

## **CABINET**

**DATE OF MEETING: 2 March 2023**

**TITLE OF REPORT: Participation in the Local Authority Housing Fund (LAHF) Programme to Support Acquisition of Accommodation for Ukrainian and Afghan Guests**

**Report of:** Executive Director of Community

**Cabinet Portfolio:** Community

**Key Decision:** No

**Reasons for Urgency:** This is a new emerging workstream, following an notification from the Department of Levelling Up, Housing and Community (DLUHC), that the Council has been allocated funding for the procurement of homes for evacuees and guests from Ukraine. There is a deadline of 15<sup>th</sup> March 2022 for the signing and return of the grant funding Memorandum of Understanding (MOU) to DLUC.

**Confidentiality:** Non Exempt

### **PURPOSE OF REPORT**

1. To brief Cabinet on the emerging work stream and funding opportunity
2. To seek Cabinet approval for the signing of the Memorandum of Understanding, enabling the Council to draw down DLUHC grant funding, which will be ported to VIVID housing association, to support the procurement of up to 9 homes for refugee households. The Memorandum will be signed by the Executive Director for Community.

### **RECOMMENDATION**

3. Cabinet approves the signing of the Memorandum of Understanding which will secure the funding for the procurement of properties for refugees.

### **BACKGROUND**

4. On 21 December 2022 DLUHC launched a new £500m capital funding programme to support housing authorities with higher numbers of Ukraine refugees. The programme is designed to deliver new additional affordable homes and mitigate expected increased pressures on homelessness and social housing resources. There is a mandatory element requiring provision of 4+ bed properties for Afghan families. A total of 182 authorities (unitaries and districts) have been allocated an award. Hart has been allocated a combined (Ukraine and Afghan) sum of £1,508,354. This should provide nine homes, one of which must be larger 4 bed home for an Afghan household, still currently living in a Bridging Hotel. The fund provides a capital grant amount which Local Authorities' can use flexibly to shape delivery – so could include new stock acquisition or refurbishment of additional homes. A Hampshire wide working group has been set up at pace and Hart has established joint working arrangements with colleagues at neighbouring boroughs. Given the very short

timescales, Officers have had discussions with VIVID housing association who have undertaken to deliver the programme in Hart. There will be no capital funding requirements from Hart District council.

5. The proposed approach is to simply port the grant funding to VIVID housing association. There is no additional funding required and the only cost to the Council will be in terms of staffing resources to set up the arrangement and in monitoring the delivery of the homes and nominating suitable households for tenancies.
6. Once the need for refugee accommodation has passed, the homes will remain as affordable housing in perpetuity, with the Council having on-going nomination rights for local households on the housing register.

## **MAIN ISSUES**

7. The Local Authority Housing Fund (LAHF) programme is intended to deliver additional accommodation which will be available to the Council in the long term and can be used to meet local housing needs beyond the initial period where they will be required to accommodate Ukrainian and Afghan guests.
8. Participation in the programme will have several benefits for Hart. It provides capital funding, at much higher levels of grant rate than typically provided by Government. The Housing Team are already working to prevent homelessness where current hosting arrangements are at risk of breakdown and the provision of these homes will support this work.
9. The terms of the Memorandum of Understanding are non-negotiable, but it is for the Council to determine how many properties it will commit to acquire (via VIVID). At this stage Officers are keen to aim to make use of all the allocated funding being offered. There is an option to request to deliver more properties than the allocation, in return for more funding, if any funding nationally remains unallocated.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

10. Officers have worked closely with colleagues across Hampshire since early January 2023, to share ideas on how best to respond to the offer and allocation of the grant funding. One option was to decline the invitation to apply for this. However, the grant rate for these homes is considerably higher than any previously offered rate. This means it is an exceptional opportunity to secure additional affordable homes in Hart which can form part of the overall affordable housing stock in perpetuity.

## **CORPORATE GOVERNANCE CONSIDERATIONS**

**Relevance to the Corporate Plan and/or The Hart Vision 2040**

11. The proposal is in compliance with the draft Corporate Plan, 2023-2027 notably the priorities to provide safe, secure and affordable housing and supporting well-being and creating sustainable communities.

### **Service Plan**

- Is the proposal identified in the Service Plan? NO
- Is the proposal being funded from current budgets? Yes
- Have staffing resources already been identified and set aside for this proposal?  
Yes

Note - The grant funding will simply be ported to VIVID. Existing staffing resources will be used to set up the arrangement and monitor programme delivery and to nominate households to vacancies.

### **Legal and Constitutional Issues**

12. The Section 1 of the Localism Act 2011 confers a general power of competence on the Council that permits the Council to enter into the funding arrangements set out in this report.
13. The Memorandum of Understanding is non-negotiable

### **Financial and Resource Implications**

14. The report seeks approval to accept the DLUHC capital grant of £1,508,354 to support the acquisition of up to 9 properties for guests from Ukraine and Afghanistan. This money will be ported to VIVID Housing Association.
15. There is no capital or ongoing revenue funding input required from the Council to deliver this programme.

### **Risk Management**

16. Overall risk to the Council is low. There is a risk that it will be unable to acquire the required number of homes (via VIVID), but if this is the case the funding will simply be returned to DLUHC.
17. The Council can agree to pay the grant funding once the properties have reached legal completion with VIVID, so this reduces the risk of providing funding to homes that are not acquired successfully.
18. There is a risk that due to the high-cost property market in Hart, all of the 9 properties cannot be acquired without top-up funding required by the Council. If this is the case, then the Council can decide whether it wishes to provide additional funding or inform DLUHC that it is unable to enable the additional homes and refund the grant payment to government. This decision will be brought back to Cabinet should the situation arise.

### **EQUALITIES**

19. There are no equalities issues arising from this report.

### **CLIMATE CHANGE IMPLICATIONS**

20. There are no implications arising from this report.

### **ACTION**

21. Members approve the signing of the MOU to secure the LAHF grant funding.
22. Officers from Hart DC will work with colleagues from Test Valley and Basingstoke and Deane to set up the scheme in a coordinated way, sharing workloads and expertise.
23. Overview and Scrutiny Committee will receive reports at key milestones to monitor the delivery of the programme.

**Contact Details:** Nicola Harpham, Housing Development and Strategy Manager.  
[Nicola.harpham@hart.gov.uk](mailto:Nicola.harpham@hart.gov.uk)

### **Appendices**

Appendix A – Copy of the MOU.

### **Background Papers:**

The funding prospectus can be found here:

[LAHF - Prospectus \(Dec 22\).pdf](#)

## **Appendix A - MOU**

Please send your signed and completed MOU to: [LAHF@levellingup.gov.uk](mailto:LAHF@levellingup.gov.uk)

# **MEMORANDUM OF UNDERSTANDING**

*Between*

**Department for Levelling Up, Housing and Communities**

*-and-*

**Hart District Council**

## **1. Purpose**

- 1.1. This Memorandum of Understanding ('MOU') sets out the terms that will apply to the working relationship between the Department for Levelling Up, Housing and Communities ('DLUHC') and Hart District Council ('the Council') regarding the administration and delivery of the Local Authority Housing Fund ('LAHF').
- 1.2. This MOU will be for the period Q4 2022/23 and 2023/24. It will be reviewed and updated only where either of the signatories deem it necessary, in which case it will require joint agreement. Further detail on changing the MOU is set out in Paragraph 4.4.
- 1.3. This MOU sets out both the universal fund wide conditions and expectations for appropriate spend of LAHF.
- 1.4. This MOU is not intended to create legal or binding obligations. It describes the understanding between both parties for the use of funding specified in Section 3 of this agreement.

## **2. Background**

- 2.1. The LAHF was launched on 14 December 2022. The details of the fund were shared on that date with the Council in the document 'Local Authority Housing Fund – Prospectus and Guidance' ('the Prospectus').
- 2.2. LAHF is a £500m capital grant fund to support local authorities in England to provide sustainable housing for those unable to secure their own

accommodation that meet the eligibility criteria outlined in Section 3.2 of the Prospectus.

2.3. The objectives of LAHF are to:

- 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 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 pressures on the existing housing and homelessness systems and those waiting for social housing.

2.4. DLUHC has accepted the Council's plan to provide 9) homes ('the delivery target') under LAHF, and DLUHC will provide a grant of £1,508,354) ('the total allocation'). The Council agrees the following targets to deliver at least:

- 8 properties for households that meet the eligibility criteria outlined in section 3.2 of the Prospectus ('the main element');
- 1) 4+ bed properties to be allocated to households currently in bridging accommodation ('the bridging element');

2.5. This MOU covers the funding commitments from DLUHC and the delivery, financial expenditure, agreed milestones, reporting and evaluation, and communications between the Parties. It also sets out the steps DLUHC could take in the event of underperformance if required.

**3. Purpose of the Funding**

- 3.1. LAHF funding has been provided specifically for spending on LAHF priorities and the Council agrees to spend LAHF funding on activity set out in this MOU as agreed by DLUHC or subsequently agreed by DLUHC as per Paragraph 4.4.
- 3.2. DLUHC will part fund the cost of the Council obtaining properties for use by households that meet the eligibility criteria. The Council will use its best endeavours to meet the delivery target and to achieve value for money. DLUHC’s contributory share of funding (‘the average grant rate per unit’) should not exceed the maximum described below but the grant per unit for individual properties can be higher.
- 3.3. The maximum average grant rate per unit (for the portfolio of properties, not individual purchases) for the main element is 40% of the costs the council charges to its capital budget plus £20,000 per property. Eligible costs funded by the 40% and the £20,000 per property could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. The Council should ensure it complies with the Code of Practice for Local Authority Accounting.
- 3.4. The maximum average grant rate per unit (for the portfolio of properties, not individual purchases) for the bridging element is 50% of the costs the council charges to its capital budget plus £20,000 per property. Eligible costs funded by the 50% and the £20,000 per property could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. The Council should ensure it complies with the Code of Practice for Local Authority Accounting.
- 3.5. The Council can determine how it uses the £20,000 per property and can choose how much of the grant is to be spent on each individual property.
- 3.6. The Council or its delivery partner(s) will fund the outstanding share for each property.
- 3.7. 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. Both are set out in Table 1.

|  | <b>Year 1 allocation<br/>£ (million)</b> | <b>Year 2 allocation<br/>£ (million)</b> | <b>Total allocation<br/>£ (million)</b> |
|--|--|--|---|
|--|--|--|---|

|   |                 |                   |                   |
|---|-----------------|-------------------|-------------------|
| Properties for households that meet the eligibility criteria for this Programme | £355,200        | £828,800          | £1,184,000        |
| 4+ bed properties for households currently in bridging accommodation            | £97,306         | £227,048          | £324,354          |
| <b>Total funding</b>  | <b>£452,506</b> | <b>£1,055,848</b> | <b>£1,508,354</b> |

*Table 1 – Funding allocation*

#### 4. Delivery Profile

- 4.1. Delivery of the fund will be measured on the basis of exchange of contracts, or equivalent milestone where exchange of contract will not occur, and number of families housed. Any variations to this, and necessary changes to the MOU will need to be agreed by the parties and an amendment to this MOU made.
- 4.2. Funding outlined in Table 1 is provided to deliver the delivery target. The Council agrees to make best endeavours to deliver the delivery target by 30 November 2023. DLUHC is committed to funding any contract the Council enters into, even if completion occurs after this date.
- 4.3. This MOU is for the full term of the total allocation unless signatories agree to change as per Paragraph 4.4. A further Grant Determination Letter (GDL) will be provided following confirmation of the annual payment for each year.
- 4.4. DLUHC and the Council both have the right to request a change to the MOU. With regards to changing the target amount of units, the Council may ask for either a higher or lower target. Any proposed change will impact the amount of funding received (as set out in the Prospectus) unless the Council is seeking to deliver more units for the same amount of money. Requests will be considered based on the progress of the reallocations process as outlined in Sections 4.4 and 4.5 of the Prospectus and confirmed in writing.

#### 5. Financial Arrangements

- 5.1. The agreed funds will be issued to the Council as grant payments under section 31 of the Local Government Act 2003. The Council may pass on the funding to a third party (e.g. Registered Providers) as appropriate to deliver the delivery target, complying with the Subsidy Control Act 2022.
- 5.2. Table 2 sets out the timetable for payments to be made to the Council. Payment of the Year 1 allocation will be made in February 2023. The Year 2 allocation will be paid once the Council has demonstrated that



at least 60% of the Year 1 allocation has been committed ('the spend requirement'). This will be paid in line with timings outlined in Table 2.

- 5.3. Should the Council not meet the spend requirement in time for payment in May 2023, the payment for the Year 2 allocation may then be made in July 2023 should the Council meet the spend requirement in time for that payment date as set out in Table 2. DLUHC will put in place further payment dates should the Council not meet the spend requirement for payment in July 2023 and will confirm any further dates in writing. The Council may wish to return unspent monies to the Department.

| <b>Payment month</b>                          | <b>February 2023</b>   | <b>May 2023</b>   | <b>July 2023 (if applicable)</b>  |
|---|--|---|---|
| <b>MI from the Council to support payment</b> | <ul style="list-style-type: none"> <li>Signature of this MOU before the date below.</li> </ul> | <ul style="list-style-type: none"> <li>April MI Touchpoint</li> <li>S151 officer statement of grant usage in April</li> </ul> | <ul style="list-style-type: none"> <li>June MI Touchpoint</li> <li>S151 officer statement of grant usage in June</li> </ul> |
| <b>DLUHC confirm payment latest by</b>        | 15 February  | 10 April  | 8 June  |
| <b>DLUHC make payment</b>                     | By the last working day in February  | By the last working day in May  | By the last working day in July   |

*Table 2 – Payments timetable*

## 6. Roles and Responsibilities

### DLUHC Responsibilities

- 6.1. DLUHC is responsible for setting national housing policy, providing grant(s) to the Council and monitoring the delivery of homes.

### Council Responsibilities

- 6.2. The Council will make housing investment decisions, review existing housing policies and products, maximise leverage of this public sector investment and ensure that funds provide value for money and are deliverable within the timescale of the fund. The Council may work in

partnership with private Registered Providers and local authority housing companies to deliver homes. The Council will also report on the fund by providing Management Information (MI) as set out in **Annex A** of this MOU and will work with DLUHC to ensure they have the capability to deliver the fund and provide MI within the set timescales.

6.3. The Council is expected to have the necessary governance and assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to, which may include, but not solely:

- **subsidy control**, at all levels e.g. the funding the Council allocates to project deliverers and subsidies that project deliverers provide to third parties.
- **equalities duties**, the Council must ensure that all LAHF funded activity is delivered in accordance with its obligations under the public sector equality duty (PSED)
- **procurement**, the Council must ensure that the allocation of funding to project deliverers that constitutes a procurement is managed in compliance with the public contract regulations
- **fraud**, the Council must ensure that robust arrangements are in place to manage fraud risk, including ensuring that project deliverers have robust fraud risk management process and paying particular attention to projects that involve the payment of grants to beneficiaries e.g. businesses.

6.4. The Council's Section 151 Officer is expected to ensure that these legal duties and all other relevant duties are considered and that delivery of LAHF investment is carried out with propriety, regularity and value for money.

## **7. Monitoring Arrangements and Accountability**

7.1. The Council will put in place appropriate governance and oversight arrangements to ensure that delivery of housing is on track and that plans remain ambitious and provide value for money.

### Reporting Arrangements

7.2. The Council has agreed to provide reporting information to DLUHC on fund allocations and delivery. The Council will be asked to provide a mix of quantitative and qualitative summary updates to DLUHC; a full list of MI can be found in **Annex A**.

- 7.3. The first report will be due in April 2023 and then every two months thereafter, until the Council's programme has completed. The schedule for monitoring reports is outlined in **Annex B**.
- 7.4. Spend outturn and forecast should be signed off by the S151 officer or deputy S151 officer.
- 7.5. The Council also agrees to work with the department to provide any reasonable additional MI as and when requested by the DLUHC Senior Reporting Officer (SRO). DLUHC will provide an appropriate amount of time to return any additional MI requests.
- 7.6. The Council agrees to work collaboratively with any requests from DLUHC to support any retrospective assessment or evaluation as to the impact or value for money of LAHF. As a minimum, the Council is expected to monitor spend, outputs and outcomes against agreed indicators and keep this information for at least 5 years.

## **8. Governance & Assurance**

- 8.1. The Council is expected to ensure that all legal and other statutory obligations and consents will be adhered to, which may include, but not solely, state aid / subsidy control, equalities duties, procurement, health and safety, and fraud prevention. The Council has prerogative to establish internal governance and assurance arrangements as they see fit to achieve this.
- 8.2. The Council will ensure data can be shared for the prevention and detection of fraud by including the following clause in all agreements with companies or external entities in relation to LAHF – including, but not limited to, property contracts, professional services contracts, construction contracts and lease agreements:  
  
"Data may be shared with other enforcement agencies for the prevention and detection of crime."

### **Signed for and on behalf of DLUHC**

Signature:

Name:

Position:

Date:

**Signed for and on behalf of Hart District Council**

Signature:

Name: Kirsty Jenkins

Position: Executive Director - Community

Date:

**Annex A – Reporting and Monitoring Arrangements**

**Scope and Purpose**

- 1. This annex sets out the agreed reporting and monitoring arrangements for LAHF, including the expected frequency and content of the regular reports that the Council will provide to DLUHC.

**DLUHC Role**

- 2. DLUHC will support the running of the fund and maintain a national picture of delivery by putting in place a proportionate monitoring and governance framework. This will include a fund governance board(s) attended by the DLUHC Senior Reporting Officer (SRO) and other relevant stakeholders. Wherever possible DLUHC will avoid duplication of requests towards the Council.

**Council Role**

- 3. Day-to-day project monitoring and delivery responsibilities will be delegated to the Council. The Council will submit reports to DLUHC in accordance with the agreed timescales and frequency set out in the MoU. The Council will also work with DLUHC to provide any reasonable additional MI required as and when requested by the DLUHC Senior Reporting Officer. DLUHC will provide an appropriate amount of time to return any additional MI requests.

**Management Information (MI)**

- 4. The list of MI is split between operational data – required for monitoring the ongoing fund delivery (Table 3) and evaluation data (Table 4) required to assess the strategy-level success of the fund and inform future policy development. Tables 4 and 5 present the required routine MI and is subject to change, with agreement by DLUHC and the Council. For MI purposes, “committed spend” is considered funding which has been allocated to a property where there has been an exchange of contracts or equivalent milestone where exchange of contract will not occur.

| Item   | Frequency      |
|--|----------------|
| No. of offers accepted, including bedroom size and whether these are part of the ‘main’ or ‘bridging’ element of funding | Every 2 months |
| No. of properties where contracts exchanged, including bedroom size  | Every 2 months |
| No. of properties occupied, including bedroom size   | Every 2 months |
| Number of families housed, including which resettlement programme they belong to   | Every 2 months |

|   |                |
|---|----------------|
| Number of individuals housed, including which resettlement programme they belong to                             | Every 2 months |
| Total expenditure (incl grant and other funding)  | Every 2 months |
| Total committed spend (incl grant and other funding)  | Every 2 months |
| DLUHC grant used  | Every 2 months |
| Overall assessment (RAG rated) of whether delivery is on track as determined by the responsible Council officer | Every 2 months |

Table 3 – Monitoring Data

| Item   | Frequency   |
|--|---|
| How properties have been sourced (e.g. through stock acquisition or another delivery route)                        | In December 2023 and thereafter upon request to aid with evaluation of the fund |
| How the Council has funded its contributory share  |   |
| Breakdown of households housed by previous housing situation, e.g. emergency accommodation/temporary accommodation |   |
| Tenancy duration   |   |
| Rent levels  |   |
| Number of additional pledges made to provide housing for those in bridging accommodation                           |   |
| Number of properties obtained outside the local authority's area, if applicable, and where these are located.      |   |
| Evaluation of additional pledges, number of individuals houses, number of properties occupied.                     |   |

Table 4 – Evaluation Data

5. In addition, to enable the assessment of relative value for money and to assist with future spending reviews, we may occasionally ask for additional information including details of how the fund is delivered and housing market conditions. This will provide important data to support future policy developments and will also support engagement with HM Treasury. This information will be provided to agreed timeframes when requested by DLUHC.
6. Should the Council wish to amend and/or not collect any of these proposed data points, they should submit a proposal to DLUHC for agreement.

### **Frequency of Reporting**

7. The Council will be asked to provide reports every two months. The schedule for monitoring reports is outlined in Annex B.

### **Data Consistency**

8. DLUHC and the Council have a shared commitment to ensure that, for clarity and transparency purposes, consistent methods of recording outputs are maintained. It is expected that the provided reporting will be robust, accurate and quality assured to a high standard. As such minimal revisions would be expected – although, where these are required, DLUHC should be advised as soon as practical.

### **Use of Material Provided**

9. DLUHC will use the provided material to monitor delivery nationally.

## Annex B – Monitoring Milestones

| <b>Date</b>      | <b>Milestone</b>   |
|------------------|--|
| February 2023    | Payment of the Year 1 allocation   |
| April 2023       | MI touchpoint  |
| May 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.<br>DLUHC-led evaluation of LAHF begins.        |