Procedure Rule No G.16 provides that Full Council is also responsible for approving procedures for agreeing variations to the approved Budget and Policy Framework, which is what this decision constitutes.

17.3.23

11.0 Risks

11.1 None identified at this stage

12.0 Climate and Environment implications

12.1 None identified at this stage.

12.2 All the projects aim to lead the market in including environmental measures

13.0 **Appendices**

13.1 None

14.0 **Background papers**

14.1 None

Agreed and signed off by:

Cabinet Lead: Councillor Tim Pike
Exec Head of Service: Claire Hughes
Monitoring Officer: Mark Watkins
Section 151 Officer: Wayne Layton

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