

Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendices A & C are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. They are exempt because they refer to information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Subject Heading:	<i>Acceptance of £3,084,875 grant funding from the MHCLG Local Authority Housing Fund Round 3</i>
Decision Maker:	<i>Neil Stubbings - Strategic Director of Place</i>
Cabinet Member:	<i>Councillor Paul McGeary – Lead Member for Housing & Property</i>
ELT Lead:	<i>Paul Walker – Interim Director of Housing & Property</i>
Report Author and contact details:	<i>Kirsty Moller – Head of Programme & Support (Housing & Property)</i> T: 01708 434707 E: Kirsty.Moller@havering.gov.uk
Policy context:	<i>This decision supports the Council's ambitions for providing genuinely affordable housing</i>
Financial summary:	<i>This report requests permission to accept £3,084,875 in grant funding for 15 additional affordable properties, with necessary match funding provided through the HRA</i>
Reason decision is Key	<i>(a) Expenditure or saving (including anticipated income) of £500,000 or more</i>

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Date notice given of intended decision:	<i>14th August 2024</i>
Relevant Overview & Scrutiny Committee:	<i>Places Overview & Scrutiny Sub-Committee</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 - Supporting our residents to stay safe and well (X)

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

Resources - Enabling a resident-focused and resilient Council

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 Strategic Director of Place accepts the grant funding of £3,084,875 from the Ministry of Housing, Communities and Local Government (MHCLG) under the Local Authority Housing Programme Round 3.

The grant funding will be used to fund the acquisition of 5 affordable homes (buy backs) and support the delivery of 10 modular homes on the Waterloo Estate.

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3.3 of the Council's constitution 'Powers Delegated to Staff' sets out the following in relation to accepting grant funding:

Scheme 3.3.3 – 'Powers common to all Strategic Directors'

Section 5 – 'Grants'

5.1 To apply for, accept and thereafter spend / allocate any grant funding connected with their directorate provided that any match funding or residual liabilities can be met from the existing budget of the directorate.

STATEMENT OF THE REASONS FOR THE DECISION

Background:

MHCLG announced round 3 of the Local Authority Housing Fund in November 2023. The £1.2bn scheme aims to provide local authorities financial support toward temporary accommodation pressures and housing support for refugees.

MHCLG have released initial allocations to eligible providers based on median property prices in their area. Havering's allocation is for 15 properties, with £3,084,875 grant funding provided.

The remainder of the costs are to be met from the £20m HRA acquisitions budget, and £7.3m 12 Estates Forward Funding budget allocation. Both allocations were agreed at Cabinet in February 2024 (Appendix 1B – Capital Programme allocations).

The objectives are to:

- Reduce local housing pressures by providing quality temporary accommodation to families who are homeless, at risk of homelessness or living in unsuitable temporary accommodation. Ten homes are funded for this element of the programme.
- Provide housing to individuals and their families that are eligible for the Afghan Citizen Resettlement Scheme (ACRS) who are homeless or at risk of homelessness, recognising that longer-term good quality, affordable housing provides a foundation for families fleeing war and persecution to rebuild their lives. Five homes are funded for this element of the programme.

Financial Support:

The £3,084,875 grant funding consists of:

- £3,060,000 capital allocation (for acquisition and refurbishment costs)
- £24,875 revenue allocation (toward the cost of staff administering the scheme).

The programme presents an opportunity to utilise external grant funding towards the costs of five acquisitions and delivery of ten modular homes, which will provide suitable accommodation for and those in temporary accommodation and Afghan families in housing need. The five earmarked refugee homes could later become available for Havering residents.

The additional units delivered will increase the supply of 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 modular homes will provide additional housing stock with a lifespan of around 60 years. These homes can be dismantled and relocated up to six times to different sites across the borough, as may be required. The acquisition of the modular and other

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homes will help ease homelessness pressures in the General Fund, saving up to approximately £35,000 per year per family.

Tenancies and Lettings:

There is no minimum length of tenancy required for this funding as it is recognised by MHCLG that each housing case is different.

The five properties acquired for the Resettlement Element of the grant must be let to eligible ACRS families until there is no longer a need for the cohort. If no ACRS local need is identified, the property may be let through the government's refugee housing matching service, or released for general use with MHCLG's permission.

Previous Council refugee housing has been let for five years on an Assured Short-hold Tenancy or until the family leaves the property. These arrangements are expected to continue for this programme.

Council homes acquired for general homelessness cases will be let with the standard tenancy arrangements, with an introductory tenancy that can lead to a secure tenancy in five years.

The delivery and oversight related to this programme will fall within existing arrangements and current staff capacity.

Programme requirements:

- Homes should have 2 or more bedrooms
- Acquisitions must be completed by 31 March 2026
- Properties will be self-contained, no shared accommodation will be funded
- Properties will be maintained to a good standard by the local authority
- Furniture and white goods will be provided for residents on the ACRS schemes (can be included in capital cost or through existing refugee support programmes)
- Rent levels must be affordable, London affordable or social rent
- 5 properties to be allocated to households that meet the resettlement scheme element eligibility criteria as above
- 10 properties to be allocated to households on the council register that meet the temporary accommodation element eligibility criteria.

Demand for Refugee Accommodation:

There is national demand for 5,000 homes for Afghan refugees, which are allocated as housing providers present suitable properties. There is currently approximately 1,500 of these families being housed in temporary accommodation in London.

The Afghan refugee cohort typically consists of larger families, requiring three or more bedrooms. The council is often requested to take families into the borough by London Councils and the Home Office. There are 11 families already in the borough with a further 11 families that Havering are required to house that are awaiting a suitable property.

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Alternative housing solutions are not proving effective for Afghan citizens 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 stability to refugee families.

It is expected that the Afghan Citizens will return to their home country once it is safe to do so. Once the housing need for this cohort is resolved, the properties acquired will be made available for local residents via the housing allocations policy.

Programme Management

If the Council decides to accept the grant funding, it will enter into a Memorandum of Understanding (MOU) with MHCLG setting out its commitment to the number of homes to be delivered, grant value and estimated timescales. Both parties have the authority to alter the agreement and any changes should be requested to the other party in writing.

Periodic updates will be provided to MHCLG on the delivery profile and grant expenditure. Any grant claims will be managed in line with the Council's financial processes. Complete records must be maintained in case of future audit.

OTHER OPTIONS CONSIDERED AND REJECTED

Do not accept the Grant 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 these acquisitions, in accordance with the government's 'Registered Social Landlord' exemption.

This is also the only known source of grant funding that can be applied to modular-type housing provision.

PRE-DECISION CONSULTATION

No formal consultation is required to accept the grant via this programme

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

Name: Kirsty Moller

Designation: Head of Programme & Support (Housing & Property)

Signature:



Date: 24th September 2024

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The legal implications and issues arising from this report and the recommended decision are set out in the main body of this report.

FINANCIAL IMPLICATIONS AND RISKS

The proposed acceptance of £3,084,875 in "LAHF R3" grant funding from the DLUHC Local Authority Housing Fund Round 3 commits the Council to acquiring 15 new homes.

The acquisitions, which include Council match funding, would be financed through the following HRA capital budgets:

1. C30630 – HRA Acquisition Fund – Affordable Housing
2. C30540 – 12 Estates Phase 1 Forward Funding

The funding comprises £3,060,000 in capital and £24,875 in revenue to contribute towards staffing costs for administering the scheme.

The estimated costs of delivering the 15 homes are detailed in Exempt Appendix A.

As per the agreement, the Council will let the homes to eligible households at an affordable rent, capped at 80% of the market rent (inclusive of service charges).

Risks

Repayment of Grant: Under the agreement's terms, 30% of the Year 1 funding will be paid upon signing the Memorandum of Understanding, with the remaining tranches tied to contractual milestones. Failure to utilise the grant or meet eligibility requirements may result in the Council being required to repay the corresponding amount to MHCLG.

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

There are no HR implications or risks arising from this decision that impact on the Council or its workforce.

The delivery and oversight related to this programme will fall within existing arrangements and current staff capacity.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

There are no identified equalities or social inclusion risks associated with this decision, and the decision aligns with the Council's commitment to equality.

An Equality and Health Impact Assessment (EQHIA) is included as Appendix B to this report.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

Havering Council is committed to improving the health and wellbeing of its residents.

Access to good quality, secure, affordable housing is an important determinant of health and wellbeing, with insecure, unaffordable, poor quality housing associated with poorer mental and physical health outcomes.

By accepting grant funding of £3,084,875 from MHCLG to deliver 5 affordable homes for Afghan Citizen Resettlement Scheme and 10 modular homes for those at risk of homelessness or living in unsuitable temporary accommodation, the Council will be able to address acute housing needs of a number of vulnerable people/families, and in doing so, address negative health and wellbeing impacts and outcomes individuals may have experienced as a result of prior insecure or inadequate housing arrangements.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

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

As Council properties will be maintained to Decent Homes Standard and have a target of achieving EPC level C, properties are expected to be secure, warm and reasonably energy efficient.

BACKGROUND PAPERS

None

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APPENDICES

Appendix A	Financial Implications	Exempt
Appendix B	Equalities Health Impact Assessment	Open
Appendix C	MHCLG Memorandum of Understanding	Exempt

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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

Neil Stubbings
Strategic Director of Place

Date:

Lodging this notice

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

For use by Committee Administration

This notice was lodged with me on _____

Signed _____