

# MEMORANDUM OF UNDERSTANDING

*Between*

**Ministry of Housing, Communities and Local Government**

*-and-*

Cambridge City Council

## 1. Purpose

- 1.1. This Memorandum of Understanding ('MOU') sets out the agreed working relationship between the Ministry of Housing, Communities and Local Government ('MHCLG') and Cambridge City Council ('the Council') regarding the administration and delivery of the Local Authority Housing Fund – fourth funding round ('LAHF R4').
- 1.2. This MOU will be for the period 2026/27-2029/30. 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 5.5.
- 1.3. 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. LAHF R4 was launched in November 2025. The details of the fund were shared with the Council in the document 'Local Authority Housing Fund - fourth funding round: [Prospectus and Guidance](#)' ('the Prospectus').
- 2.2. LAHF R4 is a £950m grant fund, with objectives to:
  - Reduce local housing pressures and use of expensive and unsuitable accommodation, by providing better quality temporary accommodation to those owed homelessness duties by local authorities.
  - Reduce temporary accommodation costs.
  - Provide sustainable settled housing for some families on the Afghan Resettlement Programme (ARP) so that they can build new lives in the UK, find employment and integrate into communities.

- Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.

### 3. Total delivery target and Total allocation

- 3.1. MHCLG has accepted the Council's plan to provide 4 homes ('the total delivery target') under LAHF R4, of which 0 homes shall be new supply ('the new supply delivery target'), and MHCLG will provide a grant of £924,072 ('the total allocation').
- 3.2. The total allocation includes any New Supply Uplift, the refurbishment allowance as calculated with reference to 6.3 of the Prospectus. The capital grant is set out at 3.6.
- 3.3. For the purposes of the New Supply Uplift, a new supply home is a property that:
- will be delivered in as direct council led (or commissioned) new development.
  - arises from a conversion or redevelopment of property which delivers additional residential unit(s) (densification).
  - arises from a change of use (which delivers an extra residential unit).
- 3.4. The total allocation will be provided in the yearly amounts specified in table 1:

*Table 1 – Yearly capital allocations*

Year 1 allocation (2026-2027)	£917,425
Year 2 allocation (2027-2028)	£0
Year 3 allocation (2028-2029)	£0
Year 4 allocation (2029-2030)	£0

- 3.5. The Council agrees the following targets to deliver at least:
- 2 properties (2-4+ bed) to be allocated to households that meet the **TA element** eligibility criteria outlined in section 5.1 of the Prospectus.
  - 1 properties (2-3 bed) for households that meet the **R4 resettlement element** eligibility criteria outlined in section 5.2 of the Prospectus.

- 1 properties (4+ bed) for households that meet the **R4 large resettlement element** eligibility criteria outlined in section 5.2 of the Prospectus.
- 3.6. The total allocation comprises a capital grant of £917,425 and a revenue grant of £6,647.
- 3.7. This MOU covers the funding commitments from MHCLG, as well as the delivery, financial expenditure, agreed milestones, reporting and evaluation, and communications between the Parties. It also sets out the steps MHCLG could take in the event of underperformance.

#### **4. Purpose of the Funding**

- 4.1. LAHF R4 funding has been provided specifically for spending on LAHF R4 priorities as specified at paragraph 2.2 to deliver properties for use by households that meet the LAHF R4 eligibility criteria. The Council agrees to spend LAHF R4 funding on activity set out in this MOU as agreed with MHCLG or subsequently agreed with MHCLG as per paragraph 5.5.
- 4.2. LAHF R4 funding is not intended to meet all the Council's acquisition/delivery costs. The Council or its delivery partner(s) will fund any outstanding sum required.
- 4.3. LAHF R4 initial funding allocations and delivery targets are made assuming that the Council's housing delivery will be primarily achieved by open market acquisition or development. If the Council intends to deliver some LAHF R4 homes using alternative methods which may have lower intervention costs (including particularly: refurbishments of existing stock; acquisitions discounted via S106 agreements; or prefabricated or modular construction), the Council should notify MHCLG prior to commencement of that delivery. MHCLG will consider, and advise the Council, whether the proposals are compliant with the programme's conditions or whether they can be made compliant by increasing the Council's delivery targets or by reducing the grant payable.
- 4.4. The Council will use its best endeavours to meet the delivery target and to achieve value for money. The Council should ensure it complies with the Code of Practice for Local Authority Accounting.
- 4.5. The Council may determine how it uses the total allocation as long as the delivery target and the new supply delivery target are met.

#### **5. Delivery Profile**

- 5.1. Delivery of property will be measured on the basis of exchange of contracts, or equivalent milestone where exchange of contract will not occur. 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.

5.2. Funding outlined in Table 2 is provided to deliver the total delivery target. The Council agrees to make best endeavours to meet the annual delivery profiles set out in table 2 and the total delivery target by 31 March 2030.

5.3. The Council agrees to deliver:

- 4 properties in financial year 2026-27 ('the Year 1 delivery target')
- 0 properties in financial year 2027-28 ('the Year 2 delivery target')
- 0 properties in financial year 2028-29 ('the Year 3 delivery target')
- 0 properties in financial year 2029-30 ('the Year 4 delivery target')

The property types that the Council agrees to deliver in each year are outlined in Table 2 and Annex A. (Detail of yearly new supply targets is specified in Annex A).

*Table 2 – delivery profile*

<b>Property type</b>	<b>Year 1 delivery target (2026-27)</b>	<b>Year 2 delivery target (2027-28)</b>	<b>Year 3 delivery target (2028-29)</b>	<b>Year 4 delivery target (2029-30)</b>	<b>Total delivery target</b>
<b>TA element (2-4+bed)</b>	2	0	0	0	2
<b>R4 resettlement element (2-3 bed)</b>	1	0	0	0	1
<b>R4 large resettlement element (4+bed)</b>	1	0	0	0	1
<b>All property types</b>	4	0	0	0	4

5.4. This MOU is for the full term of the total allocation unless signatories agree to change as per paragraph 5.5.

5.5. MHCLG and the Council both have the right to request a change to the MOU. With regards to changing the target number 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 assessed in line with the grant allocations principles set out in sections 6 and 11 of the Prospectus.

## **6. Financial Arrangements**

- 6.1. 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.
- 6.2. The capital funding will be provided by MHCLG in up to eight tranches, with two tranches per year. Both yearly tranches may be paid in a combined payment if the relevant delivery milestones have been met for both tranches. Tranches are set out in Table 3.

Table 3 – Capital funding allocation

<b>Allocation tranches</b>	<b>Tranche comprises of:</b>	<b>Total funding</b>
<b>Tranche 1 allocation</b>	30% of the Year 1 capital allocation and 100% of the Year 1 & 2 revenue allocation	£281,874
<b>Tranche 2 allocation</b>	70% of the Year 1 capital allocation	£642,198
<b>Tranche 3 allocation</b>	50% of the Year 2 capital allocation	£0
<b>Tranche 4 allocation</b>	50% of the Year 2 capital allocation	£0
<b>Tranche 5 allocation</b>	50% of the Year 3 capital allocation and 100% of the Year 3 & 4 revenue allocation	£0
<b>Tranche 6 allocation</b>	50% of the Year 3 capital allocation	£0
<b>Tranche 7 allocation</b>	50% of the Year 4 capital allocation	£0
<b>Tranche 8 allocation</b>	50% of the Year 4 capital allocation	£0
<b>Total allocation</b>		£924,072

- 6.3. Table 4 sets out the delivery milestones requirements and timetable for payments to be made to the Council. MHCLG may reallocate the Council's future year grant funding if the council does not meet the specified delivery milestone deadlines for payment of the two tranches each year.
- 6.4. A Grant Determination Letter (GDL) will be provided after each tranche payment giving confirmation of the grant payment.
- 6.5. The Council may wish to return unspent monies to the Department.
- 6.6. MHCLG reserves the right to request the return of some or all of the capital funding if the Council demonstrates insufficient delivery progress

towards achievement of the delivery target, delivers less homes than its agreed delivery target, or withdraws from LAHF R4 completely. Where a local authority does not achieve their new supply delivery target, MHCLG may request the return of the new supply uplift.

Table 4 – Payments timetable

Payments	Requirements for payment milestone*	Payment schedule
<b>Tranche 1 allocation</b>	MOU signed with MHCLG	By 17 April 2026 (if an MOU is signed by 13 March 2026).  Or  By 15 May 2026 (if an MOU is signed by 10 April 2026).
<b>Tranche 2 allocation</b>	Statement of Grant Usage (SOGU) demonstrating <u>60% of Tranche 1</u> has been committed*, AND  Satisfactory monitoring information (MI) submitted to date.	By 17 July 2026 (if SOGU is provided by 12 June 2026 and all MI submitted to schedule).  Or  By 21 August 2026 (if an MOU is signed by 17 July 2026 and all MI submitted to schedule).  (With further payment windows TBC).
<b>Tranche 3 allocation</b>	Statement of Grant Usage (SOGU) demonstrating <u>80% of Tranches 1 and 2</u> have been committed*, AND  Satisfactory monitoring information (MI) submitted to date.	By 16 April 2027 (if SOGU is provided by 12 March 2027) and all MI submitted to schedule.  With further payment windows TBC.
<b>Tranche 4 allocation</b>	Statement of Grant Usage (SOGU) demonstrating <u>80% of the Tranches 1, 2 and 3</u> have been committed*, AND  Satisfactory monitoring information (MI) submitted to date.	By 16 April 2027 (if SOGU is provided by 12 March 2027) and all MI submitted to schedule.  With further payment windows TBC

<b>Tranche 5 allocation</b>	Statement of Grant Usage (SOGU) demonstrating <u>80% of the Tranches 1,2,3 and 4</u> have been committed*, AND  Satisfactory monitoring information (MI) submitted to date.	By 13 April 2028 (if SOGU is provided by 10 March 2028) and all MI submitted to schedule.  With further payment windows TBC.
<b>Tranche 6 allocation</b>	Statement of Grant Usage (SOGU) demonstrating <u>80% of the Tranches 1,2,3,4 and 5</u> have been committed*, AND  Satisfactory monitoring information (MI) submitted to date.	By 13 April 2028 (if SOGU is provided by 10 March 2028) and all MI submitted to schedule.  With further payment windows TBC.
<b>Tranche 7 allocation</b>	Statement of Grant Usage (SOGU) demonstrating <u>80% of the Tranches 1,2,3,4,5 and 6</u> have been committed*, AND  Satisfactory monitoring information (MI) submitted to date.	By 13 April 2029 (if SOGU is provided by 9 March 2029) and all MI submitted to schedule.  With further payment windows TBC.
<b>Tranche 8 allocation</b>	Statement of Grant Usage (SOGU) demonstrating <u>80% of the Tranches 1,2,3,4,5,6 and 7</u> have been committed*, AND  Satisfactory monitoring information (MI) submitted to date.	By 13 April 2029 (if SOGU is provided by 9 March 2029) and all MI submitted to schedule.  With further payment windows TBC.

\* Note: Committed spend in table 1 refers only to capital grant spend (and does not include revenue grant spend). Committed spend reported in a SOGU should be verified by the local authority S151 officer. We anticipate that local authorities will follow their own internal processes to confirm committed spend.

## 7. Charging Affordable Rents for LAHF R4 funded homes

7.1. The LAHF Prospectus specifies “It is up to local authorities to determine the precise rent level and tenure of homes in line with the fund objectives.

This should be at Social Rent where viable, but could include affordable rent, or a temporary accommodation rent.”

- 7.2. The Rent Standard ([Rent Standard 2020 - GOV.UK](#)) provides that Affordable Rents may be charged only in limited circumstances.
- 7.3. This MOU records the agreement between the Secretary of State and the Council that relevant accommodation, provided by the Council or a partner Registered Provider pursuant to LAHF grant funding, is permitted to be let at an Affordable Rent, and that accordingly that an Affordable Rent may be charged for such accommodation in accordance with paragraph 3.10b of the Rent Standard - April 2020.
- 7.4. In paragraph 7.3, “relevant accommodation” means accommodation:
  - in the Council area;
  - which is being used to further the LAHF objectives set out at paragraph 2.2 of the MOU;
  - which has never been let at a Social Rent; and
  - where the accommodation is provided by a partner Registered Provider, for which the Council has agreed that the partner Registered Provider may charge Affordable Rent.

## **8. Roles and Responsibilities**

### MHCLG Responsibilities

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

### Council Responsibilities (fund delivery)

- 8.2. 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, local authority housing companies or other bodies to deliver homes. The Council will also report on the fund by providing Management Information (MI) as set out in **Annex B** of this MOU and will work with MHCLG to ensure they have the capability to deliver the fund and provide MI within the set timescales.
- 8.3. 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 delivery partners and subsidies that project delivery partners provide to fourth 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 delivery partners 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.
- 8.4. 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.

#### Council Responsibilities (Affordable Rents – where required by LAs)

- 8.5. The Council should note (and remind partner Registered Providers) that conversion of Social Rent properties to Affordable Rent is not permitted pursuant to paragraph 3.17 of the Rent Standard other than in the circumstances set out in chapter 2 of the Rent Policy Statement.
- 8.6. Where the Council has agreed that a partner Registered Provider may charge Affordable Rent, the Council will confirm to the Registered Provider that the Registered Provider may charge Affordable Rent in accordance with paragraph 7.3 of this MOU.
- 8.7. The Council will require partner Registered Providers to provide details to the Council of any accommodation provided pursuant to LAHF grant funding for which Affordable Rent is charged.
- 8.8. The Council will maintain a register of any accommodation provided pursuant to LAHF grant funding for which it or a partner Registered Provider is charging Affordable Rent. This register should be available for inspection upon request by either MHCLG or the Regulator for Social Housing. The fields of information required in register are specified in **Annex D**.

## **9. Monitoring Arrangements and Accountability**

- 9.1. 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

- 9.2. The Council has agreed to provide monitoring information (MI) to MHCLG on fund allocations and delivery. The Council will be asked to provide a mix of quantitative and qualitative summary updates to MHCLG; a full list of MI can be found in **Annex B**.
- 9.3. The first report will be due in June 2026 and then every two months thereafter, until the Council's programme has completed. The schedule for monitoring reports is outlined in **Annex C**.
- 9.4. Spend outturn and forecast should be signed off by the Section 151 officer or deputy Section 151 officer.
- 9.5. A Statement of Grant Usage Section 151 officer or deputy Section 151 officer should be submitted when relevant tranche payment thresholds (as set out in Table 4 above) have been met.
- 9.6. The Council also agrees to work with the department to provide any reasonable additional MI as and when requested by the MHCLG Senior Reporting Officer (SRO). MHCLG will provide an appropriate amount of time to return any additional MI requests.
- 9.7. The Council agrees to work collaboratively with any requests from MHCLG 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.

### **10. Governance & Assurance**

- 10.1. 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.
- 10.2. 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 MHCLG**

Signature:

Name:

Position:

Date:

**Signed for and on behalf of Cambridge City Council**

Signature:

Name:

Position:

Date:

## Annex A – New supply detailed delivery targets

1. MHCLG and the Council agree that the new supply homes specified in MOU 3.1 will be delivered in the profile shown in Table 5.
2. As per MOU 3.3, for the purposes of the New Supply Uplift, a new supply home is a property that:
  - will be delivered as direct council led (or commissioned) new development.
  - arises from a conversion or redevelopment of property which delivers additional residential unit(s) (densification).
  - arises from a change of use (which delivers an extra residential unit).
3. As per 6.3 of the Prospectus, the New Supply uplift will not apply to purchases of new homes already in development e.g. off-the-shelf market sales purchases or s106 discounted affordable housing purchases. Whilst these purchases are not eligible for the New Supply uplift, local authorities can still include them in their standard LAHF R4 delivery.

*Table 5 New supply delivery targets*

Property type	Year 1 new supply delivery target (2026-27)	Year 2 new supply delivery target (2027-28)	Year 3 new supply delivery target (2028-29)	Year 4 new supply delivery target (2029-30)	Total new supply delivery target
TA element new supply (2-4+bed)	0	0	0	0	0
R4 resettlement element new supply (2-3 bed)	0	0	0	0	0
R4 large resettlement element new supply (4+bed)	0	0	0	0	0
All property types new supply	0	0	0	0	0

## Annex B - 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 MHCLG.

### MHCLG Role

2. MHCLG 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). Wherever possible MHCLG 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 MHCLG in accordance with the agreed timescales and frequency set out in the MoU. The Council will also work with MHCLG to provide any reasonable additional MI required as and when requested by the MHCLG Senior Reporting Officer. MHCLG 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 6) and evaluation data (Table 7) required to assess the strategy-level success of the fund and inform future policy development. Tables 6 and 7 present the required routine MI and is subject to change, with agreement by MHCLG and the Council. MHCLG may also request additional delivery progress information from local authorities which have agreed to deliver new supply to provide assurance on the advancement of this delivery.

Table 6 – Monitoring Data

Item	Frequency
Number of properties where contracts exchanged, including: <ul style="list-style-type: none"> <li>• bedroom size</li> <li>• whether located in another borough area</li> <li>• who will own the dwellings</li> <li>• how properties obtained</li> </ul>	Every 2 months
Number of properties occupied/ ready to let, including bedroom size	Every 2 months

Number of resettlement scheme households housed	Every 2 months
Number of pending resettlement scheme properties pre-matched to current/former bridging hotel households	Every 2 months
Overall assessment (RAG rated) of whether delivery is on track as determined by the responsible Council officer	Every 2 months

*Table 7 – Evaluation Data*

Item	Frequency
How properties have been sourced (e.g., through stock acquisition or another delivery route)	Post April 2026 and thereafter upon request to aid with evaluation of the fund
Total delivery costs. Total amount of Council contributory share, and how the Council has funded its share.	
Breakdown of resettlement scheme households housed by previous housing situation, e.g., in bridging hotel, in LA emergency accommodation/temporary accommodation	
Tenancy duration	
Rent levels	
Number of properties obtained outside the local authority's area, if applicable, and where these are located.	

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. This information will be provided to agreed timeframes when requested by MHCLG.
6. Should the Council wish to amend and/or not collect any of these proposed data points, they should submit a proposal to MHCLG 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 C.

### **Data Consistency**

8. MHCLG 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, MHCLG should be advised as soon as practical.

**Use of Material Provided**

9. MHCLG will use the provided material to track local authority progress against agreed delivery milestones and to monitor programme delivery nationally.

### Annex C – Monitoring Milestones

1. The Council is requested to submit the monitoring information summarised in **Annex B** every two months by 5pm on the dates outlined below. MHCLG will provide the link to the return directly to the Council well in advance of each touchpoint date.
2. MHCLG will provide full guidance for submitting the return directly well in advance of each touchpoint date.

*Table 8 – Monitoring Touchpoint Dates for year 1*

<b>Monitoring touchpoint</b>	<b>Window covers all (cumulative) R4 delivery up until</b>	<b>Collection window opens</b>	<b>MI Return to be submitted by 5pm on the following dates</b>
Touchpoint 1	31 May 2026	1 June 2026	15 June 2026
Touchpoint 2	31 July 2026	3 August 2026	17 August 2026
Touchpoint 3	30 September 2026	1 October 2026	15 October 2026
Touchpoint 4	30 November 2026	1 December 2026	15 December 2026
Touchpoint 5	1 February 2027	2 February 2027	16 February 2027
Touchpoint 6	31 March 2027	1 April 2027	15 April 2027

3. MHCLG will update local authorities on planned touchpoint dates for Years 2,3 and 4 in due course.

## **Annex D – Register of LAHF accommodation for which an Affordable Rent is charged**

This annex sets out the agreed information which will be contained in the Council's Register of LAHF accommodation for which an Affordable Rent is charged.

This register should be available for inspection upon request by either MHCLG or the Regulator for Social Housing.

Property address			
Completion date			
Name of Registered Provider			
Registration Code			

Note: The Council is not required to submit this information as part of regular delivery monitoring submissions.