

Notice of KEY Executive Decision

Subject Heading:	Permission to Bid for Grant Funding from the GLA Refugee Housing Programme
Cabinet Member:	<i>Councillor Ray Morgon – Leader of the Council</i>
SLT Lead:	<i>Patrick Odling-Smee – Director of Housing Services</i>
Report Author and contact details:	<i>Kirsty Moller – Head of Programme & Support (Regeneration)</i> <u>Kirsty.Moller@havering.gov.uk</u>
Policy context:	<i>This decision supports the Council’s ambitions for providing genuinely affordable housing</i>
Financial summary:	<i>This report requests permission to bid for GLA funding for 50 property acquisitions, capped at 40%-50% of the final cost. The expected grant bid will be around £6.3m.</i>
Reason decision is Key	<i>(a) Expenditure or saving (including anticipated income) of £500,000 or more</i>
Date notice given of intended decision:	<i>18th April 2023</i>

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Relevant OSC:	<i>Places Overview & Scrutiny</i>
Is it an urgent decision?	<i>No</i>
Is this decision exempt from being called-in?	<i>No</i>

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents

Place - A great place to live, work and enjoy (X)

Resources - A well run Council that delivers for People and Place.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

For the reasons set out within this report and its appendix, it is recommended that the Leader of the Council approves a grant funding bid to the Greater London Authority for up to £6.3m under the Refugee Housing Programme. The grant bid is for the acquisition of circa 50 affordable homes.

AUTHORITY UNDER WHICH DECISION IS MADE

According to Part 2 of the Council's constitution "Powers of the Executive" – the Leader of the Council may choose to execute functions personally where the function is usually delegated to:

1. Cabinet
2. A committee of the Cabinet
3. Individual Cabinet Members
4. Staff
5. Joint Committees

In this instance, the submission of grant bids over £500,000 is usually delegated to Cabinet, as per "2.1 General functions of Cabinet".

(q) To approve applications for the submission of bids for grants and other financial assistance which require the provision of additional finance or match funding or are likely to lead to residual costs or implications for the Council or where the amount of the grant application exceeds £500,000.

STATEMENT OF THE REASONS FOR THE DECISION

Background:

The Greater London Authority (GLA) recently announced £126m in funding for the Refugee Housing Programme (RHP). The programme aims to provide 630 homes for Afghan and Ukrainian refugees, recognising that longer-term good quality, affordable housing provides a foundation for families fleeing war and persecution to rebuild their lives.

The programme offers grant funding to affordable housing providers, such as local authorities, to acquire property to house refugee cohorts for a minimum of three years. After three years the acquired properties may be used as general social housing stock in perpetuity.

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The programme presents an opportunity to utilise external grant funding towards the costs of acquisitions, which will provide suitable accommodation for refugees with housing needs and can later become available for UK families. The additional units delivered will increase the supply of good quality affordable housing in the borough, thereby improving housing conditions for all residents. It will also reduce demand for temporary accommodation and therefore the cost to the council's general fund budget.

The Housing Services Team has a small team of officers already in place working on acquisitions of affordable housing, delivery of the additional homes in this grant bid would be contained within the existing team. The GLA affordable housing programme is overseen by the Head of Programme & Support in Regeneration, monitoring of this programme would also fall within the existing arrangements.

Programme requirements:

- Acquisitions must be completed by 31 March 2024 (with an aim to complete as many as possible by November 2023)
- Properties will be self-contained, no shared accommodation will be funded
- Properties will be maintained to Decent Homes standard after acquisition
- Properties will reach EPC level D
- Furniture and white goods will be provided for residents (can be included in capital cost or through existing refugee support programmes)
- Rent levels must be affordable, London affordable or social rent

Eligible cohort definition

The eligible cohort for RHP homes is those who: are homeless, are at risk of homelessness or live in unsuitable temporary accommodation (including bridging accommodation); and meet any of the criteria given below.

The eligible cohort definition covers households or individuals on any of the following:

- Afghan Citizen Resettlement Scheme (ACRS), including eligible British nationals under this scheme
- Afghan Relocations and Assistance Policy (ARAP)
- Homes for Ukraine
- Ukraine Extension Scheme
- Ukraine Family Scheme.

For those not in bridging accommodation, the relevant local authority is not required to have accepted a Housing Act 1996 Part 7 homelessness duty in respect of the household, for the household to be eligible. However, the Council should satisfy themselves that the household is already, or would otherwise be, homeless or at risk of homelessness if this accommodation were not available.

Demand for refugee accommodation:

There are currently 124 Ukrainian families living with sponsor families or in temporary accommodation in Havering. There is national demand for 8,000 homes for Afghan refugees, which are allocated as housing providers present suitable properties.

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Demand from the Ukrainian cohort is as follows:

57 x 1 bedroom
25 x 2 bedrooms
20 x 3 bedrooms
2 x 4 bedrooms

The Afghan refugee cohort typically consists of larger families, requiring 3 or more bedrooms.

Alternative housing solutions are not proving effective for refugee cohorts as private rented accommodation is unaffordable, even with the government support packages available, and hostel and hotel accommodation are not suitable long-term solutions for families.

Where there is a statutory duty to house, a standard five-year fixed term tenancy agreement will be offered to provide longer-term certainty to refugee families.

OTHER OPTIONS CONSIDERED AND REJECTED

Option of not submitting a bid for the Housing Refugee Programme

This option was rejected as it would be considered a missed opportunity to utilise additional funding towards the provision of affordable housing.

The grant funding reduces the Council's funding requirements from the Housing Revenue Account, as well as allowing alternative funding sources (like 1-4-1 Right to Buy receipts) to be diverted to other affordable housing delivery schemes where grant rates are not as competitive. By utilising competitive rates of external funding wherever possible, we are able to deliver more affordable housing overall.

Using grant funding from this programme also exempts the Council from paying SDLT on RHP acquisitions, in accordance with the government's 'Registered Social Landlord' exemption.

PRE-DECISION CONSULTATION

No formal consultation is required to make arrangements to bid for this grant facility.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Kirsty Moller

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Designation: Head of Programme & Support (Regeneration)

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.

Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything an individual can do, subject to any statutory constraints on the Council's powers. The recommendations in this report are in keeping with this power and the Council has the power to receive grant funding.

This decision sets out the information relating to the grant bid only, any acceptance of funding and the entering into of a new grant contract will be subject to a further report setting out related information and implications, and subject to the Council's executive decision process. Officers will ensure they are cognisant of the funding conditions associated to with the grant and agree the Council is able to accept and perform its obligations,

FINANCIAL IMPLICATIONS AND RISKS

Grant rates

There is £126m in capital grant funding available to deliver up to 630 affordable homes in London. There is no revenue funding available through the RHP.

The capital grant offer is differentiated by bedroom size as follows:

- smaller homes – defined as homes with one to three bedrooms
- larger homes – defined as homes with four or more bedrooms.

Grant per home will be capped at a proportion of total project costs, in accordance with the terms of the LAHF set nationally by government:

- smaller homes – grant per unit is capped at 40 per cent of total project costs
- larger homes – grant per unit is capped at 50 per cent of total project costs.

The GLA will review the value for money of total project costs prior to approving grant allocations; and make decisions about funding allocations on the basis of this assessment.

Additional GLA grant rate caps have been set to ensure the GLA secures value for money and manages performance against overall programme delivery targets. For the purposes of this arrangements Havering is listed an outer London borough:

- outer London, smaller home – £175,000
- outer London, larger home – £250,000.

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The grant funding bid is based on the delivery of 50 affordable homes, rental charges are capped at 80% of local market rent, including service charges. This would be eligible for Housing Benefit coverage.

The HRA contribution will be up to £10m in 2023/24 to support the acquisitions programme, with up to £6.3m in grant funding being added to the project budget. The £10m HRA budget allocation was approved by Cabinet in February 2023 as part of the HRA Business Plan.

Average purchase and void costs are shown below, based on recent acquisitions data from 82 properties. The table represents average costs, noting that costs will change according to location, property condition and type.

	Average Purchase Cost	Average Void Costs / On Costs	GLA 40/50% Cap	Max Grant Rate	HRA Contribution
1 Bed	£211,650	£9,880	£88,612	£175,000	£ 132,918
2 Bed	£249,457	£10,116	£103,829	£175,000	£ 155,744
3 Bed	£307,145	£15,171	£128,926	£175,000	£ 193,390
4 Bed	£413,900	£38,559	£226,230	£250,000	£ 226,230
Averages	£295,538	£18,432			£ 177,070

The following table shows the expected overall costs, based on the acquisition of 50 properties. It is assumed here that the GLA contribution is capped at 40% as the 50% cap only applies to larger properties of 4 bedrooms or more. Larger size properties are less frequently available on the local housing market.

	Average Cost	GLA Contribution @ 40%	HRA Contribution @ 60%
	£ 313,970	£ 125,588	£ 188,382
50 Properties	£ 15,698,475	£ 6,279,390	£ 9,419,085

Other Current Costs & Benefits

In the previous financial year, £48,000 was spent from the Afghan Resettlement Programme, and £3.1m supporting Ukrainian refugees, funded from Homes for Ukraine Grant, Public Health and Housing Benefit (including £900k wraparound support). Support will continue to be funded outside of this grant bid/programme, including an estimated £1.1m in wraparound support from the Homes for Ukraine grant.

Where Ukrainian families are being hosted in the borough, whilst there may be no current costs for the council, the acquisition of these properties would enable the families to be housed in council affordable homes, rather than more expensive temporary accommodation (TA). As such, this could be seen as a cost avoidance

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measure. There are 11 families currently in TA that have cost £59,135 so far this financial year, last financial year the cost was £135K. Costs were funded from Housing Benefit and the Homes for Ukraine Grant.

It should be noted that whilst there are potential immediate savings on temporary accommodation (est. £2,500 per year, per property), there are no guarantees that refugee households will relocate from the social housing property after the initial tenancy term. Housing needs will be assessed in the usual way in accordance with council policies.

Grant Procedures

Property completions are monitored and grant claims are made through the GLA OPS system. Grant claims are made on completion of eligible properties, once checked and agreed by the GLA.

The GLA contract will include details of claw back provisions, where funding may be reclaimed in circumstances where funding conditions have been breached. This programme, as with all other GLA funding programmes, may be subject to compliance audit.

Should the grant funding bid be successful and funds awarded, the Council may bid for further funds from this programme.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no Human Resources implications arising from this proposed decision. Both the delivery of acquisitions and programme management functions required for this programme will be contained within existing staff structures in Housing and Regeneration.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, sexual orientation.

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The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

The grant bid set out in this report would benefit individuals and families from Afghanistan and Ukraine that are currently in bridging accommodation or at risk of homelessness, allowing them access to safe and affordable housing through a five year fixed term tenancy. Wraparound support will continue to be provided through other support programmes.

These individuals could be considered at greater risk of exploitation due to language barriers, cultural differences and possible exposure to traumatic events in their country of origin. Many refugees will feel unsettled in a new country and have not yet developed support networks to assist them in times of need.

Benefits for other residents arise after the initial tenancy period where the properties will become available as general needs social housing, increasing the overall affordable housing stock for Havering.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

Health & Wellbeing Benefits:

Havering council is committed to improving the health and wellbeing of its residents. The provision of good quality and affordable housing is an important determinant of health and wellbeing as housing impacts both our physical and mental health and wellbeing. Inadequate housing and poorly designed housing is associated with increased risk of ill health including cardiovascular and respiratory diseases, depression and anxiety as well as risk of physical injury from accidents.

Housing conditions, quality, affordability and tenure (particularly for women due to safety issues) in relation to refugees plays an important part in pathways to integration as well as well as means through which people who are newly arrived in Havering can build a new life (e.g. access to employment, identity, living practices, creation of social networks etc.). A successful grant bid will support Havering's ambitions to provide more good quality, genuinely affordable homes, through the acquisition of 50 additional homes. Increased affordable housing supply will have a positive impact on wider health and wellbeing of the borough's residents.

Health & Wellbeing Risks:

The proposals to increase grant funding for this project do not give rise to any health and wellbeing risks, considerations to be made when allocating properties include safety, cultural appropriateness and discrimination.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

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There are no environmental or climate change implications arising from this report.

As acquired properties will be maintained to Decent Homes Standard and EPC level D, properties are expected to be secure, warm and reasonably energy efficient.

BACKGROUND PAPERS

NA

APPENDICES

Appendix A – GLA Refugee Housing Programme Funding Guidance

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed

Name:

Councillor Ray Morgon

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Leader of the Council

Date:

Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____