



North Devon Council

Report Date: Wednesday, 19 July 2023

Topic: Local Authority Housing Fund (LAHF)

Report by: Director of Resources and Deputy Chief Executive

1. INTRODUCTION

- 1.1. The Department for Levelling-Up, Housing and Communities (DLUHC) launched the £500m Local Authority Housing Fund in December 2022. North Devon Council was allocated £1,001,081 of capital grant funding to provide settled and sustainable housing for those unable to secure their own accommodation who are here under the Ukraine and Afghan Schemes. The housing can also be used for temporary accommodation before the need arises or once the need has been met.
- 1.2. Members at Strategy and Resources meeting on 6 March 2023, approved the use of the allocated Local Authority Housing Fund of £1,001,081 alongside 60% of capital match-funding from North Devon Council held within the approved Capital Programme.
- 1.3. This report provides an update on the delivery of progress against the Round 1 funding above and also outlines the recently announced Round 2 funding allocations for Members to determine whether to accept and sign up to a Memorandum of Understanding (MoU) with DLUHC for the delivery.

2. RECOMMENDATIONS

- 2.1. That Members approve the use of the allocated Local Authority Housing Fund (LAHF Round 2) of £552,000 alongside 60% of capital match-funding from North Devon Council as laid out in section 5 of this report.
- 2.2. That Members approve the use of a grant award re-allocated to North Devon Council by Devon County Council from the Homes for Ukraine Contingency Funding of £215,200 to support the provision of Local Authority Housing interventions as laid out in section 5 of this report.
- 2.3. Delegate to the Head of Property Place and Regeneration the authority, under the powers in section 1 of the Localism Act 2011, to negotiate and carry out the purchase of properties for accommodation as set out in the report.
- 2.4. That subject to 2.1 to 2.3 above, Members recommend that Council vary the Capital Programme by £767,200 as detailed above and that funds be released, subject to a Memorandum of Understanding with the Department for Levelling-Up, Housing and Communities upon such terms and conditions



as may be agreed by the Director of Resources and Deputy Chief Executive and the Senior Solicitor and Monitoring Officer.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To help move families out of Home Office bridging accommodation into stable homes where they can be enabled to live in a secure home.
- 3.2. To provide 4 additional units of temporary accommodation until the refugee need arises and once it is matched.
- 3.3. To reduce the financial costs of providing temporary accommodation.

4. REPORT

- 4.1. The Department for Levelling-Up, Housing and Communities (DLUHC) launched the £500m Local Authority Housing Fund in December 2022. North Devon Council was allocated £1,001,081 of capital grant funding to provide settled and sustainable housing for those unable to secure their own accommodation who are here under the Ukraine and Afghan Schemes. The housing can also be used for temporary accommodation before the need arises or once the need has been met.
- 4.2. Members at Strategy and Resources meeting on 6 March 2023, approved the use of the allocated Local Authority Housing Fund (Round 1) of £1,001,081 alongside 60% of capital match-funding from North Devon Council held within the approved Capital Programme.
- 4.3. The level of funding in Round 1 equated to 40% of total capital costs and was expected to deliver 9 additional units of accommodation (8 x 2-3 bed properties and 1 x 4+ bed property) by 30 November 2023.
- 4.4. In terms of progress against delivery, the Council have completed the purchase on 2 properties; have had offers accepted on 3 properties which are currently going through legal conveyancing and are about to offer on the 4 remaining properties of the Round 1 programme. Subject to legal completion on these latter properties, we would have delivered upon all 9 units of accommodation by the anticipated deadline set by Government.
- 4.5. In March 2023, it was announced that the Local Authority Housing Fund would be expanded by £250m for a second round of funding (LAHF R2), with the majority of the additional funding used to house those on Afghan resettlement schemes currently in bridging accommodation and the rest used to ease wider homelessness pressures.
- 4.6. The £250m second round of LAHF supports the Government's humanitarian obligations to provide safe and suitable housing to those fleeing their country. LAHF R2 will also support local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty by local authorities. This will reduce the usage of Bed &

Breakfast accommodation and will enable local authorities to grow their asset base, creating sustainable assets to help manage local housing pressures on an ongoing basis.

4.7. North Devon Council has provisionally been allocated £552,000 funding through LAHF R2. Funding offers include two components to reflect both objectives of the fund. There will be a specified targeted number of homes to accommodate the eligible resettlement cohort (for North Devon this is a minimum of 3 homes), and a specified targeted number of homes for general needs temporary accommodation (for North Devon this is a minimum of 1 home).

4.8. 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

4.9. The proposed approach would work in the same way as we are delivering for the LAHF Round 1 scheme in that we would:

- 4.9.1.1. Utilise the LAHF to increase North Devon Council's temporary accommodation stock (Officers anticipate an increased demand from the resettlement schemes, but this has not yet materialised and in the meantime housing stock should be effectively managed to ensure they are not left void)
- 4.9.1.2. Use the enhanced stock to immediately increase our efficiency/capacity
- 4.9.1.3. When the demand from clients who are currently in the resettlement scheme impacts, North Devon Council would be better placed to meet their housing needs alongside the current increasing demand from the local population
- 4.9.1.4. Moving forwards, the Council is intending to establish alternative housing delivery models. This would allow us to potentially switch a property from temporary accommodation to settled accommodation (a licence to an Assured Shorthold Tenancy) without the tenant being displaced. We already use this model in an initiative to help care leavers, with positive results.

- 4.10. To take advantage of the LAHF Round 2 funding, North Devon Council were asked to submit a validation form in order to register interest in the scheme. This was not a commitment to receiving the funding or delivering the programme, that will follow the decision by Members at this meeting and we would be asked to sign a Memorandum of Understanding with DLUHC, as we did for the Round 1 scheme.
- 4.11. The Chief Executive took an Urgent Decision on 3 July 2023 to enable the above submission of interest in the scheme to take place by the deadline date of 5 July 2023. A copy of this decision can be found at [Decision - Local Authority Housing Fund - Round 2 Council Services \(northdevon.gov.uk\)](https://www.northdevon.gov.uk/decision-local-authority-housing-fund-round-2-council-services)
- 4.12. Separate to the Local Authority Housing Fund, the Council has been re-allocated one off grant funding from Devon County Council from retained Homes for Ukraine contingency funding. This report recommends that this funding also be used towards the acquisition of property for the purposes as set out above.
- 4.13. Members are being asked to approve the approach that Officers have put forwards and approve the match-funding to make this happen as outlined in section 5.

5. RESOURCE IMPLICATIONS

- 5.1. North Devon has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with an indicative allocation of £552,000 in funding.
- 5.2. As with other affordable housing provision, the Government expect Councils to part fund or finance some of the required capital. Government funding equates to 40% of total capital costs plus £20,000 per property to account for other costs including refurbishment. The grant rate per property for North Devon Council is £118,000 (based on median property prices in the area) plus £20,000 per property.
- 5.3. The first tranche of LAHF R2 (30% of the funding) provided by DLUHC will be paid in July/August and the second tranche of funding (70%) will be paid in October/December (the second tranche of funding is paid once the Council has spent 60% of their first tranche of funding – if Members agree to deliver the number of units outlined in section 4 above, the funding split would be as follows:

	Tranche 1 allocation	Tranche 2 allocation	Total grant
Total funding	£165,600	£386,400	£552,000

- 5.4. North Devon Council (as per Round 1) will need to gap-fund 60% of the capital required for Round 2. An earlier report on increasing the capital acquisition of temporary accommodation with a request to vary the Capital Programme by a further £2m was approved by Members at Full Council on 22 February 2023. Therefore pending Member approval of the recommendations in this report; the Capital Programme funding already approved for temporary accommodation can be used as the element of match funding from the Council towards delivery of the LAHF Round 2.
- 5.5. Some refurbishment cost is covered by the LAHF financial modelling (the additional “un-ringfenced” grant of £20,000/unit as mentioned in paragraph 5.2). This is a nominal amount for refurbishment costs per property, however this can be used towards the purchase of the property itself if for example officers looked at purchasing newer properties or a new build home where refurbishment requirements were minimal.
- 5.6. Separate to the Local Authority Housing Fund, the Council has been re-allocated one off grant funding from Devon County Council from retained Homes for Ukraine contingency funding. This amounts to £215,200 and following a meeting of Devon Chief Executives and Leaders was provided to Devon Councils to support Local Authority Housing bids and other interventions to mitigate pressures around accommodation, particularly focussing on the needs of refugees. This report recommends that this funding also be used towards the acquisition of property for the purposes laid out in the report.
- 5.7. The delivery of properties and the ongoing management of these units of accommodation will impact upon the already stretched existing resources within our Property team, our Housing team and our Legal team.
- 5.8. Additional resources internally and externally may need to be brought in to support the delivery and ongoing management of these properties which will need to be funded within the existing budgetary framework and earmarked reserves the Council has available.

6. EQUALITIES ASSESSMENT

- 6.1. The funding is only available for the purpose of rehousing those families under the Afghan and Ukraine schemes, unless that need has not arisen or is no longer there (i.e. the family decides to move elsewhere or is one day able to return home and there is no other need within the refugee schemes) in which case it can be used for temporary accommodation.

7. ENVIRONMENTAL ASSESSMENT

7.1. If officers are able to buy new builds within the funding available this ensures that the housing is sustainable and energy efficient both for the environment and in terms of being less expensive to run for future tenants. There is also separate un-ringfenced funding per unit and internal funds to refurbish any units of existing open market housing that is purchased to bring it up to higher environmental standards in terms of heating and water if possible.

8. CORPORATE PRIORITIES

8.1. The subject of this report has a positive impact on regeneration and economic development by attracting over £550,000 of external funding into the District. This is in addition to the social value of creating affordable housing and the resultant individual and wider public health cost benefits and health outcomes of a safe and decent home.

9. CONSTITUTIONAL CONTEXT

9.1. Part 3, Annexe 1, paragraph 1(d) (Delegated)

9.2. Article 4.5.19 (Referred)

10. STATEMENT OF CONFIDENTIALITY

This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

11. BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

- Local Authority Housing Fund Prospectus and Guidance, June 2023, DLUHC
- Local Authority Housing Fund Validation Form submitted July 2023

12. STATEMENT OF INTERNAL ADVICE

The author (below) confirms that advice has been taken from all appropriate Councillors and Officers: Jon Triggs, Director of Resources and Deputy Chief Executive