
Council

23 June 2026

Name of Cabinet Member:

N/A

Director Approving Submission of the report:

Chief Executive

Ward(s) affected:

City wide

Title:

Acceptance and Expenditure of Grant Funding - Local Authority Housing Fund Round 4

Is this a key decision?

N/A

Executive Summary:

This report informs Council of decisions undertaken by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) in accordance with the Financial Procedure Rules as set out in the Constitution and following consultation with the Cabinet Member for Housing and Communities and the Leader of the Council. The relevant extract of Part 3F (Finance Procedure Rules) is set out as follows:

Grant Income

Over £2,500,000 ~ to Council, if time permits; if no time to go to Council, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader to be reported to Council retrospectively, and each following consultation with legal and financial services.

Grant Expenditure

Over £2,500,000 ~ to Council, if time permits; if no time to go to Council, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader to be reported to Council retrospectively, and each following consultation with legal and financial services.

Accordingly, it is reported to Council that the following decisions were taken under joint approval by the Chief Executive and Director of Finance and Resources in accordance with the provisions set out in the Financial Procedures Rules of the Council's Constitution (to be reported to Council retrospectively):

1. To accept the increased Local Authority Housing Fund (LAHF) Round 4 grant from the Ministry of Housing, Communities and Local Government (MHCLG), increasing the total allocation from £4.9 million to £7,214,580 (grant income), and to enter into the associated Memorandum of Understanding (MoU), with the decision to be reported retrospectively to Full Council.

1. The revised delivery programme, increasing the number of properties to be acquired from 43 to 63, comprising 44 properties for temporary accommodation and 19 properties for resettlement through a Registered Provider.

2. Note the associated increase in Council match funding of £2,820,000 required to meet the Council's obligations arising from acceptance of the increased grant allocation through prudential borrowing.

3. Approval was given to appoint a Registered Provider partner following an expression of interest to deliver the 19 resettlement properties, and to enter into the necessary legal agreements (grant expenditure) to secure delivery and associated payment terms, in line with previous LAHF Round 1 and Round 3 arrangements.

List of Appendices included:

None

Background papers:

Other useful documents - None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council? - Yes – 23 June, 2026

Report title: Acceptance and Expenditure of Grant Funding - Local Authority Housing Fund Round 4

1. Context (or background)

1.1 The Local Authority Housing Fund

- 1.1.1 Coventry was identified by the Department for Levelling Up, Housing and Communities – (DLUHC), since superseded by the Ministry of Housing, Communities and Local Government (MHCLG) as a priority area for additional funding to support the purchasing of properties through the Local Authority Housing Fund (LAHF) programme.
- 1.1.2 The initial LAHF 1 programme was solely aimed at permanent accommodation which would in the first instance be let to families who were in the UK as a direct result of the war in Ukraine and the allied forces exit from Afghanistan. The council contacted Registered Providers working in the city with Stonewater the only one who responded positively to the request.
- 1.1.3 Stonewater purchased 24 properties, and these have been utilised by the Council's Migration Team to accommodate eligible households. When these properties become available to be relet, they will be let as general needs housing through Coventry Homefinder.
- 1.1.4 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). As well as continuing to meet the needs of people on Afghan resettlement schemes (ARAP/ACRS) It also supported local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty.
- 1.1.5 Following negotiations, Coventry secured a total of £2,539,200 LAHF 2 funding to purchase 24 properties for Temporary Accommodation. As with other affordable housing provision, DLUHC expected the purchaser to part fund or finance some of the required capital. As the service had already secured Cabinet approval to purchase up to 50 TA properties and had just commenced the purchase of the 2nd tranche of 25, this grant was used to meet a percentage of the cost, in line with the grant conditions. Therefore, we have now purchased all 50 properties within the existing Cabinet approved £13million of funding but have an underspend.
- 1.1.6 LAHF 3 funded more high-quality temporary accommodation for homeless families and provide housing for those on the Afghan Citizens Resettlement Scheme (ACRS) who supported UK efforts in Afghanistan.
- 1.1.7 It was announced that Coventry would receive a total of £3,538,050 to deliver LAHF 3 in the city.

- 1.1.8 This consists of a requirement to deliver 31 properties (via the grant amount and required match funding). These are set out below:
- 24 properties to be allocated to households that meet the TA Element eligibility criteria.
 - 5 properties for households that meet the Resettlement Element.
 - 2 properties (4+ bed) for households that meet the Large Resettlement Element.

Local Authority Housing Fund Round 4 (LAHF 4)

1.1.9 It has been announced that Coventry would receive a total amount of £7,214,580 to deliver LAHF 4 in the city.

- 1.1.10 This consists of a requirement to deliver 63 properties (via the grant amount and required match funding). These are set out below:
- 44 properties to be allocated to households that meet the TA Element eligibility criteria and purchased by the Council.
 - 10 properties for households that meet the Resettlement Element to be purchased by a Registered Provider (RP).
 - 9 properties (4+ bed) for households that meet the Large Resettlement Element to be purchased by an RP.

- 1.1.11 The makeup of the funding is set out below:
- The base grant rate per property for Coventry is £88,000 (based on 40% of the median property price in the local authority's area).
 - For the large resettlement element (4+ bed), 50% of the median property price is provided.
 - To facilitate delivery of new housing, an additional 10% uplift to the base grant rate will be added for each unit which the local authority agrees will be delivered as a new home.
 - There is an additional £21,000 per property to account for any other costs, for example refurbishment and conveyancing costs.
 - There is also a one-off revenue contribution that will meet project staffing costs of £87,980

Rationale for this report

- 1.1.12 The Council was originally allocated £4.885M grant funding by the Ministry of Housing, Communities and Local Government (MHCLG) through the LAHF 4 programme to support the purchase of the below properties over a 4-year period commencing 1st April 2026.
- 24 Temporary Accommodation (TA) properties
 - 19 resettlement properties – working with a Registered Provider to provide permanent properties
- 1.1.13 The Council agreed, through the 26/27 Budget Report to accept the LAHF4 capital grant and approve the necessary £3.8M match funding to support the purchase of these 24 TA properties and deliver an increase the Temporary

Accommodation capacity held by the Council which reduces the cost the Council incurs compared to other higher cost accommodation options. The overall £9.2M Capital scheme also included an additional £0.5M funding to support the purchase of 5 of the 24 TA properties to be larger properties to support temporary accommodation need for larger families.

- 1.1.14 However, following discussions with MHCLG they wrote to the Council on the 6th March offering the opportunity to increase the number of TA properties to 44, with the final offer being:
- 44 Temporary Accommodation properties
 - 19 resettlement properties (including 7 delivered a new supply) – working with a Registered Provider to provide permanent properties.
- 1.1.15 This equates to a total LAHF 4 funding allocation of £7,214,580. The total allocation comprises a capital grant of £7,126,600 and a revenue grant of £87,980 to support delivery of the programme.
- 1.1.16 In order to deliver the additional 20 TA properties the Council is required to provide £2.82M match funding to cover the remainder of the property purchase costs. This funding will be delivered through prudential borrowing.
- 1.1.17 Increasing the number of Council owned properties for use as temporary accommodation (TA) will allow the Housing and Homelessness service to reduce its net expenditure on TA compared to other accommodation options. Although repayment of the prudential borrowing represents an ongoing cost, the TA savings exceed this value delivering a net annual revenue saving of ca. £11.5k per property on average. This will mean a net full year saving of ca. £230k once all 20 properties are delivered. It also results in a strengthening the Council's balance sheet over time as the borrowing is repaid.
- 1.1.18 The purchase of these properties means that the Council will own a total of 127 family houses, as well as 14 Houses in Multiple Occupation (HMOs) that will be used as temporary accommodation to fulfil homelessness duties. Following a recent Government policy change, a Local Authority is able to own and manage up to 1000 properties without running a Housing Revenue Account (HRA) previously this limit was 200 properties.
- 1.1.19 The 19 Resettlement properties (now including 7 properties to be delivered as new supply) need to be purchased by a Registered Provider (RP) as they are permanent affordable rented properties. The Council intends to pass on the final resettlement grant level of £2.331m to a Registered Provider, following an expression of interest process, to contribute towards the purchase of these properties under the resettlement element of the LAHF 4 scheme, as set out in the previous 26/27 Budget Report.
- 1.1.20 Finally, the updated LAHF 4 grant profile is set across a 3-year period rather than the previous 4-year period. A reprofiling of the LAHF 4 Capital Programme will therefore be necessary and will be dealt with during the Capital Budget setting for 27/28 as is usual.

Rational for approval to accept under Part 3F (Financial Procedure Rules):

- 1.1.21 MHCLG formally confirmed the award to the Council of £7,214,580 on 6 March 2026, with an initial requirement to execute and return the MoU by 24 April 2026. This timetable did not align with the Council's committee cycle and did not allow sufficient time for approval to be obtained through Full Council prior to this original deadline.
- 1.1.22 In accordance with the approval route set out in Part 3F which sets out the process where insufficient time is available for the decision to be taken through the usual governance process, a briefing paper was prepared and approval was obtained jointly in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer), following consultation with the relevant Cabinet Member and the Leader, and with input from Legal and Financial Services. In accordance with the Financial Procedure Rules the decision is therefore reported to Full Council retrospectively.
- 1.1.23 Subsequently, MHCLG revised the requirement to execute and return the MOU to Friday 12 June 2026. Notwithstanding this revised timetable, even if CCC had been notified of the 12 June deadline at the point MHCLG first confirmed the award on 6 March, the applicable approval procedural set out above would have remained the case as the approval to accept the grant funding would still be prevented from being progressed through Cabinet and Council in the ordinary way.

2 Options considered

- 2.1 The Chief Executive and the Director of Finance and Resources (Section 151 Officer), following consultation with the Cabinet Member for Communities and Housing and the Leader, agreed that the decision to accept the grant could not wait until the next Council meeting and was critical to the Council's ability to deliver the Local Authority Housing Fund scheme.

3 Results of consultation undertaken

- 3.1 In accordance with the Constitution, the Cabinet Member for Housing and Communities and the Leader were consulted and they confirmed the course of action.

4 Timetable for implementing this decision

In light of the urgent nature of the matter detailed in paragraphs 1.1.21 to 1.1.23 above, the decisions were implemented immediately.

5 Comments from the Director of Finance and Resources and the Director of Law, Governance and Safer Communities

5.1 Financial implications

This report concerns the acceptance of £2.33M additional LAHF 4 grant funding, approval for £2.82M prudential borrowing and expansion of the LAHF 4 Capital Programme to £14.27M to support the purchase on an addition 20 properties for Temporary Accommodation. Once delivered, it is expected that this will result in an annual revenue saving of ca. £0.23M per year whilst also strengthening the Council's balance sheet. The detail of the financial impact of this decision is as set out in the report.

5.2 Legal implications

This decision reported to Council retrospectively is in compliance with the constitutional requirements for grant income and grant expenditure, as set out in Part 3F – Financial Procedure Rules.

The Council has considered the subsidy control implications in respect of both the receipt of grant funding and the onward provision of grant funding to a Registered Provider and is satisfied that both are compliant with the Subsidy Control Act 2022.

In particular, the provision of grant funding to the Registered Provider supports a clear public policy objective (the delivery of affordable housing and resettlement accommodation), is proportionate and limited to what is necessary to achieve that objective and is designed to minimise any distortion to competition and investment.

Report author(s):**Name and job title:**

Jim Crawshaw – Head of Housing & Homelessness

Tel and email contact:

jim.crawshaw@coventry.gov.uk 024 7697 8258

Enquiries should be directed to the above

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Suzanne Bennett	Governance Services Co-ordinator	Law, Governance and Safer Communities	02/06/26	09/06/26
Martin Donovan	Operational Lead H&H service	Housing & Homelessness	02/06/26	09/06/26
Christopher Whiteley	Finance Manager	Finance	02/06/26	11/06/26
John Redfern	Corporate and Commercial Lawyer	Legal	02/06/26	09/06/26
Names of approvers for submission: (officers and members)				
Finance: Barry Hastie	Director of Finance and Resources - s151	Finance	12/06/26	12/06/26
Director of Care, Health and Housing: Peter Fahy	Director of Care, Health & Housing	Care, Health & Housing	09/06/26	12/06/2026
Oluremi Aremu	Head of Legal and Procurement Services	Law, Governance and Safer Communities	09/06/26	10/06/2026
Chief Executive: Julie Nugent	Chief Executive		12/06/26	12/06/26

This report is published on the council's website:

www.coventry.gov.uk/councilmeetings