

# Somerset West and Taunton Council

## Executive – 15 March 2023

### Local Authority Housing Fund – New Affordable Housing Supply to support the resettlement of Ukrainian and Afghan Refugees

This matter is the responsibility of Executive Councillor Francesca Smith, Portfolio Holder for Housing

Report Author: Chris Brown, Assistant Director Development & Regeneration

#### 1 Executive Summary / Purpose of the Report

##### Summary / Background

- 1.1 On 21 December 2022 Government issued a Prospectus and Guidance document for a Local Authority Housing Fund (LAHF). The fund is to support selected local authorities in England to obtain and refurbish property to provide sustainable housing (for those unable to secure their own accommodation) who are here under the following schemes: Afghan Citizen Resettlement Scheme (ACRS), Afghan Relocations and Assistance Policy (ARAP) (collectively referred to as the Afghan Schemes), Ukraine Family Scheme, the Homes for Ukraine, and the Ukraine Extension Scheme (collectively referred to as Ukraine schemes).
- 1.2 The Government has issued provisional capital grant allocations to three of the four current districts in Somerset and required districts to submit a Validation Form by 25 January 2023 indicating the number of additional homes that could be delivered from commencement of the scheme through to November 2023 (although grant is expected to be provided for relevant expenditure incurred by 31 March 2024). The Somerset West and Taunton Districts contribution is 16 homes.
- 1.3 SWT along with other Somerset Local authorities are required to enter a Memorandum of Understanding (MOU) with the Department for Levelling Up, Housing and Communities (DLUHC) confirming agreed delivery plans and use of capital grant funding. The SWT MOU can be found at Appendix 2 of this report.
- 1.4 It is anticipated expenditure for this scheme will fall within 2023/24 financial year. This report asks the SWT Executive to endorse the scheme which will be progressed by the new Somerset Council.

#### 2 Recommendations

- 2.1 That the Executive Committee approves the following recommendations:

- a) supports the ambitions of the Local Authority Housing Fund as expressed in this report and in the report to Somerset County Council Executive (Appendix 1)
- b) delegate authority to SWTCs Assistant Director Development & Regeneration in consultation with the Director of Homes and Communities to progress the scheme up to 31<sup>st</sup> March 2023 and to SWTC's S151 Officer to sign the Memorandum of Understanding on behalf of SWT (appendix 2).

### 3 Risk Assessment

3.1 Below are the main risks relating to the proposal:

Risk	Score out of 25 based on probability x impact	Mitigation
Financial Risks	4 (1 x 4)	The Government fund circa 40% of the scheme and SCC has identified funding to support the balance for 31 units county wide. The scheme is not anticipated to call on general fund borrowing to achieve its ambitions. Up to £4m of grant funding received by Somerset County Council aimed at supporting refugees in Somerset will act as the match funding.
Cost inflation	15 (3 x 5)	Costs of the scheme are susceptible to housing market price volatility, and construction supply chain costs particularly in the current high inflation environment. There are also competing government funding schemes aimed at purchasing homes for the same purpose. The SC scheme will need to be mindful that purchase prices will escalate if the two government schemes compete for the same dwellings.
Timescales	16 (4 x 4)	Risk of failing to complete the investment within the agreed timescales, with DLUHC seeking acquisitions to be completed by November 2023 and all eligible expenditure incurred by March 2024. SWT is aware that the districts housing market remains strong with post-COVID resettlement, the demand for accommodation from Hinkley Point C and insufficient new build accommodation to meet need. The initiative will need to compete within this environment.
Availability of suitable market properties	16 (4 x 4)	The government funding is based on a calculation which relates to the average price of the lowest quartile properties in the district. This means that the funds are moderate and officers acquiring homes will need to be skilful in finding affordable units.

Risk	Score out of 25 based on probability x impact	Mitigation
Ensuring new tenants can sustain tenancies	15 (3 x 5)	A wrap around package of care will be required to help families sustain their new tenancy. The initiative will have two delivery themes which will be People and Homes. The people themes lead will set the brief required to successfully house the clients and be responsible for tenancy sustainment. The Homes leads will purchase properties to that brief.

#### 4 Background and full details of the report

- 4.1 The purpose of this initiative mirrors the details presented to SCC whose report can be found in Appendix 1.
- 4.2 The Government provides several resettlement schemes to play a role in the global response to humanitarian crisis which seek to save lives and offer stability to refugees most in need of protection.
- 4.3 The Government has several schemes providing accommodation often on a temporary basis throughout the United Kingdom. These temporary periods can be lengthy and the accommodation unsuitable for example bed & breakfast, hostel, or hotel accommodation.
- 4.4 There are currently 6 resettled Afghan families (including 15 adults and 17 children in the county placed in 3 Somerset districts. All cases have arrived under the Afghan Relocations and Assistance Policy (ARAP) and Afghan Citizens Relocation Scheme, families who were evacuated from Afghanistan in 2021.
- 4.5 There are 1,417 Ukrainian guests who have arrived safely in Somerset through the Homes for Ukraine scheme, hosted by 745 Somerset individuals. SCC has pledged to support a further 10 families (UKRS/ARAP/ACRS) in the next 14 months, 1 ARAP family will be arriving in March 23 and a further 9 (ARAP/ACRS/UKRS) over the course of the 2023/24). These families will be in addition to the Afghan families that will be supported through LAHF.
- 4.6 Most Afghan and Ukrainian refugees are housed in temporary accommodation with Afghan refugees having 'indefinite leave to remain' and Ukrainian refugees having three year visas. These households are located throughout the County however there are locations where the number of households are greater. The greatest number of households are in the Somerset West and Taunton District and particularly around Taunton. Many of these households will have started to create support networks and potentially links to schools, training, and employment.
- 4.7 In December 2022, the Government announced a £650m fund including £500m for Councils in England to acquire housing stock for those fleeing conflict including from Ukraine and Afghanistan and reduce homelessness.

- 4.8 Somerset Council proposes to match fund the LAHF with approximately £3.8m (with up to £4m potentially available) Ukrainian refugee Funding already received. This match funding should permit 31 homes to be acquired at a total programme cost of £7.5m.
- 4.9 In delivering the Somerset programme two workstreams will coordinate their activity and share their expertise. The workstreams are People and Property.
- 4.10 The People Team, using the skills and expertise of the Somerset Displaced Peoples service, will look to identify families ready for long term accommodation and ensure the localities and property characteristics are appropriate. The people theme will utilise some funding for tenancy sustainment work to ensure adequate support to families seeking long term accommodation. This support will be available before, during and after their move.
- 4.11 The Property team, using the skills of the Council's Asset managers both General Fund and Housing (Housing Revenue Account – HRA) will be tasked to acquire homes in locations and with the characteristics identified through the People workstream. The Property theme will have a budget to acquire the 31 homes in the County to the property brief provided. This paper seeks delegated authority to the Executive Director for Communities for LAHF acquisitions. Members should note that the new council will identify the most appropriate properties based on a county wide assessment. This means that that number of units purchased in the SWT district could be amended, higher or lower, post April 2023.
- 4.12 The workstreams will work together and benefit from a lead officer coordinating the programme under the direction of the Executive Director for Communities.
- 4.13 Recent experience including SWTs responses to the 'Everybody in' directive of Government reinforced that many residents are supportive of initiatives to support the most vulnerable. Indeed, we have seen new partnerships develop in the county with residents actively seeking a greater role and responsibility to support vulnerable households for example Trull Multifaith Group and Citizens Somerset. However, there is a need to ensure Somerset communities receive timely information, can ask their questions, and receive answers. A community communication strategy will be developed to manage information, promote positive outcomes, and seek to limit concerns.
- 4.14 The programme offers an early opportunity to use the combined expertise which will be present in the new Council to deliver positive outcomes for Somerset.
- 4.15 The Council's Housing landlord services (Housing Revenue Account funded services) in SWT and SDC offers an alternative host to the General Fund for any acquired properties. There are advantages for the new Council to use the HRA as it would allow new tenants of the Council to receive a secure tenancy agreement with compliance, property maintenance service and tenancy support delivered in line with circa 9000 other Somerset households.

## **5 Links to Corporate Strategy**

- 5.1 Maximising affordable housing remains a corporate objective and a Somerset Housing strategy objective. New affordable housing supply is important for the district and these homes will be remain assets of the authority post their initial let.
- 5.2 The schemes support the Council ambitions to minimise homelessness and tackle rough sleeping including the Somerset Homeless and Rough Sleeping Strategy and SWTs Single Homeless Accommodation Strategy.

## **6 Finance / Resource Implications**

- 6.1 The initial grant allocations presented to the three districts totals £6.003m, with a target to deliver 56 affordable homes (52 units – up to 3 bedrooms, 4 units – 4+ bedrooms). To deliver this quantum, match funding of at least £6.965m would need to be identified, giving a total potential investment of at least £12.968m.
- 6.2 The grants available have been calculated by government based on average house prices in locations across two types:
  - "Main" units – homes with up to 3 bedrooms, with average anticipated costs in the range £185,000 to £219,950. LAHF Grant can be applied towards 40% of costs up to the total allocation available for the number of properties delivered.
  - "Bridging" units – homes with 4+ bedrooms, with average anticipated costs in the range £335,000 to £398,288. LAHF Grant can be applied towards 50% of costs up to the total allocation available for the number of properties delivered.
  - An additional amount of £20,000 on average per property is also included for refurbishment and other costs required to bring properties into suitable habitable standard. LAHF Grant can be applied towards 100% of costs up to the total allocation available for the number of properties delivered.
- 6.3 In the time available to respond to DLUHC under this initiative the County Council has been able to identify up to £4,000,000 in match funding to support this scheme, using currently uncommitted funds from the local authority Homes for Ukraine tariff grant.
- 6.4 Officers have assessed the potential to acquire properties that will be suitable and affordable under this scheme and across the three districts have submitted indicative plans to deliver 31 additional homes within the timeframe set within the Prospectus. It is estimated the total capital costs will be £7,439,000 based on the Government's assumption of average costs. The capital grant available at this volume would be £3,668,000 and this would be capped at this level. The match funding for this total investment will be £3,771,000.
- 6.5 It is proposed to allow a small contingency within the requested budget giving a total budget of £7,500,000. The following table provides a summary of the capital budget requirement and funding plan.

Area:	Number of units		Total Costs £m	Funding	
	Up to 3 Bed	4+ Bed		LAHF Grant £m	LA Match £m
Mendip	7	1	2.098	0.975	1.123
Sedgemoor	6	1	1.585	0.751	0.834
Somerset West and Taunton	14	2	3.756	1.942	1.814
Contingency			0.061	0	0.061
<b>Totals</b>	<b>27</b>	<b>4</b>	<b>7.500</b>	<b>3.668</b>	<b>3.832</b>
	<b>Total Units: 31</b>			<b>Total Funding: £7.5m</b>	

- 6.6 Costs will need to be accounted for in line with standard and proper accounting practices.
- 6.7 Housing development and property management, procurement and legal resources will be required to progress the scheme and complete all necessary due diligence, as well as finance advice and support for financial planning and accounting. These skills and capacity are available within the new council.
- 6.8 Costs will be incurred in 2023/24 however DLUHC is seeking authorities enter MOUs by March 2023. The districts will each enter the MOU, as the recipients of the grant allocations, with SCC Executive on 15 March 2023 being requested to confirm S24 specific consent that commits Somerset Council to delivering the scheme.

### **Unitary Council Financial Implications and S24 Direction Implications**

- 6.9 The new Somerset Council will be responsible for the delivery and funding of the scheme and adopt the MOU and its responsibilities.

## **7 Legal Implications**

- 7.1 The Government require the MOU to be signed before 31<sup>st</sup> March 2023 and therefore the three Somerset districts set to receive the funds are required to formally agree their MOU. However, in April 2023 the new Somerset Council will adopt the legal responsibilities associated with the MOU.
- 7.2 SCC Executive is considering the report found at Appendix 1 on 15<sup>th</sup> March 2023. The recommendation of this report is that SWT support this initiative subject to SCC's Executive approving the recommendations of its report.

## **8 Climate and Sustainability Implications**

- 8.1 All homes acquired will need to achieve standards set by Government. These standards for Council homes are EPC C by 2030 and zero carbon by 2050. If the properties are purchased and placed in the HRA account, then SWTs Low Carbon Retrofit Strategy and targets would be applied to the dwellings.

## **9 Equality and Diversity Implications**

- 9.1 An Equality Impact Assessment can be found at the end of Appendix 1.

9.2 The County has seen a decline in the number of households wanting to sponsor Ukrainians which means that more individuals who will need temporary accommodation and private/social housing will add further pressures to the Councils homeless service.

## **10 Social Value Implications**

10.1 There are no direct social value implications.

## **11 Health and Wellbeing Implications**

11.1 The initiative supports the aims of several high-level Somerset Strategies including Somerset Housing Strategy 2019-2023, Health and Wellbeing Strategy 2019-2028, Somerset Homelessness and Rough Sleeper Strategy 2019-2023, Somerset Growth Plan and Somerset Children and Young People Plan.

11.2 Providing secure and sustainable affordable accommodation for a wide range of customers is part of the new Council's business as usual. The new Council's housing services let and manage accommodation providing customers from diverse backgrounds with good quality homes in safe neighbourhoods. The new Council directly provides and works with partners to manage its homeless duties and partnerships with Registered Providers are well established throughout the County.

## **12 Asset Management Implications**

12.1 The portfolio of the new council will increase through this initiative and discussions will be led on the appropriate hosts account, General Fund or HRA, for these homes.

## **13 Consultation Implications**

13.1 The Council needs to be mindful that the resettlement of refugees must consider the needs of the recipient community as well as those of customers being rehoused. SWT has shown leadership during the everybody indirective as a result of high profile work with homeless customers community organisations have come forward to lead and support initiatives to support vulnerable families and adults.

## **14 Scrutiny/Executive Comments / Recommendation(s)**

14.1 Due to timescales the report has not been able to progress through Community Scrutiny Committee. The views of the Chair of the Community Scrutiny Committee have been requested and will be shared with the Executive at its committee meeting.

### **Democratic Path:**

- Scrutiny Committee - No
- Executive – Yes
- Full Council – No

**Reporting Frequency:** Once Only

## List of Appendices

Appendix 1	SCC Executive Report and Equality Impact Assessment
Appendix 2	Memorandum Of Undertaking

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