
Council

15 October 2024

Name of Cabinet Member:

N/A

Director Approving Submission of the report:

Chief Executive

Ward(s) affected:

City wide

Title:

Acceptance of Grant Funding - Local Authority Housing Fund Round 3

Is this a key decision?

N/A

Executive Summary:

This report informs Council of a decision 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 to accept and allocate a grant of £3,538,050 made available by the Ministry of Housing, Communities and Local Government pursuant to the grant scheme known as the Local Authority Housing Fund (3). Due to the timescales involved, this decision is reported to Council retrospectively.

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 – 15 October 2024

Report title: Acceptance of Grant Funding - Local Authority Housing Fund Round 3

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) 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 expect 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 £13 million of funding but have an underspend.
- 1.1.6 Following the new Government being formed the Government announced the allocations that Local Authorities would receive under LAHF 3. LAHF 3 will fund 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.

1.2 Local Authority Housing Fund Round 3

- 1.2.1 It was announced that Coventry would receive a total of £3,538,050 to deliver LAHF 3 in the city.
- 1.2.2 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.
- 1.2.3 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 £27,050

Resettlement element:

- 1.2.4 The 7 properties required through the resettlement elements need to be purchased by a Registered Provider (RP) as they are permanent affordable rented properties.
- 1.2.5 The Housing & Homelessness Service contacted RPs operating in the city to ascertain their interest in working with the Council to deliver the Resettlement properties. We received two responses, one of which later confirmed that they were no longer interested in pursuing the opportunity, leaving only ACH interested in delivering the project. The service has met with ACH and are confident they will be able to deliver this scheme.
- 1.2.6 Funding for the remaining 7 properties will be passed to ACH (with match funding requirement). The Council will produce and enter into a grant agreement to pass £873,000 (minus the Council's legal fees) to ACH to deliver upon the LAHF 3 requirements.
- 1.2.7 All referrals to the properties purchased and managed by ACH will be referred either through the Council's Migration Team or the Temporary Accommodation Team if an Afghan family is in TA.

- 1.2.8 Once the properties have been used for their intended purpose and when they become available to be re-let this will be used as general needs affordable housing.

Temporary Accommodation element:

- 1.2.9 The council will Purchase the 24 properties for use as temporary accommodation. These properties will be used to accommodate any family who is owed a homelessness duty by Coventry City Council and will be managed by the service.
- 1.2.10 The shortfall will be met through utilising the remainder of the £13m funding that was approved by Cabinet on March 2022 with delegated approvals received to utilise the full amount for purchase of such additional properties.
- 1.2.11 The purchase of these properties will mean that the Council will own a total of 93 properties used as temporary accommodation which is still significantly less than the 200 allowed without running a Housing Revenue Account (HRA).

Funding:

- 1.2.12 The Council was required to sign a MOU with the Ministry of Housing, Communities and Local Government (“MHCLG”) to accept a grant sum of £3,538,050 for the LAHF 3 scheme by 16 September 2024. Financial services/ legal services and the Housing and Homelessness service are satisfied with the terms.
- 1.2.13 Part 3F of the constitution sets out the requirements for acceptance of the grant as follows:
Over £2,500,000 ~ 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.
- 1.2.14 MHCLG provided confirmation of the award to the Council on 30 July 2024. This left insufficient time for approval to be sought through full Council and therefore in accordance with the alternative mechanism “if no time to go to Council” a briefing paper was prepared and approved by the relevant persons with this retrospective for full Council to satisfy the constitutional requirements.
- 1.2.15 On 15 and 22 March 2022, Cabinet and Council made decisions resolving that, a total of £13 million be added to the capital programme to purchase, refurbish and manage a total of 50 properties. The Council intends to utilise the approved £13 million to purchase additional properties on top of the approved 50, to purchase the 24 properties required for the temporary accommodation element under LAHF 3.
- 1.2.16 The Council intends to pass on a grant of £873,000 (minus the Council’s legal fees) to ACH to contribute towards the purchase of 7 properties for the resettlement element under LAHF 3 scheme.

- 1.2.17 The decision taken under paragraph 2.3.2 (e) of Part 3F of the Constitution and requiring retrospective reporting to Council is:
- approve the acceptance of the LAHF 3 grant and to enter into the MOU with MHCLG
- 1.2.18 Decisions taken at the same time under delegated authority (use of £13m) and 2.4.1 (b) of Part 3F of the Constitution (ACH grant agreement) are:
- approve the utilisation of the capital funding pot of £13 million approved by Cabinet on 15 March 2022, to purchase additional properties (which includes but is not limited to the match funding of the LAHF 3 properties) above the approved 50 properties.
 - approve the entering into of a grant agreement with Ashley Community Housing (ACH) in order to pass funds (originating from the LAHF 3 grant) totalling £873,000 to ACH to deliver upon the LAHF 3 requirements of the purchase of 7 resettlement properties.

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 and the decision became effective from 16 September 2024.

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 1.2.12 to 1.2.14 above, the decisions were implemented immediately.

5 Comments from Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer

Financial implications

Where decisions made involve the receipt of grants and making of expenditure, this has been identified in the decision summary. The City Council maintains detailed records and forecasts of the financial impacts. Alongside regular financial management activity, the financial implications are included within the Council's financial monitoring reports.

Legal implications

Paragraph 2.3.2 (e) of Part 3F of the Constitution provides for approval of grant agreements by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader relating to grant receipt and expenditure over the value of over £2,500,000 if time does not permit consideration by Council.

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