

Birmingham City Council

Report to Cabinet

23 April 2024



Subject: **DLUHC Funding - Local Authority Housing Fund Additional Grant**

Report of: Paul Langford, Strategic Director, City Housing

Relevant Cabinet Member: Councillor Jayne Francis, Cabinet Member for Housing & Homelessness

Relevant O&S Chair(s): Councillor Mohammed Idrees, Homes Overview and Scrutiny

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 012562/2024		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 The Council was approached by the Department for Levelling Up, Housing and Communities (DLUHC) on 5th January 2024 with an invitation to submit an expression of interest (EOI) for additional Local Authority Housing Fund (LAHF) capital grant, by 18th January 2024, to support the acquisition of properties for households in need of temporary accommodation (TA).
- 1.2 The timing and timescales for LAHF R2 additional funding meant that approval to submit the EOI was sought and provided in advance of submitting a supporting

Cabinet report. This approval was provided by the Housing Commissioner on 17th January 2024, the Cabinet Member on 12th January 2024, and the Strategic Director, City Housing. This report to Cabinet is therefore seeking retrospective approval.

- 1.3 An EOI was submitted to DLUHC on 18th January requesting additional grant funding to support the existing Property Acquisition Programme to secure Temporary Accommodation for use by homeless families.
- 1.4 On 22nd March DLUHC informed the Council it had been successful in obtaining a further £15.37m in LAHF grant to acquire an additional 145 homes. In line with previous rounds, DLUHC may increase this offer to BCC if other authorities are not able to fulfil their allocation.
- 1.5 Subsequently, the Council was approached by DLUHC on 7th March confirming Birmingham has provisionally been identified as eligible for additional capital grant funding under LAHF R3, with an indicative allocation of £6,616,500 to deliver a further 59 homes with an additional £51,625 in revenue grant to support the delivery of the programme.
- 1.6 The timing and timescales to apply for LAHF R3 funding meant that approval to apply was sought and provided in advance of submitting a supporting Cabinet report. This approval was provided by the Housing Commissioner on 25th March 2024, the Cabinet Member on 26th March 2024, and the Strategic Director, City Housing. This report to Cabinet is therefore seeking retrospective approval.

2 Recommendations

That Cabinet:

- 2.1 Retrospectively agrees to the submitted EOI to DLUHC for LAHF R2 Additional Funding and accept capital grant of £15.37m.
- 2.2 Agrees to accept any additional LAHF R2 capital grant funding offered to the Council by DLUHC in the event other local authorities are not able to fulfil their allocation.
- 2.3 Retrospectively authorises the Strategic Director for City Housing to enter into a Memorandum of Understanding with DLUHC for setting out DLUHC's commitments and the Council's commitments to deliver the LAHF R2 programme, alongside the associated monitoring arrangements.
- 2.4 Retrospectively agrees to the submitted validation form to accept £6.6165m of capital grant funding and £51,625 of revenue grant funding for LAHF R3, to support the acquisition of 46 family sized properties, for households in need of TA in Birmingham and the acquisition of 13 family sized properties to provide resettlement housing for those on the Afghan Citizens Resettlement Scheme (ACRS).
- 2.5 Authorises the Strategic Director for City Housing to enter into a Memorandum of Understanding with DLUHC for setting out DLUHC's commitments and the Council's commitments to deliver the LAHF R3 programme, alongside the associated monitoring arrangements.

- 2.6 Authorises the City Solicitor (or their delegate) to negotiate, agree and complete all legal documents necessary to give effect to the above recommendations.
- 2.7 Cabinet is not at this time asked to approve the use of R3 grant funding. A further Cabinet Report seeking approval for match funding and approval to house a further 13 Afghan Refugee families will be brought to a subsequent Cabinet.

3 Background

- 3.1 In February 2023 Cabinet agreed and the Council was successful in bidding for DLUHC LAHF R1 capital funding. Through the original bid and subsequent bid for additional funding the council secured a total of £5.34m LAHF R1 capital funding to support the acquisition of 40 family sized properties for the LAHF Main Programme for Ukrainian families and 10 family sized properties from the LAHF Bridging Programme for Afghan families.
- 3.2 In June 2023 Cabinet agreed and the Council was successful in bidding for LAHF R2 capital funding. Through the bid, the Council secured funding of £6.996m to support the acquisition of up to 66 family sized properties for TA, 6 family sized properties from the LAHF Bridging Programme for Afghan families and 60 homes for other households needing TA.
- 3.3 The Council was approached by DLUHC on 5th January 2024 with an invitation to register an expression of interest for additional LAHF capital grant. DLUHC invited all local authorities to express their interest in increasing their LAHF delivery across either LAHF 1 or 2 or a combination of both if funding became available from any potential LAHF underspend.
- 3.4 The DHLUC deadline for submitting an EOI for additional funding was Friday 19th January 2024. The timing to submit the EOI and enter a subsequent Memorandum of Understanding (MOU) required a decision in principle to be agreed in advance of submitting this supporting Cabinet report.
- 3.5 On 22nd March DLUHC informed the Council it had been successful in obtaining a further £15.37m in LAHF grant to acquire an additional 145 homes. In line with previous rounds, DLUHC may increase this offer to BCC if other authorities are not able to fulfil their allocation.
- 3.6 Subsequently, the Council was approached by DLUHC on 7th March confirming Birmingham has provisionally been identified as eligible for R3 capital grant funding, with an indicative allocation of £6,616,500 and an additional £51.625 in Revenue grant to support the delivery of the programme.
- 3.7 R3 of grant requires the Council to purchase an additional 56 family sized properties for TA, and 13 family sized properties for settled accommodation for Afghan Refugees as part of the ACRS resettlement scheme.
- 3.8 The DHLUC deadline for submitting a validation form for LAHF R3 funding was 28th March 2024. The timing of this deadline required a decision in principle to be agreed in advance of submitting this supporting Cabinet report.

- 3.9 The DHLUC deadline for entering a MOU for LAHF R3 is 31st May 2024. City Housing and Adult Services stakeholders are preparing an additional cabinet paper for consideration. This paper will be brought to Cabinet at the earliest opportunity to consider the resettlement of additional Afghan families in Birmingham and an assessment of any additional HRA gap funding required to meet the conditions of LAHF.
- 3.10 The ability to apply further R2 grant reduces the level of HRA borrowing required to complete the Property Acquisition Programme. There is no requirement for further gap funding for this round of LAHF.
- 3.11 Use of government grant to acquire residential properties also provides Stamp Duty Land Tax relief to the Council. The relief obtained by accepting additional R2 and R3 grant will contribute an estimated £1.4m in additional savings for the HRA.
- 3.12 The TA accommodation acquired with R2 funding will be provided for homeless households, with no additional priority for access to settled accommodation for the families accommodated through this programme compared to other families experiencing homelessness.
- 3.13 It is proposed that the LAHF properties would be purchased through the same mechanism and within the agreed programme budget envelope for council spend. The additional DLUHC grant will support the purchase of good quality accommodation which will help meet housing need for the citizens of Birmingham.
- 3.14 The Programme has sufficient pipeline to meet the additional grant funding requirement to deliver the additional homes. There are currently 111 properties acquired to date, without grant funding allocated, and a further 43 properties in the active pipeline and due to complete within the next six months.
- 3.15 TA properties acquired will be let as dispersed TA within the Housing Revenue Account (HRA), while there is an option in the future to let them within the HRA as general housing if the Council wished to do so.
- 3.16 The LAHF R2 additional grant represents value for money. It reduces the level of borrowing required to complete the property acquisitions programme by £15.37m.
- 3.17 As these grants are for more than £1m capital, Cabinet approval is required retrospectively.

4 Consultation

- 4.1 No consultation has been carried out with members of the public or temporary accommodation residents in preparing this report. The proposals reflect the priorities of the Homeless Prevention Strategy and Temporary Accommodation Strategy, as well as the work in preparation for a refreshed Homeless Prevention Strategy.

Discussion has taken place between officers in Housing Solutions and officers in Finance and Officers in Adult Services.

5 Risk Management

5.1 Key risks and mitigations are set out in the table below:

Key Risk	Impact (low/medium/high)	Likelihood (low/medium/high)	Mitigation
The Council is not able to purchase the required number of properties in the time available	High	Low	The existing property acquisition scheme has 142 properties acquired that have not benefited from grant funding to date. There is an active pipeline of more than 40 properties to complete the allocation if the bid is successful.
The Council makes a financial loss compared to business as usual	Medium	Low	The funding would support the existing property acquisition programme, by providing additional grant. There is no risk of financial loss.
DLUHC does not agree to the funding requested	Low	Low	If unsuccessful, the Council would purchase the properties with approved programme funds. There would be no impact on the existing programme.

6 Compliance Issues:

How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 6.1 The proposal is in compliance with the priorities in the Corporate Plan 2022/26, notably the priorities to tackle poverty and inequality, to support and enable all children and young people to thrive, and to tackle homelessness.
- 6.2 The proposal is in compliance with the Council's City of Sanctuary policies and strategy documents as well as its recent Local Authority of Sanctuary award.

6.3 Legal Implications

- 6.3.1 Section 1 of the Localism Act 2011 confers a general power of competence on the Council that permits the Council to enter into the funding arrangements set out in this report.
- 6.3.2 Sections 120 - 123 of the Local Government Act 1972 authorise the City Council to acquire, appropriate and dispose of land for the purpose of any of their functions. Section 111 of the Local Government Act 1972 contains the Council's subsidiary powers to do anything, including acquiring and disposing of land and incurring

expenditure, which is calculated to facilitate, or is conducive or incidental to, the discharge of any of the Council's functions.

6.3.3 Under Section 9 of the Housing Act 1985 the Council may provide housing accommodation by acquiring houses and Under Section 17 of that Act the Council may acquire houses, or buildings which may be made suitable as houses, for the purposes of providing housing accommodation. For these purposes "houses" include flats.

6.3.4 Under Section 206 of the Housing Act 1996 the Council may discharge their functions under part VII of that Act by securing that suitable accommodation provided by them is available.

7.4 Financial Implications

7.4.1 This report seeks retrospective approval to accept additional DLUHC LAHF grant to support the acquisition of properties for temporary accommodation. As with the previous LAHF capital grant rounds, properties will be acquired through the existing £60m Property Acquisition Programme which was approved by Cabinet on 8th February 2022.

7.4.2 The LAHF R2 additional grant funding submission is for capital funding and will be used to reduce HRA borrowing by £15.37m. It does not require any additional matched funding from the HRA.

7.4.3 LAHF R3 additional grant of £6.6m may require matched funding from the HRA to deliver the requirements to purchase 59 properties. Consultation with finance officers is underway to assess if HRA funds can be made available to the programme to fulfil the conditions LAHF R3 grant.

Due to DLUHC deadlines, approval in this paper is limited to accepting the allocation, in principle, and signing an MOU with DLUHC by the deadline of 31st May 2024. Feasibility of delivering LAHF R3 will be presented to Commissioners and Cabinet later, likely in July 2024. Delivery of R3 will not commence until approvals are sought from Cabinet.

7.5 Human Resources Implications (if required)

7.5.1 None

7.6 Public Sector Equality Duty

7.6.1 An Equality Assessment is shown at Appendix 2.

8 Environment Sustainability Assessment

8.1 An Environmental Sustainability Assessment is shown at Appendix 3.

9 Background Documents

9.1 DLUHC Scheme Prospectus is shown at Appendix 4

List of appendices accompanying this report:

Appendix 1. MoU template

Appendix 2. Equality Assessment

Appendix 3. Environmental Sustainability Assessment

Appendix 4. DLUHC scheme prospectus

Appendix 5. Letters to Chief Executive