

Birmingham City Council

Report to Cabinet

14th February 2023



Subject: Local Authority Housing Fund (LAHF) Grant to Support Acquisition of Accommodation for Afghan Citizens and Ukrainian Guests

Report of: Paul Langford, Acting Strategic Director, City Housing

Relevant Cabinet Member: Councillor Sharon Thompson, Cabinet Member for Housing & Homelessness
Councillor John Cotton, Cabinet Member for Social Justice, Community Safety & Equalities
Councillor Yvonne Mosquito, Cabinet Member Finance and Resources

Relevant O & S Chair(s): Councillor Mohammed Idrees, Housing and Neighbourhoods
Councillor Sir Albert Bore, Co-ordinating
Councillor Akhlaq Ahmed, Resources

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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: 010998/2023		
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 has been approached by the Department for Levelling Up, Housing and Communities (DLUHC) with an invitation to bid for Capital grant to support the

acquisition of properties for Afghan citizens and guests from Ukraine, according to a predetermined funding allocation.

- 1.2 It is recommended that the Council accepts this offer and commits to the purchase of an agreed number of properties through the Council's existing homelessness property acquisition scheme. This will provide savings to the Council compared to operating the acquisitions scheme without grant whilst also providing additional good quality accommodation for families from Ukraine and Afghanistan.
- 1.3 As stipulated by the Department for Levelling Up, Housing and Communities (DLUHC), this would require an increase in resettlement pledges by Birmingham City Council to include those accommodated by properties acquired through the "bridging element" of this funding. This may be in the region of 80-120 people in total over 2023/24 and 2024/25.
- 1.4 Participation in this programme will have a number of benefits for Birmingham. It will provide additional capital funding to support the purchase of good quality accommodation which will help meet housing need for the citizens of Birmingham over the next 50 years or more.
- 1.5 Accommodation will be provided as temporary accommodation for homelessness households, with no additional priority for access to settled accommodation for the families accommodated through this programme compared to other families experiencing homelessness.

2 Recommendations

That Cabinet:

- 2.1 Agrees to bid to and accept the Department for Levelling Up, Housing and Communities (DLUHC) for Capital funding from the Local Authority Housing Fund (LAHF) to support the acquisition of 20 family sized properties from the LAHF Main Programme and 10 large family sized properties from the LAHF Bridging Programme.
- 2.2 If additional funding is available beyond the published allocation, agrees to bid for and accept grant for up to a further 20 family sized properties from the Main Programme.
- 2.3 Authorises the Strategic Director for City Housing to enter into a Memorandum of Understanding with DLUHC setting out DLUHC's commitments and the Council's commitments to deliver the LAHF programme, alongside the associated monitoring arrangements.
- 2.4 Agrees to extend Birmingham City Council's pledge towards Government refugee resettlement schemes (namely, the Afghan Citizens Resettlement Scheme) to include any individuals accommodated by properties acquired through this funding. This cannot be specified at this stage but could be in the region of 80-120 additional individuals.

- 2.5 Accepts the integration funding associated with refugee resettlement at a per capita rate of £20,520 per individual minimum. The total value will depend on the number of bed spaces procured by the Bridging element of the Housing Fund but based on 80-120 individuals this would be £1,641,600 to £2,462,400.
- 2.6 Authorises the City Solicitor (or their delegate) to negotiate and agree all legal documents to give effect to the above recommendations.

3 Background

- 3.1 DLUHC wrote to the Chief Executive of Birmingham City Council (BCC) inviting the Council to participate in the £500m LAHF capital grant programme to support the acquisition of properties to accommodate guests from Ukraine and Afghan citizens. The letter was received by officers in Housing on 6th January 2023 and is shown at **Appendix 1**. The prospectus for the LAHF programme is shown at **Appendix 2**.
- 3.2 The LAHF programme is based on participating councils acquiring or developing properties by the end of 2023/24 to accommodate refugee families and/or guests from Afghanistan and Ukraine.
- 3.3 The programme is split into a 'Main Programme' to accommodate families who would otherwise be homeless and eligible for assistance from the Council, and a 'Bridging Programme', to accommodate families currently in Home Office Bridging accommodation. The Bridging Programme requires an increase in the council's existing commitment to accommodate such families equal to the number of properties acquired.
- 3.4 The proposed BCC allocation from the fund is for 20 x family sized properties for the Main Programme and 10 x 4 bed or larger properties for the Bridging Programme. This is the capped level for any authority i.e. no other council has a higher proposed allocation than BCC.
- 3.5 The available grant levels are:
 - £1.72m for the Main Programme, notionally based on an average 40% grant per property + £20k per property.
 - £1.90m for the Bridging Programme, notionally based on an average 50% grant per 4-bed or larger property + £20k per property.
- 3.6 Our analysis suggests that, based on the Council's existing property acquisitions scheme, the Main Programme grant would, in reality cover less than 30% of purchase costs and the Bridging Programme grant less than 50%.
- 3.7 In order to participate in the programme, the Council is required to agree to the terms of the Memorandum of Understanding (MoU), which sets out the Council's commitment to deliver an agreed number of properties in return for the DLUHC grant funding, and the monitoring arrangements involved. The MoU template is shown at **Appendix 3**.

- 3.8 The terms of the MoU are non-negotiable, but it is for the Council to determine how many properties it will commit to acquire. This could be the full allocation of 30 properties or a smaller number. It is not permitted to bid only for the Main Programme funding.
- 3.9 There is an option to request to deliver more properties than the allocation in return for more funding, if any funding remains unallocated.
- 3.10 30% of the agreed funding is to be paid in 2022/23, following the agreement of the MoU. The remaining 70% funding is to be paid in 2023/24 once 60% of the sum paid in 2022/23 has been spent. There is no requirement to spend funding received in 2022/23 within the 2022/23 financial year.
- 3.11 Councils are required to commit to attempt acquire the agreed number of properties by the end of November 2023, but DLUHC will fund any properties purchased by the end of March 2024.
- 3.12 Birmingham City Council already welcomes refugees via the Afghan resettlement schemes (Afghan Assistance & Relocation Policy – ARAP and the Afghan Citizens Resettlement Scheme – ACRS) and guests via the Ukraine scheme (Homes for Ukraine).
- 3.13 BCC’s existing commitment to Afghan resettlement, made by Cabinet in July and December 2021, is to welcome a total of 300 individuals across 2021/22, 2022/23 and 2023/24. Around 150 people have already arrived or are imminently arriving in Birmingham. These individuals attract a minimum local authority per capita tariff of £20,520 to support their resettlement and integration. All new arrivals are accommodated in the Private Rented Sector and are assisted by BCC commissioned providers.
- 3.14 The Government has established 2 main routes of entry for Ukraine nationals – the Family visa scheme and Homes for Ukraine Sponsorship Scheme. Data on the numbers of Ukrainians arriving via the family visa scheme is not available at LA level. Homes for Ukraine is an uncapped visa scheme and does not have a specific pledge. Ukraine nationals arrive into Birmingham on visas with 3 years leave to remain. BCC estimated and planned for 1,000 arrivals up to 31st March 2023 and circa 700 have arrived to date. They do not have refugee status and are termed “guests” by the UK government.
- 3.15 Ukrainian guests in Birmingham are initially accommodated by Sponsoring hosts in private hosting arrangements (for between 6-12 months or longer) but can enter homelessness pathways and be eligible for assistance from the council when and if those arrangements end, breakdown or if the Local authority removes guests following safeguarding concerns and where re-matching to a new host is not possible.

4 Options considered and Recommended Proposal

- 4.1 The LAHF programme is intended to deliver accommodation which will be available to the Council in the long term and can be used to meet housing need beyond the

initial period where they are required to accommodate Ukrainian guests and Afghan citizens.

- 4.2 In the initial period, the 10 units of accommodation for the Bridging Programme will involve providing accommodation for large families who the Council would not otherwise have been required to accommodate, but in the longer term the accommodation would be available to meet the needs of a wider range of families.
- 4.3 The 20 units of Main Programme accommodation can be used to meet the needs of Afghan citizens and Ukrainian guests in housing need and the Council would have been required to assist anyway through the homelessness legislation. There are already 15 such families in the Council's temporary accommodation and this number is expected to grow significantly as some of the hosting arrangements for Ukrainian guests in particular, end or break down.
- 4.4 The LAHF does not stipulate if accommodation is to be held in the Council's general fund, the housing revenue account, owned by a housing association or owned by a local authority housing company.
- 4.5 It would be possible to deliver through any of these routes, but the simplest and most straightforward way to proceed would be to add these properties to those acquired through the £60m property acquisition programme already operating in the general fund, which is currently purchasing good quality properties to accommodate homeless families and is set to deliver significant savings to the council through reduced use of Bed & Breakfast accommodation.
- 4.6 These properties are currently let as temporary accommodation (TA), but there is an option in the future to bring them within the HRA if the Council wished to do so.
- 4.7 By 13th January 2023, the property acquisition programme had purchased 24 properties at a cost of £6.6m with a further 78 properties with offers accepted and going through the purchase process making 102 in total at a projected total cost of £24.0m if they all complete.
- 4.8 It is proposed that the LAHF properties would be purchased through the same mechanism and within the agreed £60m funding envelope for council spend. The DLUHC grant will aid with the viability of the programme, whilst ensuring that Ukrainian guests and Afghan citizens are accommodated in the numbers required to meet the Council's agreed LAHF quota.
- 4.9 Properties would be let as TA in the same way as for the existing programme. Families accommodated through the Main Programme would be owed a homelessness duty and would have the priority in the Council's allocations scheme which is available to households in TA who are owed a homelessness duty.
- 4.10 This would mean that guests and citizens accommodated through LAHF would not be jumping the queue for long term social housing compared to families who become homeless for other reasons.

5 Consultation

- 5.1 No consultation has been carried out with members of the public or temporary accommodation residents in preparing this report.

Discussion has taken place between officers in Housing Solutions and officers in Adult Social Care responsible for working with refugees and asylum seekers to establish the best way forward. Funding is available from existing DLUHC programmes to provide support for the families accommodated through the LAHF programme.

6 Risk Management

- 6.1 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 is established an already buying properties in greater numbers than required to meet the need of the LAHF programme.
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 would be a short term loss on the Bridging Programme, based on the premise that this is accommodating families the Council would not otherwise have helped, but this is more than offset by the gains from the Main Programme. In the longer term, both programmes generate significant savings compared to buying properties without grant.
DLUHC does not agree to the funding requested	Medium	Low	If not fully funded, the Council would purchase fewer properties for the programme. Because the existing acquisitions scheme is being utilised, there are no set up costs.
DLUHC attempts to insist on the properties being used for guests and/or refugees in the long term	Medium	Medium	There will always be a need to accommodate refugees and guests, but beyond the initial requirements of an increased Bridging Programme quota, there should be no obligation to accommodate anyone the council would not otherwise have owed a homelessness duty to.

7 Compliance Issues:

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

- 7.1 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.
- 7.2 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.

7.3 Legal Implications

7.3.1 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.

7.3.2 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.

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.

7.4 Financial Implications

7.4.1 The report seeks approval to bid and accept DLUHC capital grant of £3.6m to support the acquisition of properties for Afghan citizens and guests from Ukraine. Properties will be provided through the existing temporary accommodation Property Acquisition Programme which was approved by Cabinet on 8th February 2022, report titled Acceleration of City Housing Transformation to enable reduction in Temporary Accommodation – update. Service funded prudential borrowing of £60m was agreed to fund the capital allocation funded via rental income.

7.4.2 The £3.6m grant funding which is the subject of this report is split in two elements (see paragraph 3.3) with £1.7m for the Main Programme and £1.9m for the Bridging Programme. Grant funding for the Main Programme element provides up to 40% of the capital cost covering 20 properties and up to 50% for the Bridging Programme covering 10 properties.

7.4.3 The total estimated capital cost to acquire the portfolio of 30 properties is £9.2m, however will depend on the mix of accommodation acquired. Properties acquired will be held in the General Fund for temporary accommodation purposes. The DLUHC grant will cover £3.6m of this cost, with the remaining £5.6m met by borrowing previously approved through the existing Acquisition Programme authorisation. Provision of this grant funding

will result in a lower cost of borrowing to the Council compared to funding 100% of the capital cost for these properties.

7.4.4 In addition, the report seeks approval to accept Government integration funding associated with refugee resettlement in respect of the individuals resettled into these properties . This is based on £20,520 per capita with the total value depending on the number of bed spaces acquired and family compositions, but based on 80-120 bed spaces, this would be £1,641,600 to £2,462,400. This amount includes £870,120 to procure services to support individuals arriving into these properties for the first 12 months.

7.5 Procurement Implications (if required)

7.5.1 For the provision of Year 1 Accommodation, Orientation & Support services, the total cost of procuring services for the additional refugees accommodated in properties acquired via the Housing Fund is not expected to exceed £870,120 – but this will depend on the final number of bedspaces acquired. Procurement of this service will be via the Refugee Integration & Support Services Flexible Contracting Agreement which will be in place by the end of January 2023.

7.6 Human Resources Implications (if required)

7.6.1 None

7.7 Public Sector Equality Duty

7.6.1 An Equality Assessment is shown at **Appendix 4**.

8 Environment Sustainability Assessment

8.1 An Environmental Sustainability Assessment is shown at **Appendix 5**.

9 Background Documents

July 2021 Afghan resettlement ARAP

December 2021 Afghan resettlement ACRS

July 2022 Flexible Contracting Agreement / Framework

List of appendices accompanying this report:

Appendix 1. Letter to Chief Executive with BCC's allocation

Appendix 2. DLUHC scheme prospectus

Appendix 3. MoU template

Appendix 4. Equality Assessment

Appendix 5. Environmental Sustainability Assessment