

Bath & North East Somerset Council

DECISION MAKER:	Cllr McCabe, Cabinet Member for Built Environment and Sustainable Development	
DECISION DATE:	On or after 17th August 2024	
		E 3531
TITLE:	Local Authority Housing Fund – Round 3	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1: LAHF Round 3 High Level Business Case		

1 THE ISSUE

- 1.1 On the 14th March 2023 the Council agreed a Memorandum of Understanding with DLUHC to provide 22 units of accommodation in return for £3.04m of funding as part of the Local Authority Housing Fund (LAHF) Round 1 funding agreement. In partnership with Aequus this programme has progressed positively and to date 22 units have been purchased and deployed or are progressing through conveyancing.
- 1.2 On the 7th March 2024 DLUHC (now MHCLG) launched LAHF Round 3 and in July B&NES received an offer of an additional £944k grant of which £6k is revenue funding and £938k is capital funding to provide a further 5 properties as follows:
- **Temporary Accommodation:** provide a minimum of 1 home for use as temporary accommodation.
 - **Resettlement element:** provide a minimum of 3 homes to support the Afghan resettlement scheme.
 - **Large resettlement element (4+ bed):** provide a minimum of 1 home for the large Afghan resettlement scheme.

2 RECOMMENDATION

The Cabinet member is asked to agree to

- 2.1 Accept the MHCLG offer of £944k grant to expand the scheme by a further 5 properties in accordance with the principles articulated and agreed in the original LAHF Round 1 decision (E3480) and supported by the additional high-level business case attached in Appendix 1.
- 2.2 To delegate all operational decisions, including agreement of Memorandum of Understanding with MHCLG, individual property business cases, to the Director of Capital & Housing and Aequus loan funding decisions to the s151 Officer.
- 2.3 To increase the capital programme for the Local Authority Housing fund, having regard to the existing full approval of £3.567m, as follows:
 - (1) Full approval of additional capital budget of £1.175m which reflects estimates for purchases of five properties on the open market funded by £938k government grant from MHCLG, £75k Afghan Integration Tariff, £139k Homelessness Prevention Grant and £23k from developer S106 contributions.
 - (2) Noting estimated loans of £637k to Aequus will be reflected in the existing Approval for Property Company Investment - Council (Loan): Developments

3 THE REPORT

- 3.1 LAHF Round 1 has progressed well. At the time of writing 16 homes have been purchased; 10 of which are occupied; 2 are being advertised for occupation and 4 are currently being refurbished. 6 homes are going through conveyancing.
- 3.2 As well as providing high quality and affordable homes to those in need they have relieved some of the Council's homelessness pressures, particularly in relation to Ukrainian families which the original scheme prioritised. The Council chose not to participate in Round 2 due to concerns around pressures on statutory services, particularly in relation to health and education, created by the design of that scheme.
- 3.3 However, Round 3 has evolved from initial rounds, including being financially more generous and less prescriptive in how the funds can be deployed. The key elements of the scheme are:
 - The 4x properties which are procured in relation to the resettlement element are only for households who are being resettled on Afghan Citizen Resettlement Scheme (ACRS) and are currently homeless, at risk of homelessness, living in UK transitional accommodation or who are overseas with leave to travel to the UK.
- 3.4 The 1x Temporary accommodation (TA) element is flexible for any household owed a homelessness duty by the local authority.

- The Council would receive £938k capital grant funding and £6k revenue funding to support the delivery of these properties by March 2026. The funding can be used flexibly across the 5x properties.
- 3.5 The scheme fully aligns and supports the Council's strategic ambitions. Indeed, in January 2024, the Council responded to the government consultation on the cap that should be placed on resettlement of refugees arriving via safe and legal routes confirming that the Council is committed to resettling 20 individuals in approximately 5 households during 2025. Taking part in LAHF Round 3 will enable us to meet this formal commitment, not least as sourcing suitable housing is often a barrier to meeting resettlement ambitions.
- 3.6 In addition, demand for TA is high within the district and the funding provided by this scheme could be usefully deployed to purchase a suitable single unit for those clients that are challenging to house due to placement constraints, such as, proximity to other vulnerable clients, sensitive locations, accessibility etc.
- 3.7 The delivery mechanism will be the same as previously agreed, albeit with the Temporary Accommodation unit being directly delivered by the Council, via B&NES Homes. The key aspects of this mechanism include:
- (1) Aequus will purchase the 4 Afghan resettlement properties on the open market. Once acquired Aequus will provide a full housing management, maintenance and repair service for the properties, including responsibility for all health & safety compliance matters.
 - (2) The properties will be let by Aequus on Assured Shorthold Tenancies (ASTs) for a minimum duration of 6 months per tenancy with the Council nominating households.
 - (3) The programme will be revenue neutral in operation with housing management, maintenance and repair services being funded through rental income. In the case of the Council owned properties any surplus rent is passed to the Council after reasonable deductions for management, maintenance and repairs.
 - (4) The open market purchases will be suitably covenanted, including to be available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed.
 - (5) The capital costs are fully funded by the Council, through a combination of LAHF grant; loan funding to Aequus (supported through rental receipts), Homelessness Prevention Grant, Afghan Integration Tariff and Developer S106 contributions.
 - (6) It was agreed on 27th March 2024 that the Local Authority Housing Fund loan interest rate to the Council's housing company Aequus in respect of each Tranche B Loan advanced is fixed at 5%.
 - (7) Individual property business cases will be agreed between Aequus & B&NES.
 - (8) The single Temporary Accommodation property will be sourced directly by the Council and operated as part of the B&NES Homes temporary accommodation portfolio.

4 STATUTORY CONSIDERATIONS

4.1 The delivery and management of Housing is supported by the following:

- Local Government Act (section 2) which allows Councils to act to promote or improve the economic, social or environmental wellbeing of their area.
- Localism Act 2011 (sections 1-7) which provides the local authority's general power of competence.
- ADL already operates a portfolio of properties using assured shorthold tenancies and the LAHF properties will form part of this portfolio, subject to the specific requirements set out in the LAHF Agreement.

4.2 This decision is exempt from call-in under Rule 3.2.30 of the Constitution as the effect of the call-in alone would be to cause the Council to miss, or fail to comply with or fulfil, a deadline or duty. We are required to return the LAHF Round 3 Memorandum of Understanding by 19th August 2024 in order to meet the conditions of the funding.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The high-level business case for the capital programme is detailed in Appendix 1.

5.2 The capital costs are fully funded by the Council in two capital programmes. A summary table is in Appendix 1:

- (1) Local Authority Housing Fund (Ukrainian/Afghan homes) - for which this decision increases the approved capital budget by £1.175m funded through a combination of LAHF grant, Homelessness Prevention Grant, Afghan Integration Tariff and Developer S106 contributions.
- (2) Property Company Investment - Council (Loan): Developments – this is an existing approval for loan funding to Aequus (supported through rental receipts).

5.3 The TA unit will be purchased by the Council via “B&NES Homes” and the costs of purchasing this asset will be funded through the LAHF grant and Homeless Prevention Grant. Running costs and income will be managed in the revenue budget and are estimated to have a net impact of nil.

5.4 The LAHF grant includes £6k for revenue costs for any activities which support delivery of the total allocation. The programme is revenue neutral in operation with rental income supporting financing costs, management, maintenance, voids & bad debts.

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

7 EQUALITIES

- 7.1 An Equalities Impact Assessment has not been completed. However, the decision will have a positive impact on a group with a protected characteristic, particularly people of diverse races, religion and cultural backgrounds who have come to the UK, following an offer of sanctuary to those fleeing conflict, via an organised safe and legal entry route. This decision will support those affected to settle within and contribute to local communities.

8 CLIMATE CHANGE

- 8.1 Housing is a key contributor to climate change. As such all homes purchased or refurbished will aim to reach an EPC C rating as a minimum.

9 OTHER OPTIONS CONSIDERED

- 9.1 Do nothing. However, the demand for suitable accommodation will remain yet the Council would be unable to access MHCLG funding.

10 CONSULTATION

- 10.1 Internal officer consultation, including with s151 officer, Monitoring Officer and Aequus Investment Board.

Contact person	<i>Graham Sabourn, Head of Housing 01225 477949</i>
Background papers	<i>None.</i>
Please contact the report author if you need to access this report in an alternative format	