

Local Authority Housing Fund Refugee Scheme Round 2 – Approval to deliver 2ND round humanitarian scheme accommodation through the 2022-32 new build housing programme, partly funded by Central Government

Decision of: Councillor Bird Councillor Bird, Executive Councillor for Housing and Homelessness

Reference: 23/Urgency/HSC/12

Appendix A

1. Executive Summary

- 1.1. In March 2023, it was announced that the Local Authority Housing Fund would be expanded by £250 million for a second round of funding (LAHF R2), with the majority of the additional funding used to house those on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to ease wider homelessness pressures.
- 1.2. This Second Round follows on from the £500m LAHF funding for housing of Ukrainian and Afghan refugees, for which the Council successfully entered into agreement in February 2023.
- 1.3. The Department of Levelling Up, Housing and Communities (DLUHC) has provisionally identified Cambridge City as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with an indicative additional allocation of £840,000 in funding. This funding covers two distinct elements as below:
 - Resettlement element: to fund the provision of a minimum of 3 homes.
 - TA element: to fund the delivery of a minimum of 1 home.
- 1.4. 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 £1,140,000.

- 1.5. A budget is requested to be drawn down from the sum already ear-marked and approved for investment in new homes. The cost is to cover the costs associated with delivering a minimum of 4 homes to serve as longer term accommodation for eligible families housed under the Afghan Citizen Resettlement Scheme (ACRS) and Afghan Relocations and Assistance Policy (ARAP) resettlement scheme, 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.
- 1.6. 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.
- 1.7 Delivery is requested by a target date of 29 March 2024.

2. Recommendations

The Executive Councillor is recommended 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 Round 2 payment of allocated funding to the Council.
- 2.2. Approve that the delivery of accommodation to cater for recent humanitarian schemes identified within this second round of LAHF funding be delivered as part of the Councils 2022-2032 New Build Housing Programme.
- 2.3. Approve that an indicative budget of £1,980,000 be drawn down in 2023/24 from the sum already ear-marked and approved for investment in new homes, to cover the costs associated with delivering 4 homes to serve as longer term accommodation

catering for the eligible cohort as defined in 3.2 and to recognise grant funding of £840,000 towards this expenditure. Following the meeting of this need the properties delivered will become general needs housing held within council stock.

- 2.4 Authorise the Assistant Director (Assets and Property) 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 Director of Communities and the Chief Financial Officer.

3. Background

3.1. Funding

3.1.1. The Local Authority Housing Fund (LAHF) is an innovative capital fund that supports local authorities in England to obtain housing for those who are unable to find settled accommodation on resettlement schemes.

3.1.2. Round 1 provided £500 million of funding for local authorities to obtain accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes – Cambridge City Council was successfully allocated funding under this first round, with an urgent decision taken by the Exec Councilor for housing on 8 February 2023 to enter into agreement with DLUHC and 30 homes to be delivered as part of the councils new build housing programme.

3.1.3. Round 2 now sets out to provide a further £250 million of funding for the 2023/24 financial year, with the majority of the funding used to house those on Afghan resettlement schemes currently in bridging accommodation and the rest used to ease wider homelessness pressures.

3.1.4. The objectives of LAHF R2 are to:

- Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities.
- Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to those owed homelessness duties by local authorities.
- Reduce emergency, temporary and bridging accommodation costs
- Reduce impact on the existing housing and homelessness systems and those waiting for social housing. Both rounds of LAHF will provide a lasting affordable housing asset for the future. The funding will reduce the impact of recent arrivals on existing housing pressures and in the longer term will provide a new and permanent supply of accommodation for local communities, increasing the number of homes in the wider social and affordable housing system.

3.1.5. Cambridge has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with an indicative allocation of £840,000 in funding. This funding covers two distinct elements as below:

- a) Resettlement element: to fund the provision of a minimum of 3 homes.
- b) TA element: to fund the delivery of a minimum of 1 home.

3.1.6. Government funding equates to 40% of total capital cost (calculated on a median property value within the city) plus £20,000 per property to fund additional works / fees.

3.1.7. Delivery is required to be part funded / financed by local authorities, amounting to the sum £1,140,000 to be incurred by the Council.

3.1.8.30% of the funding provided by DLUHC will be paid in Q2 2023/24 and 70% in Q3 2023/24 (the second payment is due once the LA has spent 60% of their 2022/23 funding.

3.2. Eligible Cohort

3.2.1. Given the objectives of the fund, those eligible for accommodation through this ACRS and ARAP resettlement scheme element housing are those who are on:

- a) Afghan Citizen Resettlement Scheme (ACRS – including eligible British Nationals under this scheme) or
- b) those assisted under the Afghan Relocations and Assistance Policy (ARAP),

and who are currently in bridging accommodation or who have left bridging hotels and are homeless, at risk of homelessness, or living in unsuitable temporary accommodation.

3.2.2. Those eligible for the accommodation provided by the temporary accommodation element of the fund are those owed a homelessness duty by the local authority. Given the purpose of this funding, it is expected by DLUHC that families will be the primary recipients.

4. Identified Housing Need

4.1. All the eligible families but one housed temporarily by the Council to date have been allocated / moved out of properties utilising the first round of LAHF funding as well as other available properties, so for the 2nd round the Council would be working with EEGLA to arrange matches to properties for people who are in bridging accommodation in neighbouring local authority areas. Initially this will be from the East of England cohort (750 families) and if needed will go out further than that.

4.2. 5,829 people remain in bridging accommodation across the country who all have been given notices to vacate. This is a

third of the original figure when the Afghan arrivals came in a few years ago.

- 4.3. In March 2020, the Council pledged to welcome and rehome 200 refugees by 2025. This Pledge was enshrined through an approach approved by Housing Scrutiny Committee in June 2021. While strides have been made toward meeting this objective, the Council remains short of this target, notably due to complications arising from the covid-pandemic through 2020-early 2022. Housing earmarked through Round 1 of this LAHF funding has played an important role in raising the council's performance and this further round of funding will allow the Council to move closer toward delivering on its targets, meeting its ambition to continue to be seen as a City of Sanctuary.

5. Delivery

- 5.1. The Funding identified by the DLUHC Scheme requires priority to be placed on acquiring larger properties which can accommodate a family as those with larger families have found it particularly difficult to find accommodation.
- 5.2. The minimum target delivery to serve the funding is 4 homes. Outcomes of the current acquisition programme for Phase 1 indicates that this can be met within the funding allowance indicated.
- 5.3. To this end the council will target acquisition of the below profile, subject to budgetary constraints and market availability, with smaller homes acquired if financial constraints apply:

Unit size mix

Scheme	1Bed	2Bed	3Bed	4Bed
Market acquisitions	0	0	4	0

- 5.4. Properties will be let at an affordable rent, ie 60% of market rent or LHA, whichever is lowest.
- 5.5. Properties delivered under element 3.2.1a of this funding scheme will be provided as permanent tenancies for qualifying households. Properties delivered under element 3.2.1b of this funding scheme will be let as Temporary Accommodation.
- 5.6. All properties will become general needs accommodation in future as the specific need is reduced.
- 5.7. 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. (for the Temporary Accommodation property, this will come into effect once the property becomes general needs.
- 5.8. For First Round funding, focus was requested by members to ensure that EPC standards across council stock are still met. Officers confirm that this is being taken into account for this 2nd phase.
- 5.9. Programme and comment.

The indicative programme for the project is as follows:

Tasks	dates	
Approval to enter into funding agreement	June/July 2023	
Signing of funding agreement	July 2023	
First tranche payment	July/August 2023	Contingent on completion of funding agreement by either 14/07 (with 14/08 available as a fall back)
2 nd tranche payment	September/October 2023	Contingent on spend of 60% of tranche 1

Completion date for overall delivery targets	29 March 2024	
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6. Implications

a) Financial Implications

Assuming that the full budget is drawn down for this project 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 £1,980,000 will be re-allocated from existing approved resources for this specific project. The Council will also need to recognise the additional grant income associated with the project, which will replace assumed grant from Homes England, but will be at a higher grant rate per unit than that already built into financial assumptions. Subject to this urgent decision, funding will be revised as part of the Medium Term Financial Strategy to be presented to Housing Scrutiny Committee later in 2023.

b) Staffing Implications

This project would be managed by existing staff complement of the Council.

c) Equality and Poverty Implications

A focused EQIA was undertaken for the first round of funding. This EQIA will be revised to ensure assessment of any impacts which may additionally arise from Round 2.

d) Environmental Implications

A specific Climate Change Rating Tool will be completed. Market purchases will be added to the works programme for sustainability improvements being delivered by Estates and Facilities.

e) Procurement Implications

None.

f) Community Safety Implications

None. Acquisitions are to be scattered across the city and will be incorporated not the Councils general Housing Stock.

g) Consultation and communication considerations

There will be early engagement with Members to identify potential concerns.

7. Risks

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

Risk	Likelihood	Impact	Mitigation
Delivery failure The funding required best endeavours from the council. DLUHC is committed to funding any contract LAs enter into, even if occupation occurs after the March 24 deadline date.	Medium	Reputational risk to the council. Repayment of allocated funds.	Early identification of opportunities to mitigate delivery failure risk. Open discussion with DLUHC regarding proposed approach and inherent risk.
Failure to complete on Market purchases Significant competitive pressure on market acquisitions.	Low	Delivery Failure	Early progression of purchase opportunities. Progress at early stage to ensure ability to meet target date.

<p>Public opposition /Member buy-in Significant local housing pressure may lead to negative public opinion of prioritising foreign nationals</p>	<p>Low</p>	<p>Reputational Risk. Delivery Failure</p>	<p>It will be important to engage with the local ward Cllrs early on to identify opportunities and issues. The full buy-in by national government needs to be relied upon.</p>
<p>Exceeding proposed budget due to reliance on open market acquisitions or required increased purchase value for market homes</p>	<p>Medium</p>	<p>Additional HRA funding required</p>	<p>Strategic approach to property selection, ensuring Value for Money on completed acquisitions.</p>

8. Background papers used in the preparation of this report

- 21/36/HSC - Refugee Resettlement – Delivering the pledge to resettle 200 more refugees
- 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
- 23/URGENCY/HSC/2 - £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

9. 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

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