

Three Rivers District Council

# Full Council Report

21 February 2023

## COUNCIL – 21 FEBRUARY 2023

### PART I

#### 12. LOCAL AUTHORITY HOUSING FUND (DoF)

##### 1. Summary

- 1.1 The Local Authority Housing Fund (LAHF) was announced in December 2022 and is a project aimed at providing longer term accommodation for Afghan and Ukrainian families who have arrived in the UK via various resettlement schemes. The Government has allocated £500 million in capital funds to support the Local Authorities who are facing the greatest challenges in providing 'move on' and settled accommodation for these particular groups.
- 1.2 This report has been prepared in order to seek approval from Full Council to enter into a Memorandum of Understanding with Government to obtain LAHF Funding. In addition this report seeks approval to delegate to Policy & Resources the agreement of the detailed business case and the final structure of the bid.
- 1.3 This report also seeks approval for the match funding required, subject to Policy & Resources agreement of the detailed business case.

##### 2. Details

- 2.1 The Council has been allocated a funding pot of £2,091,614 from the Department for Levelling Up & Communities (DLUHC) to acquire 10no. 2 or 3 bed properties, known as the 'Main Allocation' and 1no. 4 bed+ property, this aspect is known as the 'Bridging Allocation'. The funding is inclusive of a £20,000/per property payment for fitting out costs, fees, etc. The Bridging Allocation is a mandatory aspect of the scheme and must be delivered in order to access the Main Allocation funding.
- 2.2 The scheme requires that funding must be spent by 31 March 2024 and the Council is required to provide 60% match funding (£2,310,000) for the Main Allocation and 50% match funding (£331,614) for the Bridging Allocation. The Council does not have to match the £20,000/per property (£220,000).
- 2.3 As Members will appreciate, the timing of this scheme and the need to spend the funding imposes an incredibly tight timescale on the Council. DLUHC have confirmed that there is no revenue funding available to pay for Officer time or external advice/support. Whilst the offer of capital funding is attractive, the Council will require that this work is added to existing Officer work programmes.
- 2.4 DLUHC have indicated that funding can be spent to acquire existing housing stock from the market, new-build properties or through development. The challenge with development is that the new homes need to be acquired and occupied as soon as possible, and ideally before the 31st March 2024. The Council is currently considering both development and direct market acquisition options and this may include transferring Council-owned assets into the Council's Joint Venture companies in order to facilitate development. A more detailed paper will be presented to the Policy & Resources Committee in due course, once more detailed proposals are established.
- 2.5 Before the Council can access funds it needs approval to enter into the Memorandum of Understanding and to secure a commitment from Council to provide the required match funding (£2,641,614). Any commitment of match

funding will be rigorously assessed, to ensure the practical & financial viability is achieved. DHLUC have also indicated that after assessing the initial expressions of interest, further funds may be made available to Councils who believe they can provide further new homes for Afghan and Ukrainian families. TRDC has expressed an interest in doing so, subject to the financial viability of doing so.

### **3. Options and Reasons for Recommendations**

3.1 Subject to ensuring the viability of any acquisition or development of new homes, the offer of 40% & 50% match funding to provide affordable accommodation is an attractive proposition. DLUHC consider that in the medium and longer term, these properties will become part of the general stock of affordable homes, providing further resilience to local housing stock levels.

3.2 The alternative option is that TRDC does not proceed with the LAHF scheme. We understand that approximately 50% of Hertfordshire District Councils are not in a position to accept their funding allocation. This is due to a number of factors, including viability and the lack of available staff resources.

### **4. Policy/Budget Reference and Implications**

4.1 As indicated above, the LAHF scheme provides only capital funding. There is no revenue funding available. It is intended that the business case to Policy and Resources Committee will demonstrate that the revenue costs of the proposal will be met from rents received and therefore be cost neutral on the Budget. £20k per property is provided for any revenue costs associated with the acquisition of the properties and bringing them into use.

### **5. Financial Implications**

5.1 A full business case will be presented to Policy and Resources Committee setting out the final match funding required from the Council and that the overall project will be cost neutral to the Council.

5.2 This report seeks delegated approval to Policy and Resources on the basis of that business case to allocate match funding. Currently the requested capital match funding being sought is £2,641,614 but that figure could change were more grant funding be made available and the business case supports expanding the number of home to be acquired under the scheme..

5.3 For the Main Allocation housing, the Government funding equates to 40% of total capital costs (Average £150,400 grant per property) plus £20,000 per property. For Bridging Allocation the Government funding equates to 50% of total capital costs (Average £331,614 grant per property) plus £20,000 per property.

5.4 In terms of capital funding payments being received by TRDC, 30% of the funding provided by DLUHC will be paid in Q4 2022/23 and 70% in 2023/24 (the 2023/24 funding is paid once TRDC has spent 60% of their 2022/23 funding. Therefore timing and cash flow will need to be managed carefully.

5.5 Once the houses acquired have fulfilled their obligations in respect of the scheme, the Council will retain nomination rights for these houses.

### **6. Legal Implications**

6.1 In the event that the Council does enter into the Memorandum of Understanding, it will not be bound to spend the allocated sums in the event that it is unable to

complete the acquisition of some or all of the properties. The exception to this, is the need to ensure that the Bridging Allocation property is acquired, as without the mandatory 4bed+ property, the Council cannot access funding for the Main Allocation properties.

- 6.2 The details of any Legal Implications in connection with this scheme will be included as part of the development of a robust business case and presented to the Policy & Resources committee for further consideration.

## **7. Equal Opportunities Implications**

- 7.1 Having undertaken a high level Equalities Impact Assessment, it has been determined that this scheme will create a positive impact on certain groups with protected characteristics. However, only once the funding and project details have been confirmed can a Full Equalities Impact Assessment be undertaken. It is intended that this will be undertaken when the matter is considered by the Policy & Resources Committee.

## **8. Staffing Implications**

- 8.1 There are no direct staffing implications related to this proposal.

## **9. Environmental Implications**

- 9.1 Any environment implications in connection with this project will be addressed through any Planning, statutory and legislative requirements.

## **10. Community Safety Implications**

- 10.1 There are no community safety implications related to this proposal.

## **11. Public Health implications**

- 11.1 There are no community safety implications related to this proposal.

## **12. Customer Services Centre Implications**

- 12.1 There are no customer services centre implications related to this proposal.

## **13. Communications and Website Implications**

- 13.1 The funding will be used to provide accommodation for displaced Afghan and Ukrainian families. Given the relatively high profile nature of the war in Ukraine and the evacuation of Afghan citizens to the UK, there are likely to be some local and regional interest in the efforts to provide accommodation for these families.

## **14. Risk and Health & Safety Implications**

- 14.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

- 14.2 The subject of this report is covered by the day to day resources allocated within the Property Services & Housing Services service plans. Any risks resulting

from this report will be included in the risk register and, if necessary, managed within this plan.

- 14.3 A more detailed risk assessment will be undertaken when the business case is developed and this will be presented to the Policy & Resources Committee.

| Nature of Risk                                    | Consequence                | Suggested Control Measures                                       | Response<br><i>(tolerate, treat, terminate, transfer)</i> | Risk Rating<br><i>(combination of likelihood and impact)</i> |
|---|----------------------------|--|---|--|
| The scheme cannot generate a viable business case | DLUHC funding is rejected. | To ensure accurate assumptions are used within the business case | Tolerate  | 4  |

- 14.4 The above risks are scored using the matrix below. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood scores 6 or less.

|   |          |                               |                 |                 |
|---|----------|-------------------------------|-----------------|-----------------|
| Very Likely<br>-----<br>Likelihood<br>-----<br>Remote | Low<br>4 | High<br>8                     | Very High<br>12 | Very High<br>16 |
|   | Low<br>3 | Medium<br>6                   | High<br>9       | Very High<br>12 |
|   | Low<br>2 | Low<br>4                      | Medium<br>6     | High<br>8       |
|   | Low<br>1 | Low<br>2                      | Low<br>3        | Low<br>4        |
|   |          | Impact<br>-----> Unacceptable |                 |                 |

**Impact Score**

- 4 (Catastrophic)
- 3 (Critical)
- 2 (Significant)
- 1 (Marginal)

**Likelihood Score**

- 4 (Very Likely (≥80%))
- 3 (Likely (21-79%))
- 2 (Unlikely (6-20%))
- 1 (Remote (≤5%))

14.5 In the Officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of the management of operational risks is reviewed by the Audit Committee annually.

14.6 The remainder are therefore operational risks. Progress against the treatment plans for strategic risks is reported to the Policy and Resources Committee quarterly. The effectiveness of all treatment plans are reviewed by the Audit Committee annually.

**15. Recommendation**

15.1 It is hereby recommended to Full Council to:

15.1.1 Approve in principle the entering of the Memorandum of Understanding with Government to obtain LAHF Funding.

15.1.2 Delegate to Policy & Resources the agreement of the detailed business cases and the final structure of the bid and agreement of any associated arrangements.

15.1.3 Approve the match funding required subject to Policy and Resources agreement of the detailed business case and delegate to Policy and Resources Committee the decision on the final level of match funding subject to the final business case showing the project is cost neutral to the Council.

Report prepared by: Justin Wingfield – Head of Property & Economic Growth

**Data Quality**

Data sources: None

Data checked by:

Justin Wingfield – Head of Property & Economic Growth

Data rating:

|          |                   |   |
|----------|-------------------|---|
| <b>1</b> | <b>Poor</b>       |   |
| <b>2</b> | <b>Sufficient</b> |   |
| <b>3</b> | <b>High</b>       | ✓ |

**Background Papers**

There are no relevant background papers to this report

**APPENDICES**

None

