



Committee and Date

Item

Council 6 July 2023

Public



Local Authority Housing Fund Round 2

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Cabinet Member (Portfolio Holder):	Dean Carroll		

1. Synopsis

This report sets out a proposed programme to acquire homes for Afghan refugees and temporary accommodation using capital funding allocated by the Department of Levelling Up, Housing and Communities (DLUHC) under the recently launched Local Authority Housing Fund round 2.

2. Executive Summary

- 2.1. A key priority of the Healthy People priority of the Shropshire Plan is tackling inequality. The most extreme form of housing inequality is homelessness; therefore, it is vital that the Council seeks to prevent homelessness and where households become homeless the Council ensures that they are able to access an affordable dwelling which meets their needs.
- 2.2. Shropshire Council has been allocated £1.20m under the Local Authority Housing Fund round 2 (LAHF R2) to acquire nine dwellings to be initially allocated to Afghan refugee households; and one dwelling to be used for temporary accommodation for homeless households where the Council owes the interim duty

to accommodate¹. Once the immediate need is met, the dwellings can be used to alleviate the Council's wider housing and homelessness pressures.

- 2.3. The grant funding is to be paid in 2023-24 under section 31 of the Local Government Act 2003. In order to receive the first tranche of funding the Council is required to sign a Memorandum of Understanding (MoU) and return this to DLUHC either by 14 July 2023 to receive a payment by the end of July or by 14 August 2023 at the very latest. A template of the MoU is contained at Appendix I.
- 2.4. Although by signing the MoU the Council agrees to make best endeavours to deliver the target of ten homes by 29 March 2024, if the Council is unable to meet this target (and DLUHC chooses not to extend the long-stop date) the Council will be required to return any unspent grant, but will not be subject to any penalties.
- 2.5. This report proposes a programme of up to £2.62m comprising the allocated grant, the use of Section 106 commuted sums and borrowing on rental income to acquire suitable homes to provide affordable housing to meet the needs of Afghan refugees and homeless households to whom the Council owes the interim duty to accommodate. The homes will be held in the Housing Revenue Account² (HRA) and will be managed by the Council's Arms' Length Management Organisation (ALMO) Shropshire Towns and Rural (STAR) Housing.

3. Recommendations

- 3.1. Agree to enter into the MoU with DLUHC, on the basis that the Council will use its best endeavours to acquire the full target of dwellings to which the allocation of grant funding relates and delegates authority to the Executive Director of Resources to agree, sign and return the MoU by the deadline of 14 July 2023.
- 3.2. Approve that capital investment of up to £0.45m of Section 106 commuted sums and prudential borrowing on rental income of up to £0.97m is used to match fund the DLUHC grant funding of £1.20m to acquire up to ten dwellings into the HRA.
- 3.3. Delegate to the Executive Director of Resources, in consultation with the Assistant Director of Homes and Communities and the Head of Property and Development the authority to approve a final business case and financial appraisals setting out the financial arrangements to support the acquisitions of dwellings into the HRA.
- 3.4. Delegate to the Head of Property and Development, in consultation with the Portfolio Holder for Growth, Regeneration and Housing, the authority to agree and complete appropriate freehold acquisitions.

¹ Households are accommodated by the Council under the interim duty when the Council has reason to believe that the household is eligible for assistance, homeless and in priority need; and where the main duty is owed, the Council has determined that the household is unintentionally homeless, eligible for assistance and in priority need.

² The HRA is the Council's landlord account; it is a ring-fenced account within the General Fund.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The Council has three options:

- Option A: To agree to accept the funding allocation to deliver the target number of homes.
- Option B: To agree to accept a proportion of the funding allocation, across both elements of the programme, to deliver a reduced number of homes.
- Option C: Decline the funding allocation.

4.2. The risks associated with each option are set out below:

- Option A: The availability of sufficient dwellings for the Council to be able to acquire by the end of March 2024.
- Options B and C: Given the pressures on the Council in relation to temporary accommodation and the difficulties in being able to discharge its homeless duties, it would seem unpragmatic not to accept the full allocation of central government to provide additional affordable housing.

4.3. The above risks can be mitigated as below

- Option A: The Council is currently acquiring dwellings under LAHF round 1, therefore, has already has the resources in place to identify and acquire dwellings. LAHF round 2 would be a continuation of this activity. If sufficient dwellings cannot be sourced then the Council is able to evidence it has used best endeavours to deliver the project and will be able to return any unspent grant funding to DLUHC.
- Options B and C: The Council is seeking to both deliver and access additional affordable housing through attracting Homes England grant, use of usable Right to Buy receipts and the introduction of a revised allocations policy and scheme. However, it should be noted that LAHF round 2 provides a core grant rate of 40% of total scheme cost, plus £20k per dwelling.

4.4. The opportunities associated with each option are set out below

- Option A: Once the initial need of providing Afghan refugees a home, subsequent lettings to the dwellings can be used to meet the Council's wider housing and homelessness pressures.
- Option B: Once the initial need of providing Afghan refugees a home, subsequent lettings to the dwellings can be used to meet the Council's wider housing and homelessness pressures.
- Option C: None.

4.5. Given the risks and opportunities associated with each option, it is recommended to pursue Option A.

- 4.6. An Equality, Social Inclusion and Health Impact Assessment (ESHIA) initial screening record has been completed; this is at Appendix II. This indicates a likely positive impact across the nine Protected Characteristic groupings as set out in the Equality Act 2010, particularly with regard to Age, Disability, Race, Religion or Belief, and Sex. Refugees and asylum seekers are identified as vulnerable individuals and households within the Council's tenth category of consideration, around social inclusion. Whilst this category is not a Protected Characteristic under the Equality Act, it is used by the Council to seek to ensure that due regard is given to individuals and households who are vulnerable by virtue of their circumstances.
- 4.7. The equality, social inclusion and health impacts of the programme will be monitored as part of the funding process and by officers who are working with refugees. The authority will also seek to share approaches with comparator authorities, particularly other rural unitary authorities and other authorities in the West Midlands, in order to promote good practice. The authority will also need to consider additional needs of families with regard to access to places of worship and other communal support mechanisms.
- 4.8. The most extreme form of housing inequality is homelessness, therefore, it is vital that the Council seeks to prevent homelessness and where households become homeless the Council ensures that they are able to access affordable dwelling which meets their needs. People experiencing homelessness face significant health inequalities and poorer health outcomes as compared to the rest of the population. Therefore, being able to access a settled, affordable home which meets a household's needs is essential to health and well-being, especially those families who have fled conflict.

5. Financial Implications

- 5.1. The proposed programme will seek to deliver up to 10 two- three- and four-bedroom dwellings, through the acquisition of suitable homes. All accommodation will be held in the HRA and will be managed by the Council's ALMO, STAR Housing.
- 5.2. The grant allocation for each part of the programme is set out in Figure 1 below, providing an overall grant allocation of £1.20m. This allocation comprises a core grant of £1m for ten dwellings, plus £20k per dwelling. The maximum average core grant rate per unit (for the portfolio of dwellings acquired, not individual purchases) is calculated as 40% of the total scheme costs, plus £20k per dwelling.

Figure 1

	Tranche 1 allocation	Tranche 2 allocation	Total allocation
Properties for households that meet the resettlement scheme element eligibility criteria for this Programme	£324,000	£756,000	£1,080,000
Properties for households that meet the TA element eligibility criteria for this Programme	£36,000	£84,000	£120,000

Total funding	£360,000	£840,000	£1,200,000
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- 5.3. In order to receive the first tranche of funding the Council is required to sign and return the MoU contained at Appendix I to DLUHC either by 14 July 2023 or by 14 August 2023. Although by signing the MoU the Council agrees to use its best endeavours to deliver the target of ten homes by 29 March 2024, if the Council is unable to meet this target (and DLUHC chooses not to extend the long-stop date) the Council will be required to return any unspent grant, but will not be subject to any penalties.
- 5.4. As can be seen from Figure 2 below it is anticipated that the proposed programme of up to ten units will have an indicative total scheme cost of approximately £2.62m, however this will be subject to market costs at the time of acquisition. It is proposed that eligible grant funding is match funded using a combination of up to £0.45m section 106 commuted sums and up to £0.97m of prudential borrowing on rental income.
- 5.5. Cost projections are based on the following assumptions, however, these are based on figures available today and will be subject to future variation, for example, the Public Works Loan Board (PWLB) prevailing interest rates:
- The acquisition and works cost is based on potential suitable dwellings which will be subject to availability at the time of acquisition;
 - Majority of main programme acquisitions to be three-bedroom houses;
 - Depreciation is based on 2023-24 average rate;
 - The PWLB interest rate for borrowing minus 40 basis points (in line with the Spring Budget 2023);
 - Allowances based on existing average for general needs dwellings;
 - Rental income has been set at the three-bedroom Shropshire Broad Rental Market Area (BRMA) Local Housing Allowance (LHA) rates; to compensate for the LHA not being subject to an annual increase the model assumes a 1% annual rental increase; and
 - The Stamp Duty Land Tax exception (as per the Spring Budget 2023).

Figure 2

Capital – HRA

Acquisition and works cost	£2,600,000
Estimated on costs	£20,000
Total scheme cost	£2,620,000

Total scheme grant	£1,200,000
S106 Commuted Sums	£450,000
Borrowing on rental income	£970,000
Total scheme cost	£2,620,000

Revenue - HRA

	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation (sinking fund)	£11,000	£11,000	£11,000	£11,000	£11,000
Interest on borrowing	£49,664	£49,664	£49,664	£49,664	£49,664
Management and maintenance	£8,500	£8,755	£9,018	£9,288	£9,567
Void allowance	£748	£770	£794	£817	£842
Bad debt	£748	£770	£794	£817	£842

Rental income	(£74,797)	(£75,545)	(£76,300)	(£77,063)	(£77,834)
Deficit / (Income)	(£4,137)	(£4,585)	(£5,032)	(£5,476)	(£5,919)

6. Climate Change Appraisal

6.1. Energy and fuel consumption:

- The sustainability and energy performance of accommodation will be considered as part of each business case to acquire individual dwellings or a scheme of dwellings. All acquisitions will either have a minimum SAP rating of Band C or will be improved to this rating.

6.2. Renewable energy generation:

- Each individual dwelling or scheme of dwellings will be considered for opportunities for renewable energy generation.

6.3. Carbon offsetting or mitigation:

- Given the nature and type of accommodation to be delivered under this programme, it is unlikely that there will be opportunities for carbon offsetting or mitigation.

6.4. Climate change adaptation:

- The identification of dwellings will take into account the potential need for climate change adaptation to manage the effects of more extreme weather.

7. Background

7.1. Launched in December 2022, the Local Authority Housing Fund round 1 is a £500m capital grant fund in financial years 2022-23 and 2023-24 to support selected local authorities in England to acquire dwellings in order to provide sustainable housing for those unable to secure their own accommodation who are in the Country under the following schemes:

- Afghan Citizen Resettlement Scheme (ACRS);
- Afghan Relocations and Assistance Policy (ARAP);
- Ukraine Family Scheme;
- Homes for Ukraine; and
- Ukraine Extension Scheme

7.2. As well as helping to fulfil the United Kingdom's humanitarian duties to assist those fleeing war, the Fund seeks to reduce the impact of new arrivals on existing housing pressures and create an additional supply of affordable housing for local authorities to help address local housing and homelessness pressures in the longer-term. Shropshire Council is currently acquiring dwellings to seek to deliver its allocation of funding to deliver up to 30 dwellings for Ukrainian and Afghan refugees.

7.3. On 7 June 2023 the Government launched the Local Authority Housing Fund round 2 (LAHF R2), this being a £250m capital grant fund to run over the financial year 2023-24. The majority of the funding is to be used by local authorities to

acquire dwellings to house families on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to acquire dwellings for use as temporary accommodation to ease wider homelessness pressures.

7.4. The objectives of LAHF R2 are to:

- Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities;
- Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to those owed homelessness duties by local authorities;
- Reduce emergency, temporary and bridging accommodation costs; and
- Reduce impact on the existing housing and homelessness systems and those waiting for social housing.

7.5. When determining the size, type and location of properties to acquire, local authorities are to work with their Strategic Migration Partnership, government staff based in bridging hotels and the Home Office to identify needs and match families to suitable properties. The prospectus anticipates that, given the average family size of those on the Afghan resettlement schemes, the vast majority of properties acquired will be family sized homes.

7.6. Given the objectives of the fund, those eligible for the ACRS and ARAP resettlement scheme element housing are those who are on:

- Afghan Citizen Resettlement Scheme (ACRS – including eligible British Nationals under this scheme) or
- those assisted under the Afghan Relocations and Assistance Policy (ARAP)

7.7. This includes households who are currently in bridging accommodation or who have left bridging hotels and are homeless, at risk of homelessness, or living in unsuitable temporary accommodation.

7.8. Those eligible for the accommodation provided by the temporary accommodation element of the fund are those owed a homelessness duty by the local authority. Given the purpose of this funding, it is expected that families will be the primary recipients.

7.9. Flexible funding of £7,100 per person is also available on application to the Home Office to help local authorities move Afghan families into settled accommodation. These monies can potentially used as match funding LAHF properties for Afghan families. However, the local authority can only claim this where it is providing the family with support in accessing this accommodation, and the family has confirmed as moving into settled accommodation from bridging or temporary accommodation.

7.10. In cases where the local authority has accepted a homelessness duty (relief or main) for an Afghan refugee household, the local authority would be eligible to claim the £9,150 per household homelessness funding, as well as the wider wrap

around funding, from the Home until a LAHF property became ready for the household to move-in.

- 7.11. The first tranche of LAHF R2 (30% of the funding) provided by DLUHC will be paid in July/August and the second tranche of funding (70%) will be paid in October/December (the second tranche of funding is paid once the local authority has spent 60% of their first tranche of funding).
- 7.12. Shropshire Council has been allocated capital grant funding of £1.20m to acquire a target of ten dwellings by the end of March 2024. A requirement of the funding is that initial lettings to nine dwellings will be to households on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation, with one dwelling being used as temporary accommodation. This requires the use of a local lettings policy. Once the immediate need is met, then the dwellings can be used to help alleviate the Council's wider housing and homelessness pressures.
- 7.13. Although Shropshire does not contain any bridging hotels for Afghan households, families are accommodated in the West Midlands and it is important for the Council to assist where possible in providing settled accommodation.

8. Conclusions

- 8.1. Given the pressures on the Council surrounding its homelessness duties, and that when the initial need of providing Afghan refugees a home, subsequent lettings can be used to help meet the Council's wider housing and homelessness pressures, it would seem pragmatic to accept the full allocation of capital funding to acquire the target number of homes and use best endeavours to deliver.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

DLUHC (June 2023) Local Authority Housing Fund Prospectus and Guidance
Council Report of 2 March 2023, "Local Authority Housing Fund"

Local Member: All

Appendices

Appendix I: Memorandum of Understanding

Appendix II: Equality, Social Inclusion and Health Impact Assessment (ESHIA)

Appendix I

MEMORANDUM OF UNDERSTANDING

Between

Department for Levelling Up, Housing and Communities

-and-

XXXXXXXXXXXXXX

1. Purpose

- 1.1. This Memorandum of Understanding ('MOU') sets out the agreed working relationship between the Department for Levelling Up, Housing and Communities ('DLUHC') and xxxxxx ('the Council') regarding the administration and delivery of the Local Authority Housing Fund – second funding round ('LAHF R2').
- 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 5.4.
- 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. LAHF R2 was launched on 7 June 2023. The details of the fund were shared on that date with the Council in the document 'Local Authority Housing Fund – second funding round Prospectus and Guidance' ('the Prospectus').
- 2.2. LAHF R2 is a £250m capital grant fund to:
 - provide sustainable housing for those on Afghan resettlement schemes (ARAP/ACRS) who currently reside or formerly resided in bridging accommodation
 - ease wider homelessness pressures.
- 2.3. The objectives of LAHF R2 are to:
 - Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so they can build new lives in the UK, find employment and integrate into communities.
 - Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to families owed homelessness duties by LAs.
 - Reduce emergency, temporary and bridging accommodation costs.
 - Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

- 2.4. DLUHC has accepted the Council's plan to provide xx homes ('the delivery target') under LAHF R2, and DLUHC will provide a grant of £xxxxx ('the total allocation'). The Council agrees the following targets to deliver at least:
- xx properties for households that meet the **resettlement scheme element** eligibility criteria outlined in section 3.2 of the Prospectus;
 - xx properties to be allocated to households that meet the TA element eligibility criteria outlined in section 3.2 of the Prospectus.
- 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 R2 funding has been provided specifically for spending on LAHF R2 priorities and the Council agrees to spend LAHF R2 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) is calculated as 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 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.
- 3.5. The Council or its delivery partner(s) will fund the outstanding share for each property.
- 3.6. 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.

Table 1 – Funding allocation

	Tranche 1 allocation	Tranche 2 allocation	Total allocation
Properties for households that meet the resettlement scheme element eligibility criteria for this Programme			
Properties for households that meet the TA element eligibility criteria for this Programme			
Total funding			

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 resettlement scheme households 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 above 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 number 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. Requests will be considered based on the progress of the reallocations process as outlined in Section 5.2 of the Prospectus and confirmed in writing.

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 Section 151 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 below, 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 milestones	Requirement for payment milestone	Payment by
Tranche 1 payment (30% of total allocation)	EITHER Signing of this MOU by 14 July 2023	Last working day of July 2023
	OR Signing of this MOU by 14 August 2023	Last working day of August 2023
Tranche 2 Payment (70% of total allocation)	EITHER 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
	OR 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 MOU 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

- 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, local authority housing companies or other bodies 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 of this MOU.
- 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 9 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 Statement of Grant Usage Section 151 officer or deputy Section 151 officer 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 xxxxxxxx

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.

Table 3 – Monitoring Data

Item	Frequency
Number of properties where contracts exchanged, including: <ul style="list-style-type: none"> • bedroom size • whether located in another borough area • who will own the dwellings • how properties obtained 	Every 2 months
Number of properties occupied / ready to let, including bedroom size	Every 2 months
Number of resettlement scheme households housed	Every 2 months
Number of pending resettlement scheme 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 4 – Evaluation 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 resettlement scheme households housed by previous housing situation, e.g. in bridging hotel, in LA 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.	

- 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

- 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 *in addition* to submitting the form by 5pm on the dates outlined below.
3. The Section 151 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

Table 5 – Monitoring Touchpoint Dates

Monitoring touchpoint	Microsoft Form to be submitted by 5pm on the following dates	Section 151 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.

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).

Appendix II: Equality, Social Inclusion and Health Impact Assessment (ESHIA)**Initial Screening Record****A. Summary Sheet on Accountability and Actions**

Name of proposed service change
<i>Local Authority Housing Fund round 2</i>

Name of lead officer carrying out the screening
Melanie Holland

Decision, review, and monitoring

Decision	Yes	No
Initial (part one) ESHIA Only?	✓	
Proceed to Full ESHIA or HIA (part two) Report?		✓

If completion of an initial or Part One assessment is an appropriate and proportionate action at this stage, please use the boxes above. If a Full or Part Two report is required, please move on to full report stage once you have completed this initial screening assessment as a record of the considerations which you have given to this matter.

Actions to mitigate negative impact or enhance positive impact of the service change in terms of equality, social inclusion, and health considerations
<p>The funding is to for the Council to acquire nine homes to be allocated to households on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and to acquire one dwelling to be used as temporary accommodation for homeless households whom the Council owes the interim duty to accommodate. Homelessness is not only the most acute form of housing inequality it also results in social inclusion and poor health outcomes. Therefore, by the Council agreeing to accept the full allocation of funding to deliver homes to tackle and prevent homelessness and using best endeavours to meet the target of ten homes then it will help enhance the positive impact of the funding.</p> <p>There is a likely positive impact across the nine Protected Characteristic groupings as set out in the Equality Act 2010, particularly with regard to Age, Disability, Race, Religion or Belief, and Sex. Refugees are identified as vulnerable individuals and households within the Council's tenth category of consideration, around social inclusion. Whilst this category is not a Protected Characteristic under the Equality Act, it is used by the Council to seek to ensure that due regard is given to individuals and households who are vulnerable, into which grouping refugees assuredly fall as well as intersectionality across Protected Characteristic groupings.</p>

Actions to review and monitor the impact of the service change in terms of equality, social inclusion, and health considerations

The equality, social inclusion and health impacts of the programme will be monitored as part of the funding process and by officers who are working with refugees.

The authority will also seek to share approaches with comparator authorities, particularly other rural unitary authorities and other authorities in the West Midlands, in order to promote good practice

The authority will also need to consider additional needs of families with regard to access to places of worship and other communal support mechanisms.

Associated ESHIAs

ESHIAs have been carried out in relation to the Council’s overall housing policy approaches and in relation to the Council’s overall strategic approach, ie the Shropshire Plan.

Actions to mitigate negative impact, enhance positive impact, and review and monitor overall impacts in terms of any other considerations. This includes climate change considerations

Climate change

Energy and fuel consumption: The sustainability and energy performance of accommodation will be considered as part of each business case to acquire individual dwellings or a scheme of dwellings. All acquisitions will either have a minimum SAP rating of Band C or will be improved to this rating.

Renewable energy generation: Each individual dwelling or scheme of dwellings will be considered for opportunities for renewable energy generation.

Carbon offsetting or mitigation: Given the nature and type of accommodation to be delivered under this programme, it is unlikely that there will be opportunities for carbon offsetting or mitigation.

Climate change adaptation: The identification of dwellings will take into account the potential need for climate change adaptation to manage the effects of more extreme weather.


Health and well being

The most extreme form of housing inequality is homelessness, therefore, it vital that the Council seeks to prevent homelessness and where households become homeless the Council ensures that they are able to access affordable dwelling which meets their needs. People experiencing homelessness face significant health inequalities and poorer health outcomes as compared to the rest of the population. Therefore, being able to access a settled, affordable home which meets a household’s needs is essential to health and well-being, especially those families who have fled conflict.

Economic and societal/wider community

By preventing homelessness and where households become homeless the Council ensures that they are able to access affordable dwelling which meets their needs, the benefits are not limited to improving the individual health and wellbeing of those allocated housing but can be much wider. For example, the provision of settled, affordable housing can result in households being able to escape the “benefits trap”.

Scrutiny at Part One screening stage

People involved	Signatures	Date
<i>Lead officer carrying out the screening</i>		18 June 2023
<i>Any internal service area support*</i>		
<i>Any external support**</i>		

****This refers to other officers within the service area***

*****This refers to support external to the service but within the Council, e.g., the Rurality and Equalities Specialist, the Feedback and Insight Team, performance data specialists, Climate Change specialists, and Public Health colleagues***

Sign off at Part One screening stage

Name	Signatures	Date
<i>Lead officer's name</i>		
<i>Accountable officer's name</i>		

****This may either be the Head of Service or the lead officer***

B. Detailed Screening Assessment

Aims of the service change and description

Shropshire Council has been allocated £1.2m under the Local Authority Housing Fund round 2 to acquire ten dwellings, nine of which to be initially allocated to Afghan refugees on resettlement schemes currently accommodated in bridging hotels and one dwelling can be used as temporary accommodation. Once the immediate need is met, the dwellings can be used to meet the Council's wider housing and homelessness pressures.

The grant funding is to be paid in 2023-24 under section 31 of the Local Government Act 2003. In order to receive the first tranche of funding the Council is required to sign and return the Memorandum of Understanding (MoU) contained at Appendix I to DLUHC by 14 August 2023 at the latest.

Although by signing the MoU the Council agrees to make best endeavours to deliver the target of ten homes by 29 March 2024, if the Council is unable to meet this target (and DLUHC chooses not to extend the long-stop date) the Council will be required to return any unspent grant, but will not be subject to any penalties.

This report proposes a programme of up to £2.62m comprising the allocated grant, the use of Section 106 commuted sums and borrowing on rental income to acquire suitable homes to provide affordable housing to meet the needs of Ukraine and Afghan refugees who are homeless or at risk of homelessness. The homes will be held in the Housing Revenue Account³ (HRA) and will be managed by the Council's Arms' Length Management Organisation (ALMO) Shropshire Towns and Rural (STAR) Housing.

Intended audiences and target groups for the service change

Afghan refugee households who are on resettlement programmes currently in bridging hotels and homeless homelessness whom the Council owes the interim duty to accommodate.

Evidence used for screening of the service change

N/A

Specific consultation and engagement with intended audiences and target groups for the service change

N/A

Initial equality impact assessment by grouping (Initial health impact assessment is included below)

Please rate the impact that you perceive the service change is likely to have on a group, through stating this in the relevant column.

Please state if it is anticipated to be neutral (no impact) and add any extra notes that you think might be helpful for readers.

³ The HRA is the Council's landlord account; it is a ring-fenced account within the General Fund.

Protected Characteristic groupings and other groupings in Shropshire	High negative impact <i>Part Two ESIIA required</i>	High positive impact <i>Part One ESIIA required</i>	Medium positive or negative impact <i>Part One ESIIA required</i>	Low positive, negative, or neutral impact (please specify) <i>Part One ESIIA required</i>
<u>Age</u> (please include children, young people, young people leaving care, people of working age, older people. Some people may belong to more than one group e.g., a child or young person for whom there are safeguarding concerns e.g., an older person with disability)			Positive impact	
<u>Disability</u> (please include mental health conditions and syndromes; hidden disabilities including autism and Crohn's disease; physical and sensory disabilities or impairments; learning disabilities; Multiple Sclerosis; cancer; and HIV)			Positive impact	
<u>Gender re-assignment</u> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				Neutral impact
<u>Marriage and Civil Partnership</u> (please include associated aspects: caring responsibility, potential for bullying and harassment)				Neutral impact
<u>Pregnancy and Maternity</u> (please include associated aspects: safety, caring				Neutral impact

responsibility, potential for bullying and harassment)				
<u>Race</u> (please include ethnicity, nationality, culture, language, Gypsy, Traveller)			Positive impact	
<u>Religion and belief</u> (please include Buddhism, Christianity, Hinduism, Islam, Jainism, Judaism, Nonconformists; Rastafarianism; Shinto, Sikhism, Taoism, Zoroastrianism, and any others)			Positive impact	
<u>Sex</u> (this can also be viewed as relating to gender. Please include associated aspects: safety, caring responsibility, potential for bullying and harassment)			Positive impact	
<u>Sexual Orientation</u> (please include associated aspects: safety; caring responsibility; potential for bullying and harassment)				Neutral impact
<u>Other: Social Inclusion</u> (please include families and friends with caring responsibilities; households in poverty; people for whom there are safeguarding concerns; people you consider to be vulnerable; people with health inequalities; refugees and asylum seekers; rural			Positive impact	

communities; veterans and serving members of the armed forces and their families)				
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Initial health and wellbeing impact assessment by category

Please rate the impact that you perceive the service change is likely to have with regard to health and wellbeing, through stating this in the relevant column.

Please state if it is anticipated to be neutral (no impact) and add any extra notes that you think might be helpful for readers.

Health and wellbeing: individuals and communities in Shropshire	High negative impact <i>Part Two HIA required</i>	High positive impact	Medium positive or negative impact	Low positive negative or neutral impact (please specify)
<p>Will the proposal have a <i>direct impact</i> on an individual's health, mental health and wellbeing?</p> <p>For example, would it cause ill health, affecting social inclusion, independence and participation?</p> <p>.</p>			Positive impact	
<p>Will the proposal <i>indirectly impact</i> an individual's ability to improve their own health and wellbeing?</p> <p>For example, will it affect their ability to be physically active, choose healthy food, reduce drinking and smoking?</p> <p>.</p>			Positive impact	
<p>Will the policy have a <i>direct impact</i> on the community - social, economic and environmental living</p>				Neutral to low positive

<p>conditions that would impact health?</p> <p>For example, would it affect housing, transport, child development, education, employment opportunities, availability of green space or climate change mitigation?</p> <p>.</p>				
<p>Will there be a likely change in <i>demand</i> for or access to health and social care services?</p> <p>For example: Primary Care, Hospital Care, Community Services, Mental Health, Local Authority services including Social Services?</p> <p>.</p>			<p>Positive impact</p>	

Identification of likely impact of the service change in terms of other considerations including climate change and economic or societal impacts

This will be kept under review as the project progresses.