



REPORT TO:	Council
DATE:	October 11th 2023
SUBJECT:	Investment in accommodation to meet housing needs across East Lindsey
PURPOSE:	To amend the council's Capital Programme, reflecting the funds required to deliver nine properties under the Local Authority Housing programme, alongside a further investment of £1m to support delivery of temporary accommodation to meet the needs of residents.
KEY DECISION:	No
PORTFOLIO HOLDER:	Cllr William Gray, Portfolio Holder for Communities and Better Ageing
REPORT AUTHOR:	Matthew Hogan, Assistant Director for Strategic Growth and Development
WARD(S) AFFECTED:	All
EXEMPT REPORT?	No

SUMMARY

The Local Authority Housing Fund Round 2 is a £250m national programme to support local authorities in providing accommodation to Afghan families, settled in the UK legally under various government schemes following the conflict that has occurred in the country.

The fund is designed to support primarily with providing accommodation for Afghan families. The fund also allows authorities to access funds to support in providing additional general temporary accommodation for use generally by authorities in meeting local need. The authority has been invited by government to consider an offer of £936,000 to support in making available nine properties; eight homes for Afghan families, and one property for general temporary accommodation.

At a meeting of Executive Board on September 20th, Executive Board formally agreed to take part in the Local Authority Housing Round 2 programme. A link to that report and the minutes

from the meeting are included in the 'Background Papers' section of this report. Participation in the Local Authority Housing Fund scheme requires the Council's Capital Programme to be amended to reflect the project, including local authority match funding.

At the same meeting of Executive Board, a further recommendation was agreed to make available a further additional £1m to support investment in temporary accommodation to meet wider needs arising in the district.

In light of these Executive Board decisions, this report recommends to Full Council that the necessary amendments to the capital programme are made to enable the total package of housing investment in its entirety to progress.

RECOMMENDATIONS

1. That the Council's 2023/24 capital programme is amended to include the Local Authority Housing Fund project, coupled with an additional £1m investment in temporary accommodation, as set out in Appendix A

REASONS FOR RECOMMENDATIONS

To amend the 2023/24 capital budget, to enable the package of proposed housing investment to proceed.

OTHER OPTIONS CONSIDERED

Do nothing – Under this option, the capital programme is not amended. Therefore, under the 'do nothing' option, the potential benefits referenced in this report will not be realised.

1. The Local Authority Housing Scheme

- 1.1. In 2022 the UK government launched various schemes to support with the safe and resettlement of households impacted by the conflict in Afghanistan.
- 1.2. In respect of Afghan resettlement, the UK government committed to resettling 5,000 people in the first year of the resettlement scheme, with an aim of supporting up to 20,000 people over five years. The Afghan scheme has sought to prioritise legal resettlement those who assisted the UK with its military operations in the country, coupled with those at greatest risk as a result of the Taliban regime.
- 1.3. Many of these families brought to the country by the UK Government are currently residing in hostel-type accommodation.
- 1.4. In order to support with accommodating these households, in June 2023 the Government announced Round 2 of the £250m Local Authority Housing Fund (LAHF). The programme has two aims;

- To support in providing more suitable accommodation and affordable accommodation for Afghan families, who arrived in the UK legally, until their visas expire in c 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.

1.5. For the purposes of clarity, the scheme is not aimed at households who have arrived in the UK illegally, outside of government sponsored resettlement schemes. It is also not aimed at households and individuals seeking asylum in the UK.

1.6. As opposed to being a competitive funding scheme, the Government has directly approached individual local authorities under Round 2 to invite them to take part in the scheme. East Lindsey is one such authority, with the authority invited to take part in the scheme on the following basis;

- Government has offered the council up to £936,000 in grant funding to make available nine properties – eight properties for Afghan households, and one property for use as general accommodation by the council to meet wider housing needs.
- For the nine properties to put the grant funds towards 40% of the total cost, plus an additional £20,000 per property, capped at a value of £936,000.
- That the homes are made available to the intended cohort by a target date of March 29th 2024. The properties provided have to be additional affordable homes i.e. they cannot be existing affordable homes repurposed for use under the scheme. On this basis, given the timescales involved, a strategy based around the acquisition of new build homes is recommended if members are minded to support the scheme.
- For the properties to be provided to households at an 'affordable rent', typically defined as capped at 80% of the market rent for similar properties on the open market
- That once the eight properties designated for Afghan families are no longer utilised by the cohort (likely upon the expiry of their visas), the council will be free to use those 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 housing need.

1.7. Having received the offer of funds from Government, officers have sought to evaluate the potential merits of the council taking part in the scheme. These considerations are set out below;

- The scheme presents the opportunity to bring about investment in housing that will support with meeting long term needs for temporary accommodation in the district. The scheme would provide up to £936,000 in funding to provide nine properties, paid for partially by government, for use by the authority over the longer term. Local authorities have a choice as to how they invest funds they accept, in that they can either a) passport the funds to a housing association for them to deliver the properties, or b) invest the funds in property that they acquire and own themselves. However given the need for temporary accommodation across ELDC, coupled with the ability of the council to hold such housing without reopening a Housing Revenue Account or establishing a housing company, a strategy of direct acquisition and investment is considered a viable option for the council.

- The homes provided under the scheme would 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.
- The scheme will provide housing that the council can utilise for other needs over the longer term e.g. for use as temporary accommodation for homeless families
- If the council took part in the scheme, it is proposed that the properties would be held on the council's General Fund and let under non-secure tenancies to the cohort. This would prevent the need for the council to re-open a Housing Revenue Account or create a housing company in order to hold the properties in the council's ownership.
- If the council was to take part in the scheme, it would need to develop a resourcing approach to both the delivery of the new homes, and the ongoing management of them. Within the SELCP there is an ongoing workstream around the LAHF scheme, with Boston Borough Council having been offered funding under Round 1. It is proposed that a similar approach to project delivery is adopted as currently being utilised under Round 1 for Boston. Alongside existing Housing Delivery resources from within the authority, this involves delivery support via South Holland District Council's Housing Delivery team, involvement from the Assistant Director for Housing to develop a management approach, and the involvement of the housing team across the council and the wider South and East Lincolnshire Councils Partnership to shape the project.

1.8. Furthermore, officers have sought to assess and model the likely financial implications of the council's involvement in the scheme. These are set out below:

- In order to deliver nine properties, assumed total project cost would be c£2,070,00. This figure is based on the acquisition of new build properties (assuming typical new build values) and is inclusive of typical additional 'on-costs' associated with delivering such capital projects, drawing upon experience of similar projects within the SELCP. These on-costs include the following;
 - Legal fees
 - Staffing costs, to oversee the cost of staff involved in securing ownership of the nine properties
 - Valuation costs
 - Contingency sums
- Accordingly, with up to £936,000 available from central government, it is proposed that the council will need to make available up to £1,134,000 in capital funding available to finance the nine properties.
- The nine properties would generate a revenue stream for the council, through rents capped at 80% of the typical market rent for similar properties on the open market. Initial financial modelling demonstrates that the return on the council's proportion of the capital investment would be greater than the sums typically available to the council through treasury management. This means that the indicative modelling demonstrates a positive financial impact on the council from a revenue perspective.
- Accordingly, if the council was to proceed with the LAHF scheme, it is proposed that the council's investment would be funded through internal borrowing.

1.9. At a meeting of Executive Board on September 20th, Executive Board formally agreed to take part in the Local Authority Housing Round 2 programme and enter into contract with government in respect of the funding offer.

- 1.10. Participation in the Local Authority Housing Fund scheme requires the Council's Capital Programme to be amended to reflect the project. This report recommends that the necessary amendments to the Capital Programme are made.

2. Further investment in temporary accommodation

- 2.1. Whereas the Local Authority Housing Fund programme would bring about investment in temporary accommodation that will bring long term benefit to the district, there is a present need to increase the supply of immediately available temporary accommodation to meet the needs of those from a wide range of backgrounds.
- 2.2. Currently the authority relies heavily upon the use of leased accommodation to meet the needs of those experiencing homelessness, alongside the use of nightly paid Bed and Breakfast-type accommodation.
- 2.3. Consequently, this report recommends that the council's engagement in the LAHF programme is broadened to incorporate the acquisition of further additional temporary accommodation. The creation of a capital budget of £1m is recommended, with a view to increasing the council's temporary accommodation stock by an estimated further five properties.
- 2.4. As with the LAHF properties, it is proposed that when individual property acquisitions for this additional funding are identified, a detailed business case and options appraisal will be bought back to members for formal consideration and decision. Whereas a detailed financing strategy will be prepared as part of the full business case process, this report proposes at this stage that the investment would be funded through use of unallocated capital reserves.
- 2.5. If the recommendation set out within this report are agreed, the next steps would be as follows;
 - To update the Council's 2023/24 capital budget to include the capital budget to reflect the LAHF project, coupled with the proposed additional £1m investment in temporary accommodation.
 - If approval is granted, to commence the delivery of the project and the identification of suitable properties. This is with a view for specific business cases in respect of individual properties to be subject to a further, formal executive decision.

3. CONCLUSION

- 2.1 This report seeks agreement to a package of investment in housing to meet need within the district over the short, medium and long term.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

- 3.1 The recommendation presents an opportunity to deliver a number of expected benefits, including;

- Through the LAHF scheme, support to the UK Government's stated aim to support households displaced and settled legally in the UK, following conflict in both Afghanistan and the Ukraine.
- Through the LAHF scheme, the delivery of nine new properties, owned by the council, to meet housing need in the borough into the short, medium and long term, supporting with a net increase in supply of homes available to the council to meet need
- Through the proposed additional £1m investment, delivery of a further portfolio of properties to broaden the council's support to those experiencing homelessness
- Potential to deliver a positive financial impact upon the council, through investment in new properties designed to meet housing need whilst reducing reliance upon other forms of temporary accommodation e.g. bed and breakfast accommodation.

5. IMPLICATIONS

4.1 SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

- 4.2** The recommendation supports the SELCPs aim to increase supply of new housing to meet need

5. CORPORATE PRIORITIES

- 5.1** The report recommendations align with the importance that East Lindsey District Council places upon meeting the housing needs and aspirations of its residents, including the importance of the support of good quality homes.

6. STAFFING

- 6.1** The delivery of the properties, and their subsequent management, is likely to bring with it a staffing implication for the authority. It is proposed that the same approach to project delivery is adopted as currently being utilised under Round 1 for Boston Borough Council. This involves property delivery support via South Holland District Council's Housing Delivery team, and the involvement of the housing team across the council and the wider South and East Lincolnshire Councils Partnership. Further costs associated with the management of the properties will be detailed within the property business case.

7. CONSTITUTIONAL AND LEGAL IMPLICATIONS

- 7.1.** The report seeks Council approval that the total project costs be created as a capital budget within the council's 2023/24 capital programme, alongside a further £1m in investment.

8. DATA PROTECTION

- 8.1.** There are no known legal and constitutional implications associated with the report recommendations at this time

9. FINANCIAL

- 9.1** These are set out in Para 1.8 and 1.11

10. RISK MANAGEMENT

- 10.1** The delivery of new housing projects comes with a number of risks. These include financial, reputation and legal. Considerable experience exists with the SELCP in respect of the

management and delivery of similar projects. It is proposed that the approach to risk management, as utilised elsewhere in the SELCP, is used in the delivery of these properties.

11. STAKEHOLDER / CONSULTATION / TIMESCALES

11.1 HM Government and the Department for Levelling Up, Housing and Communities (DluCH) are a key stakeholder in the LAHF scheme. Officers have developed a good relationship with key civil servants involved in the scheme and will continue to liaise with DluCH throughout the course of the programme.

11.2 In terms of timescales, as set out within this report, government has set out a desire to see the nine LAHF properties delivered by March 2024.

12. REPUTATION

12.1 The management of the council's reputation will be considered as the project move forward, including the development of a full communications plan

13. CONTRACTS

13.1 Participation in the scheme will see the council enter into a Memorandum of Agreement with government.

14. CRIME AND DISORDER

14.1 There are no known crime and disorder implications associated with the report recommendations at this time

15. EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

15.1 There are no known equality, diversity, human rights or safeguarding implications associated with the report recommendations at this time. However, these will continue to be evaluated as the project develops.

16. HEALTH AND WELL BEING

16.1 The provision of good quality housing is well documented to have a positive impact upon the health and wellbeing of residents. This report supports that aim.

17. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

17.1 There are no known climate change and environmental implications associated with the report recommendations at this time.

ACRONYMS

- LAHF – Local Authority Housing Fund
- SELCP (South and East Lincolnshire Councils Partnership)
- DluCH (Department for Levelling Up, Communities and Housing)

APPENDICES

Appendix A – Changes to Capital Programme

BACKGROUND PAPERS

Executive Board Report – September 20th - [Final Report - Local Authority Housing Fund - Exec Board Papers 20th September 4.pdf \(e-lindsey.gov.uk\)](#)

REPORT APPROVAL

Report author:	Matthew Hogan, Assistant Director for Strategic Growth and Development
Signed off by:	Adrian Sibley, Deputy Chief Executive

Appendix A

LAHF Round 2 – General Fund

The table below shows the additional capital scheme required within the General Fund capital programme and the proposed funding for the scheme. The LAHF scheme is funded through grant and match funding through capital receipts (unallocated) and the additional temporary accommodation general need is also proposed to be funded by unallocated Capital Receipts. Additional income for the general fund will be generated from the rental income from the properties.

<u>Addition to the Capital Programme</u>	2023/24 Budget £k	2023/24 Revised Budget £k	2024/25 Budget £k	2025/26 Budget £k	2026/27 Budget £k	2027/28 Budget £k
9 Properties for general need from LAHF		2,070	-	-	-	-
c5 Properties for temporary accommodation stock		1,000	-	-	-	-
		<u>3,070</u>	-	-	-	-
Funded by:						
LAHF		(936)	-	-	-	-
Earmarked Reserves		(2,134)	-	-	-	-
		<u>(3,070)</u>	-	-	-	-

<u>Additional Rental Income</u>	2023/24 Budget £k	2023/24 Revised Budget £k	2024/25 Budget £k	2025/26 Budget £k	2026/27 Budget £k	2027/28 Budget £k
Additional Income	0	22	93	94	96	98
	<u>0</u>	<u>22</u>	<u>93</u>	<u>94</u>	<u>96</u>	<u>98</u>