

## **Guidance for completing the Memorandum of Understanding (MOU)**

This MOU relates to delivery of the LAHF (Round One) programme by London boroughs who have agreed to participate directly in this programme further to a EOI process. It includes standard wording for all such boroughs is non-negotiable.

It also provides a framework to enable Affordable Rent to be charged for some LAHF properties (if local authorities decide this is an appropriate rent structure for their LAHF delivery.)

Note: Grants awarded further to the LAHF (Round One) London Reallocations EOI process will be calculated based on the grant rates as detailed in your LAHF R1 invitation to submit an EOI letter. These are as follows:

- For the 'main element' the amount of grant per property is calculated as 40% of the average lower quartile property price in your borough's area. A further £20k per will be added to account for other costs including refurbishment
- For the 'bridging element' (i.e. 4+ bedroom houses), the amount of grant per property is calculated as 50% of the estimated lower quartile property price, in your borough's area. A further £20k per will be added to account for other costs including refurbishment.

Local Authorities are reminded that DHLUC will not consider any EOI submission for a scheme or unit that has been submitted to the GLA for approval and which are still under review

Please send your signed and completed MOU to: [LAHF@levellingup.gov.uk](mailto:LAHF@levellingup.gov.uk)

# MEMORANDUM OF UNDERSTANDING

*Between*

**Department for Levelling Up, Housing and Communities**

*-and-*

**Insert Local Authority Name**

## **1. Purpose**

- 1.1. This Memorandum of Understanding ('MOU') sets out the terms that will apply to the working relationship between the Department for Levelling Up, Housing and Communities ('DLUHC') and Insert **Local Authority Name** ('the Council') regarding the administration and delivery of the Local Authority Housing Fund ('LAHF').
- 1.2. This MOU will be for the period Q1-Q4 2023/24. It will be reviewed and updated only where either of the signatories deem it necessary, in which case it will require joint agreement. Further detail on changing the MOU is set out in Paragraph 4.4.
- 1.3. This MOU is not intended to create legal or binding obligations. It describes the understanding between both parties for the use of funding specified in Section 3 of this agreement.

## **2. Background**

- 2.1. The LAHF was launched on 14 December 2022. The details of the fund were shared on that date with the Council in the document 'Local Authority Housing Fund – Prospectus and Guidance' ('the Prospectus').
- 2.2. LAHF is a £500m capital grant fund to support local authorities in England to provide sustainable housing for those unable to secure their own accommodation that meet the eligibility criteria outlined in Section 3.2 of the Prospectus.
- 2.3. The objectives of LAHF are to:
  - Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provide sufficient longer term accommodation to those they support.
  - Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these

areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.

- Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined at section 3.2 of the Prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing available to local authorities to support those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation;
- Reduce emergency, temporary and bridging accommodation costs;
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends);
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort;
- Reduce pressures on the existing housing and homelessness systems and those waiting for social housing.

2.4. DLUHC has accepted the Council's plan to provide **TOTAL UNITS** homes ('the delivery target') under LAHF, and DLUHC will provide a grant of **TOTAL ALLOCATION** ('the total allocation').

The Council agrees the following targets to deliver at least:

- **MAIN ELEMENT TOTAL UNITS** properties for households that meet the eligibility criteria outlined in section 3.2 of the Prospectus ('the main element');
- **BRIDGING ELEMENT TOTAL UNITS** 4+ bed properties to be allocated to households currently in bridging accommodation ('the bridging element');

2.5. This MOU covers the funding commitments from DLUHC and the delivery, financial expenditure, agreed milestones, reporting and evaluation, and communications between the Parties. It also sets out the steps DLUHC could take in the event of underperformance if required.

### 3. Purpose of the Funding

3.1. LAHF funding has been provided specifically for spending on LAHF priorities and the Council agrees to spend LAHF funding on activity set out in this MOU as agreed by DLUHC or subsequently agreed by DLUHC as per Paragraph 4.4.

- 3.2. DLUHC will part fund the cost of the Council obtaining properties for use by households that meet the eligibility criteria. The Council will use its best endeavours to meet the delivery target and to achieve value for money. DLUHC's contributory share of funding ('the average grant rate per unit') should not exceed the maximum described below but the grant per unit for individual properties can be higher.
- 3.3. The maximum average grant rate per unit (for the portfolio of properties, not individual purchases) for the main element is 40% of the costs of acquisition or refurbishment that the council charges to its capital budget plus £20,000 per property. Eligible costs funded by the 40% and the £20,000 per property could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. The Council should ensure it complies with the Code of Practice for Local Authority Accounting.
- 3.4. The maximum average grant rate per unit (for the portfolio of properties, not individual purchases) for the bridging element is 50% of the costs of acquisition or refurbishment that the council charges to its capital budget plus £20,000 per property. Eligible costs funded by the 50% and the £20,000 per property could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. The Council should ensure it complies with the Code of Practice for Local Authority Accounting.
- 3.5. The Council can determine how it uses the £20,000 per property and can choose how much of the grant is to be spent on each individual property.
- 3.6. The Council or its delivery partner(s) will fund the outstanding share for each property.
- 3.7. The funding will be provided by DLUHC in two tranches. The 'Tranche 1 allocation' is 30% of the total allocation. The 'Tranche 2 allocation' is 70% of the total allocation. Both are set out in Table 1.

	<b>Tranche 1 allocation £</b>	<b>Tranche 2 allocation £</b>	<b>Total allocation £</b>
Properties for households that meet the eligibility criteria for this Programme			
4+ bed properties for households currently in bridging accommodation			
<b>Total funding</b>			

*Table 1 – Funding allocation*

#### **4. Delivery Profile**

- 4.1. Delivery of the fund will be measured on the basis of exchange of contracts, or equivalent milestone where exchange of contract will not occur, and number of families housed. Any variations to this, and necessary changes to the MOU will need to be agreed by the parties and an amendment to this MOU made.
- 4.2. Funding outlined in Table 1 is provided to deliver the delivery target. The Council agrees to make best endeavours to deliver the delivery target by 29 March 2024.
- 4.3. This MOU is for the full term of the total allocation unless signatories agree to change as per Paragraph 4.4. A further Grant Determination Letter (GDL) will be provided following confirmation of each tranche payment.
- 4.4. DLUHC and the Council both have the right to request a change to the MOU. With regards to changing the target amount of units, the Council may ask for either a higher or lower target. Any proposed change will impact the amount of funding received (as set out in the Prospectus) unless the Council is seeking to deliver more units for the same amount of money.

#### **5. Financial Arrangements**

- 5.1. The agreed funds will be issued to the Council as grant payments under section 31 of the Local Government Act 2003. The Council may pass on the funding to a third party (e.g. Registered Providers) as appropriate to deliver the delivery target, complying with the Subsidy Control Act 2022.
- 5.2. Table 2 sets out the timetable for payments to be made to the Council. Payment for Tranche 1 allocation will be made in July 2023 or August 2023. The Tranche 2 allocation will be paid once the Council has demonstrated that at least 60% of the Tranche 1 allocation has been

committed ('the spend requirement') via a s151 officer Statement of Grant Usage. This will be paid in line with timings outlined in Table 2.

- 5.3. Should the Council not meet the spend requirement for Tranche 2 payments by the dates set out in Table 2, DLUHC will consider putting in place further payment dates.
- 5.4. The Council may wish to return unspent monies to the Department.

Table 2 – Payments timetable

Payment milestone	Requirements for payment milestone	Payment by
<b>Tranche 1 payment (30% of total allocation)</b>	<b>EITHER</b> Signing of this MOU by 14 July 2023	Last working day of July 2023
	<b>OR</b> Signing of this MOU by 14 August 2023	Last working day of August 2023
<b>Tranche 2 payment (70% of total allocation)</b>	<b>EITHER</b> Submission of Statement of Grant Usage (demonstrating 60% of the first tranche has been committed) by 9 October 2023  Relevant monitoring information as outlined in section 8 submitted by 9 October 2023	Last working day of October 2023
	<b>OR</b> Submission of Statement of Grant Usage (demonstrating 60% of the first tranche has been committed) by 24 November 2023  Relevant monitoring information as outlined in section 8 submitted by 24 November 2023	Mid-December 2023

## 6. Charging Affordable Rents for LAHF funded homes

- 6.1. The LAHF Prospectus specified “It is up to local authorities to determine the precise rent level and tenure of homes in line with the fund objectives. This could include....Affordable Rent.”
- 6.2. The Rent Standard <https://www.gov.uk/government/publications/rent-standard/rent-standard-april-2023-accessible-version> provides that Affordable Rents may be charged only in limited circumstances.
- 6.3. This Memorandum of Understanding records the agreement between the Secretary of State and the Council that relevant accommodation, provided by the Council or a partner Registered Provider pursuant to LAHF grant funding, is permitted to be let at an affordable rent, and that accordingly that an affordable rent may be charged for such accommodation in accordance with paragraph 3.8b of the Rent Standard - April 2023.
- 6.4. In paragraph 6.3 “relevant accommodation” means accommodation:
- in the Council area;
  - which is being used to further the LAHF objectives set out at paragraph 2.3 of the MOU;
  - which has never been let at a social rent; and
  - where the accommodation is provided by a partner Registered Provider, for which the Council has agreed that the partner Registered Provider may charge affordable rent.

## 7. Roles and Responsibilities

### DLUHC Responsibilities

- 7.1. DLUHC is responsible for setting national housing policy, providing grant(s) to the Council and monitoring the delivery of homes.

### Council Responsibilities (fund delivery)

- 7.2. The Council will make housing investment decisions, review existing housing policies and products, maximise leverage of this public sector investment and ensure that funds provide value for money and are deliverable within the timescale of the fund. The Council may work in partnership with private Registered Providers and local authority housing companies to deliver homes. The Council will also report on the fund by providing Management Information (MI) as set out in **Annex A** of this MOU and will work with DLUHC to ensure they have the capability to deliver the fund and provide MI within the set timescales.



7.3. The Council is expected to have the necessary governance and assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to, which may include, but not solely:

- **subsidy control**, at all levels e.g. the funding the Council allocates to project deliverers and subsidies that project deliverers provide to third parties.
- **equalities duties**, the Council must ensure that all LAHF funded activity is delivered in accordance with its obligations under the public sector equality duty (PSED)
- **procurement**, the Council must ensure that the allocation of funding to project deliverers that constitutes a procurement is managed in compliance with the public contract regulations
- **fraud**, the Council must ensure that robust arrangements are in place to manage fraud risk, including ensuring that project deliverers have robust fraud risk management process and paying particular attention to projects that involve the payment of grants to beneficiaries e.g. businesses.

7.4. The Council's Section 151 Officer is expected to ensure that these legal duties and all other relevant duties are considered and that delivery of LAHF investment is carried out with propriety, regularity and value for money.

#### Council Responsibilities (Affordable Rents – where required by LAs)

7.5. The council should note (and remind partner Registered Providers) that conversion of social rent properties to affordable rent is not permitted pursuant to paragraph 3.15 of the Rent Standard other than in the circumstances set out in chapter 2 of the Rent Policy Statement.

7.6. Where the Council has agreed that a partner Registered Provider may charge affordable rent, the Council will confirm to the Registered Provider that the Registered Provider may charge affordable rent in accordance with paragraph 6.3

7.7. The Council will require partner Registered Providers to provide details to the Council of any accommodation provided pursuant to LAHF grant funding for which Affordable Rent is charged.

7.8. The Council will maintain a register of any accommodation provided pursuant to LAHF grant funding for which it or a partner Registered Provider is charging Affordable Rent. This register should be available for inspection upon request by either DLUHC or the Regulator for Social

Housing. The fields of information required in register are specified in Annex C.

## **8. Monitoring Arrangements and Accountability**

- 8.1. The Council will put in place appropriate governance and oversight arrangements to ensure that delivery of housing is on track and that plans remain ambitious and provide value for money.

### Reporting Arrangements

- 8.2. The Council has agreed to provide reporting information to DLUHC on fund allocations and delivery. The Council will be asked to provide a mix of quantitative and qualitative summary updates to DLUHC; a full list of MI can be found in Annex A.
- 8.3. The first report will be due in October 2023 and then every two months thereafter, until the Council's programme has completed. The schedule for monitoring reports is outlined in Annex B.
- 8.4. Spend outturn and forecast should be signed off by the S151 officer or deputy S151 officer.
- 8.5. A S151 officer or deputy S151 officer Statement of Grant Usage should be submitted when at least 60% of the Tranche 1 allocation has been committed
- 8.6. The Council also agrees to work with the department to provide any reasonable additional MI as and when requested by the DLUHC Senior Reporting Officer (SRO). DLUHC will provide an appropriate amount of time to return any additional MI requests.
- 8.7. The Council agrees to work collaboratively with any requests from DLUHC to support any retrospective assessment or evaluation as to the impact or value for money of LAHF. As a minimum, the Council is expected to monitor spend, outputs and outcomes against agreed indicators and keep this information for at least 5 years.

## **9. Governance & Assurance**

- 9.1. The Council is expected to ensure that all legal and other statutory obligations and consents will be adhered to, which may include, but not solely, state aid / subsidy control, equalities duties, procurement, health

and safety, and fraud prevention. The Council has prerogative to establish internal governance and assurance arrangements as they see fit to achieve this.

- 9.2. The Council will ensure data can be shared for the prevention and detection of fraud by including the following clause in all agreements with companies or external entities in relation to LAHF – including, but not limited to, property contracts, professional services contracts, construction contracts and lease agreements:

“Data may be shared with other enforcement agencies for the prevention and detection of crime.”

**Signed for and on behalf of DLUHC**

Signature:

Name:

Position:

Date:

**Signed for and on behalf of Insert **Local Authority Name****

Signature:

Name:

Position:

Date:

## Annex A – Reporting and Monitoring Arrangements

### Scope and Purpose

1. This annex sets out the agreed reporting and monitoring arrangements for LAHF, including the expected frequency and content of the regular reports that the Council will provide to DLUHC.

### DLUHC Role

2. DLUHC will support the running of the fund and maintain a national picture of delivery by putting in place a proportionate monitoring and governance framework. This will include a fund governance board(s) attended by the DLUHC Senior Reporting Officer (SRO) and other relevant stakeholders. Wherever possible DLUHC will avoid duplication of requests towards the Council.

### Council Role

3. Day-to-day project monitoring and delivery responsibilities will be delegated to the Council. The Council will submit reports to DLUHC in accordance with the agreed timescales and frequency set out in the MoU. The Council will also work with DLUHC to provide any reasonable additional MI required as and when requested by the DLUHC Senior Reporting Officer. DLUHC will provide an appropriate amount of time to return any additional MI requests.

### Management Information (MI)

4. The list of MI is split between operational data – required for monitoring the ongoing fund delivery (Table 3) and evaluation data (Table 4) required to assess the strategy-level success of the fund and inform future policy development. Tables 4 and 5 present the required routine MI and is subject to change, with agreement by DLUHC and the Council. For MI purposes, “committed spend” is considered funding which has been allocated to a property where there has been an exchange of contracts or equivalent milestone where exchange of contract will not occur.

Item	Frequency
Number of properties where contracts exchanged, including: <ul style="list-style-type: none"><li>• whether these are part of the ‘main’ or ‘bridging’ element of funding</li><li>• bedroom size</li><li>• whether located in another borough area</li><li>• who will own the dwellings</li><li>• how properties obtained</li></ul>	Every 2 months
Number of properties occupied, including <ul style="list-style-type: none"><li>• whether these are part of the ‘main’ or ‘bridging’ element of funding</li><li>• bedroom size</li></ul>	Every 2 months
Number of families housed, including which resettlement programme they belong to	Every 2 months
Number of individuals housed, including which resettlement programme they belong to	Every 2 months

Number of pending properties pre-matched to current/ former bridging hotel households	Every 2 months
Total expenditure (incl grant and other funding)	Every 2 months
Total committed spend (incl grant and other funding)	Every 2 months
DLUHC grant used	Every 2 months
Overall assessment (RAG rated) of whether delivery is on track as determined by the responsible Council officer	Every 2 months

Table 3 – Monitoring Data

Item	Frequency
How properties have been sourced (e.g. through stock acquisition or another delivery route)	In April 2024 and thereafter upon request to aid with evaluation of the fund
How the Council has funded its contributory share	
Breakdown of households housed by previous housing situation, e.g. emergency accommodation/temporary accommodation	
Tenancy duration	
Rent levels	
Number of properties obtained outside the local authority's area, if applicable, and where these are located.	

Table 4 – Evaluation Data

- In addition, to enable the assessment of relative value for money and to assist with future spending reviews, we may occasionally ask for additional information including details of how the fund is delivered and housing market conditions. This will provide important data to support future policy developments and will also support engagement with HM Treasury. This information will be provided to agreed timeframes when requested by DLUHC.
- Should the Council wish to amend and/or not collect any of these proposed data points, they should submit a proposal to DLUHC for agreement.

### Frequency of Reporting

- The Council will be asked to provide reports every two months. The schedule for monitoring reports is outlined in Annex B.

### Data Consistency

- DLUHC and the Council have a shared commitment to ensure that, for clarity and transparency purposes, consistent methods of recording outputs are maintained. It is expected that the provided reporting will be robust, accurate and quality assured to a high standard. As such minimal revisions would be expected – although, where these are required, DLUHC should be advised as soon as practical.

### Use of Material Provided

9. DLUHC will use the provided material to monitor delivery nationally.

## Annex B – Monitoring Milestones

1. The Council is requested to submit the monitoring information summarised in Annex A via a Microsoft Form every two months by 5pm on the dates outlined below. DLUHC will provide the link to the form directly to the Council well in advance of each touchpoint date.
2. In order to demonstrate that the spend requirement has been met to enable a Year 2 payment, the Council will also need to submit a Section 151 Officer Statement of Grant Usage to [LAHF@levellingup.gov.uk](mailto:LAHF@levellingup.gov.uk) in addition to submitting the form by 5pm on the dates outlined below.
3. The S151 Officer Statement of Grant Usage only needs to be submitted when the Council wishes to demonstrate the spend requirement has been met, and also at the end of the programme. It does not need to be submitted at every monitoring touchpoint.
4. The Microsoft Form needs to be submitted at every monitoring touchpoint. DLUHC will provide full guidance for submitting the form directly well in advance of each touchpoint date.

Monitoring touchpoint	Microsoft Form to be submitted by 5pm on the following dates	S151 Officer Statement of Grant Usage required?
Touchpoint 1	9 October 2023	Yes, if LA wishes to enable Tranche 2 payment in October 2023
Touchpoint 2*	24 November 2023	Yes, if LA wishes to enable Tranche 2 payment in December 2023
Touchpoint 3	8 February 2023	N/A
Touchpoint 4	8 April 2023	N/A
Evaluation	April 2024 onwards	N/A

\*this touchpoint has been brought forward slightly earlier than the 2 month mark to account for the holiday period in December

Table 5 – Monitoring touchpoint dates

## Annex C

### Register of LAHF accommodation for which an Affordable Rent is charged

This annex sets out the agreed information which will be contained in the Council's Register of LAHF accommodation for which an Affordable Rent is charged.

This register should be available for inspection upon request by either DLUHC or the Regulator for Social Housing.

Property address			
Completion date			
Name of Registered Provider			
Registration Code			

(Note: The Council is not required to submit this information as part of regular delivery monitoring submissions.)