



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Council

20 July 2023

Councillor Phil Dilks
Cabinet Member for Housing and
Planning

Local Authority Housing Fund (LAHF) Round 2

Report Author

Jodie Archer, Head of Housing



Jodie.archer@southkesteven.gov.uk

Purpose of the Report

To seek approval from Council to accept the grant from the Local Authority Housing Fund (LAHF) Round 2 which has been made available from the Department for Levelling Up, Housing and Communities to purchase 8 new homes. The report also seeks delegation for the spend of the awarded Local Authority Housing Fund (LAHF) Round 2 grant to the s151 Officer and Cabinet member for Housing and Planning. Delegation is also sought to use Section 106 funds allocated for the provision of Affordable Housing to supplement the LAHF grant funding.

Recommendations

That Council:

1. Approves receipt of the Local Authority Housing Fund (LAHF) grant of £953,600 to provide accommodation to Ukraine and Afghan families and agree approval of the memorandum of understanding with Department for Levelling Up, Housing and Communities.
2. Delegates to the Acting Director of Housing in consultation with the Cabinet Member for Housing and Property, the authority to conclude contractual and grant agreement arrangements with the Department for Levelling Up, Housing and Communities.

3. **Delegates authority to the Council's Deputy Chief Executive (Section 151 Officer) in consultation with the Cabinet member for Housing and Planning to acquire properties utilising the allocated LAHF grant funding and in accordance with the grant agreement arrangements.**
4. **Delegates authority to the Council's Deputy Chief Executive (Section 151 Officer) in consultation with the Assistant Director of Planning to use available Section 106 funds held by the Council to be used to supplement the LAHF grant funding.**

Decision Information	
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Housing that meets the needs of all residents
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 As part of the grant conditions the Council is required to provide £1.2m of its own resources to fund the acquisition of 8 properties. The only HRA reserve available to support this scheme is the HRA Priorities Reserve which was established to fund a range of one-off improvement and investments that support the delivery of HRA services. The projected balance on this reserve at 31 March 2026 is £10.5m. The Council also has Affordable Housing Section 106 contributions which could be used to fund this scheme subject to the conditions of the Section 106 being met. If appropriate, Section 106 contributions will be used to fund the Council's contribution where the expenditure meets the requirements set out in the relevant planning obligations.

Completed by: Alison Hall-Wright, Assistant Director of Finance and Deputy S151 Officer

Legal and Governance

- 1.2 There are no significant legal and governance implications arising from this report which are not already referred to in the body of the report.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

2. Background to the Report

- 2.1 The Department for Levelling Up, Housing, and Communities has awarded the Council Local Authority Housing Fund (LAHF) round 2 funding, to support local authorities in providing accommodation to Ukraine and Afghan families, settled in the UK legally under various government schemes following the respective conflicts that have occurred in their countries.
- 2.2 The LAHF programme has two aims.
- To support in providing more suitable accommodation and affordable accommodation for these families, who arrived in the UK legally, until their visas expire in circa 3-5 years' time.
 - To support local authorities in meeting their duties to accommodate such families if they present as homeless, therefore reliving pressure on wider local housing challenges and constraints.
- 2.3 For clarity, the scheme is not aimed at households who have arrived in the UK illegally, outside of government sponsored resettlement schemes. As opposed to being a competitive funding scheme, the Government has directly approached around 180 local authorities to invite them to take part in the scheme. South Kesteven District Council is one such authority. Once the properties are no longer utilised by the cohort (likely upon the expiry of their visas), the council will be free to use the properties for whatever purpose they deem suitable. In other words, the homes will be available for use by the council as a long-term asset to meet local housing need.
- 2.4 As with other affordable housing provision, there is an expectation to part fund or finance some of the required capital. For 'main element' housing, government funding equates to 40% of total capital costs plus £20,000 per property; if this is not required for property improvements it can be put towards the capital purchase price. For 'bridging element' housing, government funding equates to 50% of total capital plus £20,000 per property for improvements to prepare the property to standard. It is proposed that the Council will utilise either Housing Revenue Account (HRA) Priorities Reserve or Section 106 funds to meet the Council's funding obligation as detailed in the funding table at paragraph 2.5 below. Section 106 funds are secured through planning permissions for housing developments where on-site

provision of affordable housing has not been possible. The Council may then use these funds to provide affordable housing elsewhere within the District.

2.5 Allocation from LAHF round 2

The Council has been allocated the below funding for LAHF 2 which requires the identified match funding to be forthcoming from the Council. The funding provided from LAHF2 is to deliver a further eight properties, seven 'main element' 2/3 bed properties and one 'bridging element' 4 bed+ property.

Funding table

LAHF 2 funding	Council funding	Total
£953,600	£1,190,400	£2,144,000

- 2.6 Approval to receive the LAHF round 1 grant was unanimously granted at Full Council in March 2023. Officers are in negotiations with local developers for property purchases to enable us to satisfy the round 1 grant conditions and deadlines.
- 2.7 Enabling a delegation to the s151 Officer and the Cabinet Member for Housing and Planning shall ensure high level oversight and understanding of the level of grant spend and shall ensure value for money and effective delivery.
- 2.8 The newly formed Housing Overview and Scrutiny committee shall receive regular updates in relation to the progress of the LAHF programme.

3. Key Considerations

- 3.1 The LAHF is a government fund provided to aid local authorities to meet the significant challenges presented as a result of the Afghan and Ukraine schemes.
- 3.2 If the Council is unable to purchase the properties through this scheme, the housing need that the properties are designed to meet is likely to arise anyway. The homes provided under the scheme will make a net positive contribution to housing available to the council to meet need, therefore supporting the council in meeting the needs of the wider population too.
- 3.3 In light of the above, there were no other options considered.

4. Other Options Considered

- 4.1 **Do nothing** – Under this option, the council would not accept the funds from government, neither would it seek to make properties available. The purpose of the fund is to support local authorities in meeting the housing needs arising in their area. Therefore, under the 'do nothing' option, the potential benefits referenced in this report will not be realised.

- 4.2 **Take part in the scheme, but to pass the funds available to a partner housing association** – Under this option, the council would take part in the scheme but on the basis of passing funds to a housing association for them to own and manage the properties. This option has been considered but has been discounted, given the opportunity that the scheme presents to support the Council's 'Housing that Meets the Needs of all Residents' Corporate Plan priority.

5. Reasons for the Recommendations

- 5.1 To accept the Government funding offer of up to £2,098,750, to support the purchase of up to 21 properties that would be available to meet short-, medium-, and long-term housing needs within the District.
- 5.2 By enabling the delegation the Council shall be able to react to emerging opportunities at short notice with the aim to fully utilise the LAHF grant funding awarded.
- 5.3 Where Section 106 funding is to be used, then the Assistant Director of Planning will need to be consulted to ensure that the spend would meet the requirements set out in the relevant planning obligations.