

## Bath & North East Somerset Council

DECISION MAKER:	<b>Single Member Decision</b> <b>Shareholder – Leader of the Council</b>	
DECISION DATE:	<b>On or after 5<sup>th</sup> October 2024</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 3573</b>
TITLE:	<b>Local Authority Housing Fund Delivery Programme Round 3</b>	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report: N/A</b>		

### 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 2024 B&NES received an offer of an additional £944k grant of which £6k is revenue funding and £938k is capital funding.
- 1.3 LAHF Round 3 requires the Council to provide a further 5 properties as follows:
  - **Resettlement element:** provide a minimum of 3 homes, which will include 2 new build properties, to support the Afghan resettlement scheme.
  - **Large resettlement element (4+ bed):** provide a minimum of 1 home for the large Afghan resettlement scheme.
  - **Temporary Accommodation:** provide a minimum of 1 home for use as temporary accommodation. ***This element of the scheme will be secured directly by B&NES Homes.***
- 1.4 The funding for the purchase of the properties will be via LAHF grant passported via the Council (at least 40% of the value) together with additional borrowing from the existing ADL Loan Agreement. Therefore, in accordance with the Shareholder Agreement 2018, updated in 2022, Aequus must seek approval from the Shareholder for Reserved Matters 22 and 28.
- 1.5 The Shareholder Advisory Group has been consulted and has recommended the shareholder approve the decision.

## 2 RECOMMENDATION

2.1 The Shareholder is asked to approve the reserved matters below to allow ADL to progress with supporting the Council to deliver this programme;

- **Reserved Matter 22 – approval of total asset acquisitions that will exceed £500,000 but less than £5m per annum**
- **Reserved Matter 28 – Making any borrowing**

## 3 THE REPORT

3.1 ADL have supported B&NES with the delivery of the Local Authority Housing Fund Round 1 to provide 22 homes for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. Round 3 funding will extend the delivery of the ADL supported scheme by providing an additional 4 properties specifically for Afghan families who are part of the Afghan Citizens Resettlement Scheme (ACRS).

3.2 The funding for the purchase of the properties will be via LAHF grant passported by the Council (at least 40% of the value) together with additional borrowing from the existing ADL Loan Agreement. A specific Business Case will be completed for each proposed property acquisition to ensure it is viable, in accordance with a model approved by the Managing Director and the Council's S151 Officer.

3.3 This programme will be delivered across 2 years; Year 1 (24/25) and Year 2 (25/26). Year 1 delivery requires purchase of 2 Resettlement Element properties to be completed by 31<sup>st</sup> March 2025. Year 2 delivery requires purchase and occupation of 1 resettlement element property and 1 large resettlement element property to be completed by 31<sup>st</sup> March 2026.

3.4 ADL will manage the LAHF tenancies via their contracted Rental Managing Agent who will undertake all the normal statutory checks, inventory and maintenance of the properties. Rentals will initially be capped for each property at the 2023 Local Housing Allowance rate plus 7.7%, subject to annual review.

3.5 The types of units required to meet the needs of the refugee families have been identified as:

### **Open market acquisitions**

- 3 x 2 bed plus (family accommodation) Resettlement Element properties
- 1 x 4 bedroom house Large Resettlement Element property

2 of the properties identified above must be new build homes.

3.6 To ensure that the properties remain solely for affordable housing use, ADL are required to place a restrictive covenant on title on the properties purchased through the grant funding to ensure their ongoing use solely for affordable housing purposes.

## 4 STATUTORY CONSIDERATIONS

- 4.1 Aequus Developments is the Council's 100% owned and controlled housing company and has the relevant resources and expertise to deliver this LAHF programme for the Council. 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 please refer to previous decision (E3481).
- 4.2 The definition of a key decision does not apply to proposals or decisions of the Leader acting in their capacity as Shareholder of a Local Authority Company owned or operated by the Council. (Section 1.12 of the Constitution).
- 4.3 Proposals and decisions of the Leader acting in their capacity as Shareholder of a Local Authority Company owned or operated by the Council cannot be called-in (Section 3.2.30 of the Constitution).

## 5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The capital costs of £1,812,000 are fully funded by the Council, through a combination of LAHF grant, loan funding to Aequus (supported through net rental receipts) £139k Homelessness Prevention Grant, £75k Afghan Integration Tariff and £23k from developer S106 contributions.

## 6. RISK MANAGEMENT

- 6.1 The following potential risks in relation to delivery of the LAHF Programme have been considered:

Possible Risk	Mitigation
Unable to secure properties in accordance with delivery deadline (March 2026).	The small number of properties required & established procedures for securing properties on the open market mean very limited risk.
Unable to find properties based on business case house prices.	Business case is based on current market conditions, but we could deploy s106 funding to supplement if required.
Increases demand on wider Council support services.	The ACRS scheme brings with it significant tariff funding which covers the cost of integration support for new families arriving (£20,500 per head individual). This means there is less demand on mainstream council services. There is also Home Office funding to help meet the cost of health care (£600 per person primary care and £2000 per person secondary care). Education funding is also paid to schools - £4500 per pupil).
Poor housing management affecting tenants and reputation	Aequus (and their letting agent) have a proven track record of housing management.

## 7 EQUALITIES

7.1 A formal equalities impact assessment has not been undertaken on the proposal however, it is considered that this 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 a minimum all homes forming part of the programme will initially be EPC C rating. However, when refurbishment works are being undertaken full consideration will be given to how the energy efficiency of the property could be further improved. To further support this process of asset improvement the Council will remain vigilant for suitable funding opportunities, both internal and external.

## 9. OTHER OPTIONS CONSIDERED

9.1 None

## 10. CONSULTATION

10.1 Director Capital & Housing, S151 Officer and Monitoring Officer

<b>Contact person</b>	Simon Martin, Director Capital & Housing
<b>Background papers</b>	<a href="#">Local Authority Housing Fund Delivery Programme Decision E3481</a>
<b>Please contact the report author if you need to access this report in an alternative format</b>	