



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

| | | |
|-------------------------|--|---|
| Title of Report: | Participation in the Local Authority Housing Fund | To be marked with an 'X' by Democratic Services after report has been presented |
| Meeting of: | Corporate Management Team – 15 February 2023 | X |
| | Leader and Deputy Leaders – 21 February 2023 | X |
| | Leader of the Opposition's Advisory Group – 2 March 2023 | X |
| | Cabinet – 14 March 2023 | |
| | Audit Committee [DATE] / Scrutiny Community Regeneration Committee [DATE] / Scrutiny Environment and Health and Well Being Committee [DATE] / Scrutiny Value for Money Council Services Committee [DATE] | |



| | | | |
|---------------------------------------|-----|---|---|
| Is this an Executive Decision: | YES | Is this a Key Decision: | YES |
| Is this in the Forward Plan: | YES | Is the Report Confidential: If so, please state relevant paragraph from Schedule 12A LGA 1972: | Yes – Appendix 2 & 3 Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information). |

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer: **John Teasdale**

Date Signature

Chief Finance Officer: **Sal Khan**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 14 March 2023

REPORT TITLE: Participation in the Local Authority Housing Fund

PORTFOLIO: Communities and Housing Standards

HEAD OF SERVICE: Sal Khan

CONTACT OFFICER: Brett Atkinson Ext. No. x1123

WARD(S) AFFECTED: Multiple

1. Purpose of the Report

- 1.1. To determine whether the Council participates in the Local Authority Housing Fund, and takes up the provisional allocation of £979,506.00 in capital grant funding to acquire housing for identified refugee groups.

2. Executive Summary

- 2.1. The Council has provisionally been identified as eligible for capital grant funding under section 31 of the Local Government Act 2003 (Appendix 1), with the following indicative allocation:

2.1.1. Main element: £804,000 in funding. With this funding DLUHC expect the Council to provide a minimum of 10 homes to Ukrainians who have arrived in the UK on one of the identified relocation schemes. Matches for this element of the scheme to be identified locally in collaboration with the County Council's resettlement staff, and through homelessness presentations.

2.1.2. Bridging element: £175,506 in additional funding. With this funding DLUHC expect the Council to provide a minimum of 1 larger 4+ bed home(s) to be allocated to Afghan households currently residing in bridging accommodation under one of the identified relocation schemes for those who worked alongside the British Government. A match for this element of the scheme is to be identified by the West Midlands Strategic Migration Partnership.

- 2.2. DLUHC expect local authorities to work closely with their housing association partners who stand ready to assist, and recognise that they may be the most appropriate delivery vehicle in some cases. Trent & Dove have stated that they are willing to act as a delivery vehicle for the Council on this scheme, and have provided detailed costings to demonstrate that they meet the requirements of the funding (Appendix 2 & 3). Trent & Dove have delivered on two other similar capital projects for the Council in the past 2 years.
- 2.3. Participation in the LAHF scheme offers the Council a number of significant advantages:
 - 2.3.1. Responds to emerging homelessness pressures from both identified groups.
 - 2.3.2. Delivers social rented accommodation which will support wider local authority housing and homelessness responsibilities to UK nationals after usage by this cohort ends.
 - 2.3.3. Harness inward investment which would otherwise be reallocated to another local authority.
- 2.4. On 26 January 2023 the Council submitted an expression of interest to participate in the LAHF,¹ and DLUHC are likely to respond later this month.
- 2.5. For these reasons, the recommendations are:
 - 2.5.1. To participate in the scheme.
 - 2.5.2. Approve the necessary additions to the Council's Capital Programme.
 - 2.5.3. To authorise all Statutory Officers to sign the Memorandum of Understanding which enables the Council to participate in the scheme, with the support of Trent & Dove as delivery partner.

3. Background

- 3.1. On the 21 December 2022 the Department for Levelling Up, Housing, and Communities (hereafter DLUHC) announced a new £500m Local Authority Housing Fund (hereafter LAHF) which will run over financial years 2022-23 and 2023-24. This is a capital fund to support the local authorities who DLUHC assess will be facing the greatest challenges in providing move on and settled accommodation for refugees arriving under the Ukrainian schemes² and Afghans who worked alongside the British Government.³
- 3.2. The DLUHC assessment of East Staffordshire has resulted in the provisional allocation of £979,506.00 under the LAHF. This funding will be available to the Council if it can deliver on the LAHF objectives, and will be reallocated to other local authorities if we decline to participate or fail to deliver.

¹ EDR No 495/23

² The UK has welcomed over 150,000 people from Ukraine through the Ukraine Family Scheme and Homes for Ukraine Scheme.

³ The UK has welcomed around 23,000 Afghans who worked alongside the British Government, of whom c. 9,200 are living in bridging hotel accommodation.

3.3. The Council has succeeded in delivering on two similar capital schemes for rough sleepers in the last 2 years,⁴ these schemes are referenced in the prospectus due to their similarity.

4. Contribution to Corporate Priorities

4.1. Environment and Health & Wellbeing

5. Role of the Council in delivering the LAHF

5.1. The role of the Council can be broken down into the following activities:

5.1.1. Management and release of the funding to delivery partner; the release of funds will be governed by a Memorandum of Understanding between DLUHC and the Council, and then a contract between the Council and the delivery partner.

5.1.2. Monitoring the progress and appropriateness of acquisitions; reporting to DLUHC as required.

5.1.3. Identifying households from the target cohort for allocation to the newly acquired social rented housing, and associated administration.

5.2. The LAHF funding will be paid to the Council as this fund is being delivered via s31 grant. The Council can then pay this to a housing association deliver partner if this is how the Council chooses to deliver the scheme. As a non-stock holding authority, moving to a delivery partner model is the most sensible choice for the Council, and the contract will ensure that the housing association delivers on the objectives of the LAHF prior to the Council releasing the capital.

5.3. Figure 1 – LAHF Payment Process

| Years | Bridging Element | Main Element | Total |
|-----------------------------|------------------|--------------|---------|
| 2022/23 Q4 (30% of funding) | £52652 | £241200 | £293852 |
| 2023/24 (70% of Funding) | £122854 | £562800 | £685654 |
| Total | £175506 | £804000 | £979506 |

5.4. Tranche one payments will be made in March 2023, subject to entering into the Memorandum of Understanding (Appendix 4) by 15 March 2023. The terms of the MOU are non-negotiable. Payments for tranche two will be paid in May and July 2023 respectively, dependent on when the Council's spending on this fund surpasses 60% of their tranche one payment.

5.5. The Council will be asked to complete a monitoring return every two months on the basis as set out in the Memorandum of Understanding and DLUHC will discuss any concerns about delivery at that stage. The final monitoring return is scheduled to take place in November 2023, unless delivery is yet to complete.

⁴ The Next Steps Accommodation Programme and the Rough Sleepers Accommodation Programme.

- 5.6. Supporting local authorities to help move Afghan households out of Home Office bridging accommodation is an integral part of the aims of this fund. Therefore, as a condition of receiving this funding, the Council must increase its pledge to take one more Afghan household into the 4+ bed property purchased under this scheme. DLUHC require that the Council liaises with the West Midlands Strategic Migration Partnership to identify the type of property (including location within East Staffordshire) which would be suitable and would therefore be successfully matched with a household in bridging accommodation. The need to achieve resettlement of this group has become critical as can be seen from the Enhanced Matching and Homelessness Referrals Process (Appendix 5).
- 5.7. The Council has already supported a number of Ukrainian households from the target cohort experiencing homelessness, and has close links with County Councils resettlement team in this regard.
- 5.8. In respect of both of the target cohort, the Council will applying its ordinary homelessness assessment procedure in accordance with the Code of Guidance⁵ to determine if the main homelessness duty is owed. Where the duty is owed, the intention is to nominate the household from the target cohort to the property acquired under the LAHF via the 'priority ranking' procedure as detailed at para. 5.6 of the Council's Allocations Policy.⁶
- 5.9. Following the first tenancy being held by the target cohort, all subsequent tenancies will then be secured via the usual procedure under the Council's Allocations Policy with no requirements as to the nationality of the tenant. Thus these properties will meet the needs of local residents into the future.

6. Role of the Housing Association Partner

- 6.1. The role of the housing association can be broken down into the following activities:
 - 6.1.1. Agreement to a contract that meets the needs of the Council and the requirements of the fund.
 - 6.1.2. Lending against future rental income to fund c. 60% of the required capital, and drawing down the capital grant from the Council as required.
 - 6.1.3. Identifying potentially suitable acquisitions, in terms of location, size, price etc. and proceeding to purchase undertaking all the necessary legal and other activities.
 - 6.1.4. To complete the acquisitions by the 30 November 2023 where possible, with any unused funds to be returned to DLUHC.
 - 6.1.5. Upon acquisition of the property, making the property ready to let subject to the relevant provisions and standards.
 - 6.1.6. Becoming the social landlord for the property with all the normal provisions, and initially accepting an allocation from the target cohort for a tenancy.

⁵ <https://www.gov.uk/guidance/homelessness-code-of-guidance-for-local-authorities/download-this-guidance>

⁶ <http://www.eaststaffsbc.gov.uk/sites/default/files/docs/housing/standards/Allocations-Policy-2021.pdf>

6.1.7. Upon termination of the first tenancy, to make the property available to applicants on the Housing Register in the usual way.

- 6.2. The Council and Trent & Dove have arranged in principle to enter into a Grant Agreement for delivery of the Scheme. The grant agreement reflects the conditions of the LAHF, with relevant protections for the Council in the event of delivery issues. Given the history of partnership between the organisations there is sufficient trust to enter into a grant agreement rather than a contract, and this is necessary due to the available timescales for delivery.
- 6.3. For 'main element' housing, government funding equates to 40% of total capital costs (Average £60,400 grant per property) plus £20,000 per property. For 'bridging element' housing, government funding equates to 50% of total capital costs (Average £155,506 grant per property) plus £20,000 per property. DLUHC have included an un-ring fenced capital budget of £20,000 per property to account for legal and other associated costs. It is a notional amount for the purposes of allowing for these costs in the formula, the delivery partner can choose how much of the grant is to be spent on each individual property.
- 6.4. Trent and Dove have provided detailed costing based on purchases in the Uttoxeter housing market at Appendix 2 & 3, to establish both that they meet the relevant grant percentages but also how the costs will be managed.
- 6.5. The choice of property to be acquired in delivering the 'bridging element' will be relatively constrained by the availability of a property of the right size and price, but will as far as possible be guided by collaboration with the West Midlands Strategic Migration Partnership. The profile of Ukrainian guests has been considered in developing proposals around the 'main element' funding where there is likely to be more choice, in terms of both property size and location. The LAHF requires that main element funding is for 2 and 3 bedroom properties, it has been established that 70% of guests require 2 bedroom properties,⁷ hence it is proposed that 7 of the 10 properties acquired will be 2 bed. We can also see through ward analysis that roughly 57% are likely to favour Uttoxeter area over Burton upon Trent based on their current residence, so this will be a target subject to availability at the right price.
- 6.6. Figure 2: Ukrainian Guest Households by Ward

| Ward | Count of Guest Households |
|-------------|----------------------------------|
| Town | 16 |
| Abbey | 7 |
| Weaver | 6 |
| Churnet | 4 |
| Yoxall | 4 |
| Shobnall | 3 |
| Bagots | 3 |

⁷ On the 13 Jan 23 there were 34 guest households, of which: 24 required a 2 bed property, 8 required a 3 bed property and 2 required a 4 bed property

| | |
|--------------------|-----------|
| Stapenhill | 3 |
| Needwood | 3 |
| Horninglow | 3 |
| Winshill | 2 |
| Burton | 2 |
| Rolleston on Dove | 2 |
| Eton Park | 2 |
| Branston | 2 |
| Anglesey | 1 |
| Grand Total | 63 |

- 6.7. The deadline for completion for acquisitions by 30 November 2023 is a challenging one, but the Council's delivery partner believes it is feasible. Delivery of the fund will be measured on the basis of exchange of contracts, and the number of families housed. DLUHC are asking participants to make best endeavours to deliver by the deadline, but are committed to funding any contracts entered into even if completion occurs after this date.
- 6.8. The remaining three requirements in the role of the housing association would be the day-to-day business of Trent & Dove; and for that reason activities such as bringing the property up to the relevant standards and acting as a responsible social landlord have not been explored further in this report.

7. Financial Considerations

This section has been approved by the following member of the Financial Management Unit: Lisa Turner

- 7.1. The main financial issues arising from this Report are as follows:
- 7.1.1. The capital funds are to be paid to the Council under section 31 of the Local Government Act 2003 in two tranches.
- 7.1.2. The funding provided by DLUHC in 2022/23 ('Year 1') is 30% of the total allocation. The funding provided by DLUHC in 2023/24 ('Year 2') is 70% of the total allocation. Payment of the Year 1 allocation will be made in February or March 2023, depending on when an MOU is signed (for payments in February, an MOU must be signed by 15 February). The Council has not achieved the February sign off, and could enter into an MOU in March 2023 depending on the decision of Cabinet on 14 March 2023.
- 7.1.3. The Year 2 allocation will be paid once an LA has demonstrated that at least 60% of the Year 1 allocation has been committed. The first milestone for this to occur is in May 2023.
- 7.1.4. Should the Council not spend at least 60% of the Year 1 allocation 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. DLUHC will put in place further payment dates should the Council not meet the spend requirement for payment in July 2023.

7.1.5. The transfer of the funds to the delivery partner will be subject to a grant agreement between the parties which will pass through the conditions and requirements of both the Prospectus and MOU. Funds will only be released to the delivery partner upon receipt of evidence in relation to the exchange of contracts for the purchase of the unit of housing, to enable repayment of any unutilised funds at the end of the scheme.

7.1.6. DLUHC are asking LAs to make best endeavours to deliver by 30 November 2023. DLUHC is committed to funding any contract the Council's delivery partner enters into, even if completion occurs after this date.

| Capital | 2022/23 | 2023/24 | 2024/25 |
|--|----------------|----------------|----------------|
| Indicative funds available to the Council under the programme. | £293,852 | £685,654 | |
| Impact on the MTFS | Nil | Nil | |

8. Risk Assessment and Management

8.1. The main risks to this Report and the Council achieving its objectives are as follows:

8.2. **Positive** (Opportunities/Benefits):

8.2.1. Harnesses available investment for social rented housing in the borough, increasing the overall amount of stock available to those in housing need.

8.2.2. Provides a targeted response for refugee groups that might otherwise require homelessness services, and have to be provided for within existing resources.

8.3. **Negative** (Threats):

8.3.1. Potential for negative publicity due to the requirement for the social rented homes to be allocated to specified refugee groups.

8.4. The risks do not need to be entered in the Risk Register. Any financial implications to mitigate against these risks are considered above.

9. Legal Considerations

*This section has been approved by the following member of the Legal Team:
Glen McCusker – Locum Solicitor*

9.1. The main legal issues arising from this Report are as follows:

9.2.

9.2.1. The expression of interest expressed in the Verification form has been approved, so the Memorandum of Understanding now needs to be signed to access the funding.

9.2.2. The terms of the Memorandum of Understanding are non-negotiable, but Legal Services has advised that the terms are fair and reasonable, and are acceptable from a legal perspective.

9.2.3. Whilst the guidance for the DLUHC programme explicitly allows the Council to partner with a Housing Association to deliver on the objectives, the structuring of the Scheme will need to be such that the requirements of the Public Contract Regulations 2015 and the Council's own Contract Procedure Rules are complied with.. This should be achieved by drawing up a grant agreement, which being unenforceable (apart from the re-payment provisions) is deemed not to be a public contract under the Regulations. This arrangement has been agreed in principle by Trent and Dove, should Cabinet decide to proceed with the scheme.

9.2.4. The Grant Agreement will also include the principles of collaboration and the key objectives.

9.2.5. The impact of the Subsidy Control Act 2022 has been considered, and the financial assistance to be provided to Trent and Dove pursuant to the terms of the proposed Grant Agreement is considered to fall in one of the exemptions to the Act, being a service of public economic interest assistance, which includes social housing; a national or global emergency; and a cross-border co-operation.

9.2.6. The draft agreement with Trent and Dove contains an acknowledgment that the financial arrangements will be structured in such a manner as to comply with the Subsidy Control Act.

9.2.7. The draft Agreement contains a provision requiring Trent and Dove to re-pay any financial assistance provided to it by the Council if this is found to constitute an unlawful subsidy, together with an indemnity for the Council against all losses and costs arising from any claim.

9.2.8. If the Council proceeds with the DLUHC programme, payments will be made in the form of grants under Section 31 of the Local Government Act 2003.

10. Equalities and Health

10.1. **Equality impacts:** The subject of this Report is a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is attached as Appendix 6.

10.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is attached as Appendix 6.

11. Data Protection Implications – Data Protection Impact Assessment (DPIA)

10.1. A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;
- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

10.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

12. Human Rights

12.1. There are no Human Rights issues arising from this Report.

13. Sustainability (including climate change and change adaptation measures)

13.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) N/A

14. Recommendation(s)

14.1. To participate in the scheme;

14.2. Approve the addition to the Council's Capital Programme of works;

14.3. To authorise any Statutory Officer to sign the Memorandum of Understanding which enables the Council to participate in the scheme, with the support of Trent & Dove as delivery partner.

15. **Background Papers**

15.1. The Allocations Policy

15.2. The Housing Strategy 2021 - 2025

16. **Appendices**

16.1. Appendix 1: DLUHC Provisional Allocation Email

16.2. Appendix 2: [CONFIDENTIAL] Executive Summary by Unit (grant)

16.3. Appendix 3: [CONFIDENTIAL] Executive Summary by Unit (grant plus allowance)

16.4. Appendix 4: LAHF MOU Template

16.5. Appendix 5: Afghan Resettlement Homeless Referrals Process

16.6. Appendix 6: EHIA