

**CABINET**  
**27 June 2023**

**PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: LOCAL AUTHORITY HOUSING FUND – ROUND TWO**

REPORT OF: MANAGING DIRECTOR

EXECUTIVE MEMBER: HOUSING AND ENVIRONMENTAL HEALTH

COUNCIL PRIORITY: PEOPLE FIRST

**1. EXECUTIVE SUMMARY**

- 1.1 Following the first round of the Local Authority Housing Fund (LAHF), considered by Cabinet at its meetings on 31 January 2023 and 14 March 2023, the Government has recently announced a second round of funding and has provided an allocation to North Herts Council.
- 1.2 This report briefly updates on progress with the first round allocation and Cabinet is asked to consider and decide upon the Council's response to the second round allocation.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet notes the update on the Local Authority Housing Fund and wishes to support round two of the scheme if it can.
- 2.2. That Cabinet delegates to the Service Director Regulatory and the Service Director Resources, in consultation with the Executive Member for Housing and Environmental Health and Executive Member for Finance and IT, the final decision on submission of the validation form.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. To provide as much time as possible to investigate whether the allocation from LAHF round two is able to be taken up.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. Cabinet could decide to cease all work now, on the basis that it is unlikely that a suitable proposal will come forward. However at the time of writing the report this is considered premature.
- 4.2. The Council previously considered whether it could directly deliver the housing for LAHF round one and for a number of reasons set out in previous reports concluded that it was not a feasible option. Therefore this option was not investigated for round two.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 Relevant Executive Members and settle were consulted on LAHF round two.

## **6. FORWARD PLAN**

- 6.1 This report potentially contains a recommendation on a key Executive decision, which has not been notified to the public in the Forward Plan as the Council was notified of the allocation on 7 June 2023 and updated guidance on the process relating to round 2 was only issued on 13 June. At this stage the Council would be seeking approval to proceed and submit the validation form – which of itself would not meet the criteria for a Key decision. However, for completeness, it has been treated as such. It is not possible to defer consideration of this decision because the deadline for responding to Government is 5 July 2023. The Chairman of the Overview and Scrutiny Committee has been informed and notice of the recommendation has been available at the Council Offices in Gernon Road, Letchworth for three clear working days prior to the date of this meeting.

## **7. BACKGROUND**

- 7.1. The Cabinet meeting on 31 January 2023 received a report “The Allocation of DLUHC Homelessness Prevention Grant” and an addendum report with more detail on the LAHF round one allocation. The first round of LAHF aimed to increase the supply of accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement schemes (and so also providing a permanent boost to the supply of local affordable accommodation). The initial allocation to North Herts Council was approximately £2.6m to deliver 17 homes and required significant match funding in order to accept the allocation. That first allocation was split in to two types of property-main and bridging elements (4+ bedrooms). The main element assumed a property value of £287k (with Government contributing up to 40%, capped at just under £115k, + £20k for other costs). The bridging element assumed a property value of just over £506k (with Government contributing up to 50%, capped at just over £253k, + £20k for other costs).
- 7.2 Following discussions with local Registered Providers, settle indicated they were able to deliver one larger home (bridging element) and two smaller homes (main element). This offer was submitted to Government and was accepted. An update on progress will be provided at the meeting.
- 7.3 In March 2023, it was announced that the LAHF “would be expanded by £250m for a second round of funding, with the majority of the additional funding used to house those on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to ease wider homelessness pressures. The £250m second round of LAHF supports the Government’s humanitarian obligations to provide safe and suitable housing to those fleeing their country. LAHF R2 will also support local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty by local authorities. This will reduce the usage of B&B accommodation and will enable local authorities to grow their asset base, creating sustainable assets to help manage local housing pressures on an ongoing basis.” [Quoting from the email to the Council].

## **8. RELEVANT CONSIDERATIONS**

- 8.1. On 7 June 2023 the Government emailed the Council with a proposed allocation under LAHF round 2. The prospectus for the second round of funding, setting out more detail

on what it is for and how it works, can be found here: <https://www.gov.uk/government/publications/local-authority-housing-fund-round-2/local-authority-housing-fund-round-2-prospectus-and-guidance>

A further Q+A Guidance document was circulated by Government on 14 June 2023, which clarified that Local authorities which receive an indicative allocation can choose to only accept the Afghan resettlement element of the funding, however local authorities cannot choose to only accept the TA element of the funding.

- 8.2. North Hertfordshire has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with an indicative allocation of £712,000 in funding.

Resettlement element: we are expected to provide a minimum of 3 home(s) for the resettlement element.

TA element: we are expected to provide a minimum of 1 home for the TA element.

The online guidance states “Each local authority in scope for funding is expected to deliver a minimum of one bridging unit and one temporary accommodation unit.” The expectation is that the vast majority of properties acquired will be family sized homes (2 to 4+ bedrooms), particularly given the average family size of those on the Afghan resettlement schemes. Unlike the first funding round there seems to be no difference between the expected sizes of properties.

- 8.3 As with the previous round of funding, the Council (or other partner) is expected to part fund or finance some of the required capital. Government funding equates to 40% of total capital costs plus £20,000 per property to account for other costs including refurbishment. The grant rate per property for our local authority is £158,000 (based on median property prices in the area) plus £20,000 per property.
- 8.4 As with the first round the Council is required to submit a validation form if it wishes to take up the funding. The deadline for submission is 5pm on 5 July 2023 and requires approval by the Council's s.151 officer.
- 8.5 The assumed property cost is higher than it was for the ‘main’ element of the first round. This may help in making this allocation more viable, but the Government contribution is still capped at 40% (+£20k for associated costs). The conditions of the first round funding stated that no other grant funding could be used to make up the Council/ Registered Provider contribution. That restriction is not included in the guidance that has been provided to date and consideration will be given to that other sources of funding may be able to be used in conjunction with the LAHF.
- 8.6 The Council has reached out to a number of Registered Providers to see whether any of them are able to assist with this initiative. An update will be provided at the meeting.

## **9. LEGAL IMPLICATIONS**

- 9.1. Subsidy Control Regime: subject to any successful allocation, we must consider whether the use of this funding provides a subsidy and or will contravene the UK's obligations under the Subsidy Control Act 2022. An assessment will be undertaken.

- 9.2. If successful in the allocation for funding, any arrangement with a provider would need to be covered by (at the very least), an agreement regarding its use.
- 9.3. Cabinet's remit covers, at 5.7.26 of its terms of reference: "To confer with other local authorities, government departments, statutory bodies, voluntary bodies, the police or other external agencies in order to discharge the responsibilities vested in the Cabinet." and at 5.7.28 To make decisions where a policy or strategy does not exist. The recommendations proposed cover such matters.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The grant available is detailed in section 8. Except for the £20k per property element, this is a capital grant. The grant conditions allow for it to be passed on to a third party, such as a registered provider.
- 10.2 As the terms of the grant seem to now allow other funding to be used by the Council/ Registered Provider, this could be considered if it would help overcome any viability gaps. Bearing in mind that viability was a real struggle with the round 1 funding.
- 10.3 If this was going to be progressed, then this funding would need to be added to the Council's capital programme. In line with the Financial Regulations this would be a decision by Full Council. This will need to happen prior to any spending of the grant, but it is reasonable (given the uncertainty) for this to happen after the expression of interest and memorandum of understanding stage. Especially as (as highlighted in paragraph 11.3) there would still be the opportunity to withdraw without any financial consequences.

## **11. RISK IMPLICATIONS**

- 11.1. There is a reputational risk from not being able to use funding that has been made available by government. This can be mitigated by communicating the actions that we have taken to try and use the funding.
- 11.2. We need to fully understand all the conditions attached to the grant, to ensure that we can recover all the costs through the grant that we expected.
- 11.3. The grant allows withdrawal at anytime, so there would be low risk from signing the expression of interest or the subsequent Memorandum of Understanding.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. Any property delivered through this scheme will be let in accordance with our usual approach.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

## **14. ENVIRONMENTAL IMPLICATIONS**

14.1. There are no known Environmental impacts or requirements that apply to this report.

## **15. HUMAN RESOURCE IMPLICATIONS**

15.1 There is no officer resource allocated for this work, given it was an unknown opportunity at the time that work plans were developed. Therefore any resource required to pursue opportunities to deliver the scheme will have to be identified alongside normal duties. If a partner is able to deliver the properties, the majority of the resource implications will lie with them.

## **16. APPENDICES**

16.1 Appendix A – DLUHC Local Authority Housing Fund Q&A (updated 13 June 2023).

## **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

18.1 None.