

# Cambridge City Council

## Record of Executive Decision

### **£500M LOCAL AUTHORITY HOUSING FUND REFUGEE SCHEME – APPROVAL TO DELIVER LONGER TERM HUMANITARIAN SCHEME ACCOMMODATION THROUGH THE 22-32 NEW BUILD HOUSING PROGRAMME, PARTLY FUNDED BY CENTRAL GOVERNMENT**

Decision of: Councillor Bird, Executive Councillor for Housing

Reference: 23/URGENCY/HSC/2

Date of decision: 3/2/2023 Date Published on website: 8/2/23

Decision Type: Key Decision

Matter for Decision: Urgent approval to deliver longer term humanitarian scheme accommodation through the existing 2022-32 new build housing programme, partly funded by the Department for Levelling Up, Housing and Communities

Why the Decision had to be made (and any alternative options): The date for formalising the agreement and entering into an Memorandum of Understanding with DLUHC falls between Committee Cycles, and cannot wait for the next Housing Scrutiny Committee date in March 2023. As detailed further in Appendix A.

The Executive Councillor's decision: The Executive Councillor agreed to:

- 2.1. Delegate Authority to the Section 151 Officer to enter into a Memorandum of Understanding with the Department for Levelling Up, Housing and Communities to allow for the payment of allocated funding to the Council.
- 2.2. Approve that the delivery of longer term accommodation to cater for recent humanitarian schemes be delivered as part of the Councils 2022-2032 New Build Housing Programme.
- 2.3. Approve that an indicative budget of £11,367,366 be drawn down and re-phased from the sum already ear-marked and approved for investment in new homes in future years, to cover the costs associated with delivering 30(Thirty) homes to serve as longer term accommodation catering for the eligible cohort as defined in 3.2 and to recognise grant funding of £4,968,683 towards this expenditure. Following

the meeting of this need the properties delivered will revert to General Needs Housing held within council stock.

2.4. Authorise the Strategic Director to approve the purchase of open market properties into Council Stock to serve as housing for the eligible cohort as defined in 3.2., subject to consultation with the Executive Councillor for Housing, the Head of Housing, and the Head of Finance.

2.5. Delegate authority to the Strategic Director to reallocate current pipeline housing delivery and / or acquisitions to serve as housing for the eligible cohort as defined in 3.2., subject to consultation with the Executive Councillor for Housing, the Head of Housing, and the Head of Finance.

2.6. Approve that the property at 8 St Thomas Road which is under purchase negotiations by the Council be allocated to cater for the eligible cohort as indicated in 3.2., with this property to become available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed.

2.7. Delegate authority to the Strategic Director in consultation with the Executive Councillor for Housing to approve use of Council land as sites for modular PODs on an individual basis to deliver homes to cater for the eligible cohort as indicated in 3.2.

Reason for the decision: As detailed in Appendix A.

Scrutiny Consideration: The Chair and spokes of the Housing Scrutiny Committee was consulted prior to the action being authorised.

Report: See Appendix A

Conflict of interest: None.

Comments: Part 4C section 6.1 of the Councils Constitution, permits decisions to be taken which are outside of the budget framework if the decision is:  
a matter of urgency (this is correct)  
it is not practical to convene a quorate meeting of the Council, (this is correct); and  
the Chair of the Housing Scrutiny Committee agrees the matter is of urgency (the Chair agreed).

The next available ordinary Full Council meeting is 23 February 2023 which is too late.

The decision will be reported back to the Housing Scrutiny Committee at the next meeting in March 2023.

With regard to purchase of homes from the open market, focus was requested to ensure that EPC standards across council stock are still met. Officers confirm that this is being taken into account.

In response to concerns about modular (pod) homes officers have confirmed that the discrepancy between deliverable size and current National Space standards is marginal, and while not met these homes make highly efficient use of available space.

In response to concern noted due to very tight deadlines for delivery, officers responded that there are some risks, but targets are deemed achievable.

In response to concerns about the impact on households currently on the housing register, officers confirm that, refugee families would be entering the register through existing processes anyway, with a large majority eligible for high banding and associated priority for housing allocations.

Officers have confirmed that assurance on future use of modular homes will be agreed within the planning process with officer inputs. Any reassurances which are put in place in line with planning approvals for these homes will be required to met in perpetuity.

Officers have confirmed that properties delivered under this funding scheme will provided as permanent tenancies for qualifying households. Officers have confirmed that the properties to be provided will be eligible for Right to Buy, as all of our existing new build programme is currently.

Officers have confirmed that currently rent tenure is being modelled at affordable rents, subject to clarity awaited from DLUHC. This is at 60% of market rent, in line with the new build housing delivery.

Officers have confirmed that a revision of the HRA Budget Setting Report will be presented to Council to reflect this decision.

## Appendix A

### Executive Summary

- 1.1. The Department of Levelling Up, Housing and Communities (DLUHC) have introduced a £500 million capital fund to support Local Authorities who have been assessed as facing the greatest challenges in providing move on and settled accommodation for recent humanitarian schemes (Afghan and Ukrainian refugees).
  - 1.2. Cambridge has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with the following indicative allocation:
    - 1.2.1. A main element of £4,640,000 in funding to be used to provide a minimum of 29 homes.
    - 1.2.2. Bridging element: £328,683 in additional funding to allow the provision of at minimum 1 larger 4+ bed home to be allocated to households currently residing in bridging accommodation.
  - 1.3. Delivery is required to be part funded/financed by local authorities, amounting to 60% of costs to be met by the Council. This would require council top up funding of £6,090,000 in respect of the main element and £308,683 in respect of the bridging element.
  - 1.4. A budget is requested to be drawn down from the sum already earmarked and approved for investment in new homes. The cost is to cover the costs associated with delivering a minimum of 30 (thirty) homes to serve as longer term accommodation catering for recent humanitarian schemes (Afghan and Ukrainian refugees), with this stock to become available to support wider local authority general housing and homelessness need after the immediate needs of the eligible cohort have been addressed.
  - 1.5. DLUHC have indicated that funding allows for the rerouting of existing pipeline delivery to accommodate for priority refugee housing need. A proposal to meet the requirements of this fund is set out in this report.
  - 1.6. DLUHC funding pre-allocated under this scheme is significant and could allow the potential to increase the overall new build housing delivery across the 10-year programme in the long term.
- 1.6 Delivery is requested by a target date of 30 November 2023,

## Recommendations

The Executive Councillor is recommended to:

- 1.7. Delegate Authority to the Section 151 Officer to enter into a Memorandum of Understanding with the Department for Levelling Up, Housing and Communities to allow for the payment of allocated funding to the Council.
- 1.8. Approve that the delivery of longer term accommodation to cater for recent humanitarian schemes be delivered as part of the Councils 2022-2032 New Build Housing Programme.
- 1.9. Approve that an indicative budget of £11,367,366 be drawn down, and re-phased, from the sum already ear-marked and approved for investment in new homes in future years, to cover the costs associated with delivering 30(Thirty) homes to serve as longer term accommodation catering for the eligible cohort as defined in 3.2 and to recognise grant funding of £4,968,683 towards this expenditure. Following the meeting of this need the properties delivered will revert to General Needs Housing held within council stock.
- 1.10. Authorise the Strategic Director to approve the purchase of open market properties into Council Stock to serve as housing for the eligible cohort as defined in 3.2., subject to consultation with the Executive Councillor for Housing, the Head of Housing, and the Head of Finance.
- 1.11. Delegate authority to the Strategic Director to reallocate current pipeline housing delivery and / or acquisitions to serve as housing for the eligible cohort as defined in 3.2., subject to consultation with the Executive Councillor for Housing, the Head of Housing, and the Head of Finance.
- 1.12. Approve that the property at 8 St Thomas Road which is under purchase negotiations by the Council be allocated to cater for the eligible cohort as indicated in 3.2., with this property to become available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed.
- 1.13. Delegate authority to the Strategic Director in consultation with the Executive Councillor for Housing to approve use of Council land as sites for modular PODs on an individual basis to deliver homes to cater for the eligible cohort as indicated in 3.2.

## Background

- 1.14. Funding

1.14.1. DLUHC have introduced a £500 million capital fund to support local authorities who have been assessed as facing the greatest challenges in providing move on and settled accommodation for recent humanitarian schemes (Afghan and Ukrainian refugees).

1.14.2. Cambridge has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with the following indicative allocation:

- main element of £4,640,000 in funding to be used to provide a minimum of 29 homes.
- Bridging element: £328,683 in additional funding to allow the provision of at minimum 1 larger 4+ bed home to be allocated to households currently residing in bridging accommodation.

1.14.3. For 'main element' housing, government funding equates to 40% of total capital costs (Calculated by DLUHC as averaging £140,000 grant per property) plus £20,000 per property. For 'bridging element' housing, government funding is calculated as equating to 50% of total capital costs plus £20,000 per property.

1.14.4. 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 the LA has spent 60% of their 2022/23 funding).

1.14.5. Delivery is required to be part funded/financed by local authorities, amounting to the sum £6,398,683 to be incurred by the Council.

## 1.15. Eligible Cohort

1.15.1. Given the objectives of the fund, those eligible for the housing are those who are homeless, at risk of homelessness or who live in unsuitable Temporary Accommodation (including bridging accommodation) and who also meet the below definition.

Those on the:

- Afghan Citizen Resettlement Scheme (including eligible British Nationals under this scheme) (ACRS),
- Afghan Relocations and Assistance Policy (ARAP)
- Ukraine Family Scheme (UFS),
- Homes for Ukraine (HFU),
- Ukraine Extension Scheme (UES)

- 1.15.2. For those in bridging accommodation, there are multiple routes to move people on from temporary accommodation. These include support from the Home Office and the Find Your Own Accommodation pathway.
- 1.15.3. For those not in bridging accommodation, the local authority does not have to have accepted a Housing Act 1996 Part 7 homelessness duty in respect of the household for the household to be eligible, but the local authority should satisfy themselves that the household is already or would otherwise be homeless or at risk of homelessness if this accommodation was not available.

### Identified Housing Need

1.16. Currently 138 households within the City are accommodated by hosts under the Homes for Ukraine scheme, with a further 5 households in temporary accommodation. 16 household under the Afghan Citizen Resettlement Scheme and Afghan Relocations and Assistance Policy have been supported by Cambridge City Council to resettle in Cambridgeshire.

1.17. The Currently indicated housing mix is set out below:

<b>Size</b>	<b>Households</b>	<b>Percentage</b>
1bed	86	54%
2bed	43	27%
3bed	17	11%
2 or 3 TBD	8	5%
4bed	5	3%

1.18. The Funding identified by the DLUHC Scheme is identified for delivery of 2,3, and 4+ bedroom Homes. Clarity has however been sought on the meeting of an identified 1-bedroom need as evidenced above. DLUHC have indicated that “a limited provision of 1 bed homes may be considered by LAs because these better suit the needs of the eligible cohort in the area”. While this need is clearly defined in the above analysis, delivery of 1 bedroom homes is indicated to kept to a minority component of the housing delivery under this programme, with the ambition being to deliver primarily larger homes in line with the key funding objectives.

1.19. As matters stand, by far the largest component of demand is likely to come from Ukrainian refugee households presently in Cambridge under one of the two schemes. Significant work is being put into maintaining existing sponsorship arrangements and, before these sponsorship arrangements

inevitably end, finding households privately-rented accommodation. Funding has been gained by the Council from the County which is being used to encourage landlords to let to these refugee households and also cover the entry costs into the sector. We have also committed up to 20 City Homes properties as refugee-specific accommodation and housing associations have agreed to make additional offers on top.. These offers have focused only on those households who the Council owes a statutory homelessness duty to and would need to rehouse in any event.

- 1.20. It is felt, however, that the efforts described above will not by themselves meet the scale of demand. The supply of private sector homes in Cambridge is uncertain, and it is in the nature of the sector that lettings are usually of relatively short duration. Financial support to help households meet the gap between benefits or low earnings cannot prudently continue indefinitely, leading to rents being unaffordable when support stops. Additionally, we have already seen instances of Ukrainian households from other parts of the country wishing to join family members in Cambridge, attracted by its good schools, facilities, international reputation and well-established support groups.

## Considerations

- 1.21. Care need to be taken to ensure that any allocated housing facilitate integration into the local areas and so a number of factors need to be considered:
  - 1.21.1. Property distribution – While on face value a scattered housing distribution may seem preferable, thought needs to be given to the opportunities for refugee families to support one another, and so consideration has been given to distribution of allocated housing across housing estates, where integration can be influenced together with a sense of community. Likewise the use of smaller clusters of housing is considered where modular homes may be delivered as a rapid delivery solution.
  - 1.21.2. Access to infrastructure – Access to good transport connections across the city has been considered. Likewise access to community facilities which can be used as meeting areas/support hubs.
- 1.22. While open market purchase of properties into council stock may provide the required housing delivery there are a number of complicating factors in adopting solely this route:
  - 1.22.1. Competitive housing market in parallel with budgetary constraints will limit the ability of the council to acquire properties which meet required Value for Money criteria while delivering the target number of 30 homes required.



1.22.2. Properties purchased on the open market may require significant refurbishment works to bring them up to use standard. While there is an allowance in the funding for refurbishment works, this workload will lead to a maintenance backlog. Refurbishment works and pilot EPC-Raising schemes are already underway through E&F and staffing capacity to undertake this additional work timeously may be under strain if a bulk purchase route was relied upon.

1.22.3. Allowance has been indicated to provide for purchasing of housing stock within the other LA boundaries. This, however, poses significant long term maintenance and management considerations for the council given increased distances from central facilities. Additionally it is noted that surrounding LAs have been allocated similar funding and so competition for like properties would be inevitable.

1.23. Traditional new build delivery will not meet the required delivery timelines. In order to be able to meet the additional housing required to serve the eligible cohort two sub-routes have been identified:

1.23.1. Modular (pod) homes

- These homes have already been delivered across 3 sites by the city, with their use to date being targeted to move-on accommodation for rough sleepers. Hill who provided these 16 solohaus modules are able to deliver larger units, which may serve to accommodate families. Modular homes offer two substantial benefits which may allow us to meet the delivery targets set by DLUHC:

1) Speed of delivery – These are volumetric modular units which require minimal site preparation works and can be delivered by the Nov 2023 Deadline.

2) Price – Open market purchases are likely to exceed the indicative DLUHC Guidance figures. Delivery of modular homes on council owned property will allow a reduction of overall delivery costs, offsetting potential market purchase expenditure.

- Two potential modular home clusters have been preliminarily identified which may individually meet the 6-unit identified target for delivery. These homes will however be below current space standards, as would any potential open market acquisition of ex-council stock as well as many existing council stock homes.
- There would need to be further investigations into the sites identified and discussion with ward Cllrs.

1.23.2. Rerouting of existing housing delivery

- DLUHC have indicated that the proposed approach of looking at what is already in programme to meet this need is acceptable, as delivery by the time frames is key.

- DLUHC funding pre-allocated under this scheme is significant and allows potential to increase the overall new build housing delivery across the 10-year programme in the long term.
- Furthermore the larger family-size homes identified to be the largest component of this programme currently impose a significant burden on constrained finances within the general new build programme and this priority funding allows significant progress toward meeting the new homes unit mix targets.

### Delivery

The DLUHC funding is defined in focus on 2, 3 and 4 bed properties, with indication given that some 1-bed properties can be included based on identified need, clearly evident in Cambridge. The level of funding however provides an opportunity to increase current delivery of larger family homes and this opportunity needs to be used to best effect. In line with DLUHC guidance the below sets out a recommended approach:

#### 1.24. Delivery Routes identified

<b>Possible eligibility - Refugee housing funding</b>			
<b>Scheme</b>	<b>Completion date</b>	<b>Note/issues</b>	<b>Proposed Homes delivered</b>
St Thomas Rd 4-bed acquisition	Feb/ Mar '23	Required buyback of 4bed property to allow redevelopment site access. Property may be retained in stock as either a 3bed or (if remodel feasible) 4bed	1
Campkin Road or the Haven	Apr-23	The Campkin Road development has 25 homes eligible for this funding out of the 75 being delivered. The site Sits within a much wider estate, and allows distribution as well as split allocation between Afghans and Ukrainians.  The Haven is a purchase currently being completed by the council, providing 8-flats into council stock. While currently designated for Sheltered / Supported use there is scope to	16-17

		consider reallocating this housing block for refugee housing	
Market acquisitions	varied	Likely to exceed £350k/unit indicated in grant calculation. Needs to be considered along with pod homes and reallocation of existing delivery stream to ensure target can be met within budget constraints. Refurbishment works on acquisitions will impact E&F backlog and impact E&F capacity for works to existing stock	7-10
Pod /Mobile homes	varied c8-12month completion timeline	<i>2-3 bed models offer cost effective delivery. Can play role in lowering overall costs. Rapid delivery possible which can possibly meet unit targets. Site availability will be limiting factor. Opportunity affected by any requirement to meet existing space standards. Long term these units may be earmarked for TA or used alternatively as 1bed accommodation to ensure that they are acceptable from a planning perspective.</i>	6

#### Unit size Mix

Scheme	1Bed	2Bed	3Bed	4Bed
St Thomas /4-bed acquisition				1
Campkin Road and/or the Haven	7/8	9		
Market acquisitions			6/7	1/3
Pod /Mobile homes		6		
Total %	26%	49%	19%	6%
Need %	59%	30%	10%	1%

#### 1.25. Programme and comment.

The indicative programme for the project is as follows:

Tasks	dates
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Approval to enter into funding agreement	January/February 2023	
Signing of funding agreement	February/March 2023	
First tranche payment	February/March 2023	Contingent on completion of funding agreement by either 15/02 or 15/03
Acquisition of 4-bed property	March 2023	Contingent on vacant Possession
Delivery of reallocated pipeline housing, with replacement additional housing to be delivered across housing programme	April 2023	
2 <sup>nd</sup> tranche payment	March/April 2023	Contingent on spend of 60% of tranche 1
Completion date for overall delivery targets	30 November 2023	

1.25.1. Using homes under construction at Campkin Road and the Haven acquisition together with the in process purchase of a purchase at St Thomas Road will allow the council to exceed the target expenditure of the 1<sup>st</sup> Tranche funding, allowing full drawdown of the 2<sup>nd</sup> Tranche Payment by March/April 2023 and mitigating significant delivery risk

1.25.2. Utilisation of the Haven may be reliant on a change of Use Application to the Planning Authority. If this is not achieved by 31st March 2022 alternative option of 7-8 further homes at Campkin Road will need to be considered

1.25.3. Risk primarily lies with the Modular home component and open market acquisitions. These are subject to factors outside of immediate council control, but the reallocation of existing pipeline allows for limiting reliance on these additional components and risk is therefore reduced to a manageable level. Risks are outlined in Section 9.

1.25.4. The minimum target delivery to serve the funding is 30 homes. Financial modelling has indicated that the above delivery route Should allow the council to meet this target, with potential to exceed the required delivery by an additional 1-3 homes, dependant on actual costs to be incurred.

1.25.5. The varied approach to delivery outlined is a guidance indication for feasibility. Actual delivery to meet DLUHC targets will vary within this programme framework as opportunities develop.

Implications

**a) Financial Implications**

Assuming that the Council's top up funding is drawn down for this project from existing schemes with budget approval and from the existing funds ear-marked for new homes in the 10 Year New Homes Programme, there will not be any increase in gross expenditure. A gross budget of £11,367,366 will be re-allocated from existing approved resources for this specific project. The relevant budgets will be identified once the properties to be included for this purpose have been confirmed. The Council will however, also need to recognise the additional grant income associated with the project, which is at a higher grant rate than that already built into financial assumptions of grant from Homes England. Subject to this urgent decision, a revised version of the HRA Budget Setting report 2023/24 would be presented to Council in February 2023.

**b) Staffing Implications**

This project would be managed by existing staff complement of the Council. Given the rapid delivery times to meet there is a requirement for funding of a further project management position to lead this work. This requirement is included in the budget allocation outlined.

**c) Equality and Poverty Implications**

A focused EQIA will be undertaken for this scheme.

**d) Environmental Implications**

A specific Climate Change Rating Tool will be completed. New Developments will be delivered in line with the Sustainable Housing Design Guide. Market purchases will be added to the works programme for sustainability improvements being delivered by Estates and Facilities.

**e) Procurement Implications**

None. Delivery will be in line with OJEU compliant procurement regulations.

**f) Community Safety Implications**

New Development housing will be built in accordance with Secure by Design Guidelines.

Consultation and communication considerations

There will be early engagement with Ward Councillors to identify site opportunities and potential issues. There will also be formal consultation through the planning process once the application has been submitted.

## Risks

Below is a table setting out key risks associated with the project:

Risk	Likelihood	Impact	Mitigation
<p><b>Delivery failure</b> The funding required best endeavours from the council. DLUHC is committed to funding any contract LAs enter into, even if completion occurs after the Nov-23 deadline date.</p>	Medium	<p>Reputational risk to the council. Repayment of allocated funds.</p>	<p>Early identification of opportunities to mitigate delivery failure risk. Open discussion with DLUHC regarding proposed approach and inherent risk.</p>
<p><b>Planning risk – modular homes</b> The funding required best endeavours from the council. DLUHC is committed to funding any contract LAs enter into, even if completion occurs after the Nov-23 deadline date.</p>	Low	<p>Delays to a planning approval process not allowing meeting of the 30 Nov 2023 Deadline.</p>	<p>Early discussions with Planning Officers will be required to ensure timelines are met.</p>

<p><b>Failure to complete on Market purchases</b> Significant competitive pressure on market acquisitions.</p>	Medium	Delivery Failure	Non-reliance on high levels of purchase – varied portfolio for delivery Early progression of purchase opportunities
<p><b>Public opposition /Member buy-in</b> Significant local housing pressure may lead to negative public opinion of prioritising foreign nationals</p>	Low	Reputational Risk. Delivery Failure	It will be important to engage with the local ward Cllrs early on to identify opportunities and issues. A consultation strategy will need to be agreed. The full buy-in by national government needs to be relied upon.
<p><b>Exceeding proposed budget</b> Due to unexpected reliance on additional market acquisitions or required increased purchase value for market homes</p>	Low	Additional HRA funding required	Non-reliance on single delivery route.

Background papers used in the preparation of this report

- 20/35/HSC New Council Housing Programme - i. Approved the bringing forward of a development programme to provide new housing in 2022-32 by the Council

Appendices

None.

Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jaques van der Vyver, Housing Development Agency Programme Manager, tel: 01223 - 457928, email: [jaques.vandervyver@cambridge.gov.uk](mailto:jaques.vandervyver@cambridge.gov.uk).