

## REPORT TO EXTRAORDINARY COUNCIL MEETING

Date of Meeting: 8<sup>th</sup> August 2023

Report of: Director of City Development

Title: Local Authority Housing Fund (LAHF) Round 2 Funding

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

#### 1. What is the report about?

The Department of Levelling Up, Housing and Communities (DLUHC) has made an additional **£250 million** available to Local Authorities for a second round of the Local Authority Housing Fund for the financial year 2023-24. It is intended that the additional funding is to be used to purchase housing for those households who have come to the UK from Afghanistan through the Afghan Resettlement Scheme. The additional funding comprises two elements; the Resettlement element and the Temporary Accommodation element.

Exeter City Council has provisionally been identified as eligible for **£670,000** capital grant funding to purchase a minimum of 5 homes as per the following indicative allocation (there may be further allocations subject to take up of this scheme nationally):

**Resettlement element:** With this funding ECC is expected to provide a minimum of 4 home (s) for the resettlement element.

**TA element:** With this funding ECC is expected to provide a minimum of 1 home(s) for the TA element.

As with other affordable housing provision, there is an expectation that ECC part funds / finances some of the required capital. Government funding equates to 40% of total capital costs plus **£20,000** per property to account for other costs including refurbishment. The grant rate per property for ECC is **£114,000** (based on the median property prices in our area) plus **£20,000** per property.

It is permissible to bid for less than the 5 properties which would reduce the level of grant received. For the purposes of this report and the recommendations, all assumptions have been modelled on the Council taking the full allocation.

It is expected that homes would be used to relieve some of the pressure in move-on from the bridging hotels (Afghan refugees) and the TA element will be used as Temporary Accommodation for homeless households in Exeter. Once these resettlement needs have

been met the longer term use of the houses would be for determination by the Council e.g. housing and homelessness relief.

Full details of the purpose of the funding, terms and reporting and monitoring arrangements are set out in the Memorandum of Understanding between the Department for Levelling up, Housing and Communities and Exeter City Council at Appendix 1.

**In order to secure this capital grant funding it is estimated that the council would need to contribute £807,500.**

## **2. Recommendations:**

That Council approve:

- (1) Acceptance of the full allocation of £670,000 in DLUHC grant funding.
- (2) The purchase of (five) properties to be held in the Housing Revenue Account.
- (3) That the Council's Capital contribution is funded through £807,500 of available S106 funds.
- (4) Identification and purchase of suitable properties to let to eligible households using introductory tenancies for the first year and fixed term tenancies for up to five years.
- (5) That the rents be set at affordable rates in accordance with the provisions of the Memorandum of Understanding between DLUHC and Exeter City Council and the DLUHC recommended rental funding model Rent Standard – April 2023.
- (6) That the MOU (Appendix 1) be signed and returned to DLUHC by the 14<sup>th</sup> August 2023 confirming the Council's participation in the programme.
- (7) That the Director of City Development and Housing and the relevant Portfolio Holder are given delegated authority to proceed with the acquisitions and to amend the number of properties purchased in line with the agreement above and including where additional government grant may become available (provided that no further capital contribution is required from Exeter City Council).

## **3. Reasons for the recommendation:**

Exeter City Council is committed to supporting refugees, where possible and within available resources, that have been misplaced due to conflict and the Local Authority Housing Fund (LAHF) is an opportunity to bring on additional units of long term family accommodation that will help address much needed accommodation for this cohort and to provide homes for future housing need.

It is highly likely that without additional accommodation being provided there will be more approaches through the homelessness route. There are currently **24** households in local Bridging Hotels who need a long term housing solution. The Home Office is currently funding Bridging Hotels, this funding is due to end in August 2023. After this point households will be able to approach Local Authorities as homeless. Whilst homeless applications from Afghan households are extremely low it is expected to increase with the number of Afghan households moving out of bridging hotels

Subject to council approval, once these properties have been secured they will be an ECC asset held within the Housing Revenue Account (HRA). DLUHC envisages that once all Afghan households have been resettled the Council will be able to use the

properties for other housing needs such as temporary accommodation which is always in high demand.

#### **4. What are the resource implications including non-financial resources?**

There is no additional resource implications as the properties will be fully funded using Government grant funding and S106 funds held by the Council. There is currently **£950,000** of eligible section 106 funds available. The properties will be held within the HRA, and based on a stock profile of **4 x Two Beds** and **1 x Three Beds** it is estimated that the total cost of purchasing properties off the open market would be **£1,477,500**. Alongside contributions of **£670,000** from DLUHC the Council would need to invest a total of **£807,500**. The Council's contribution will come from the use of Section 106 Funding towards the acquisition of affordable housing in Exeter.

#### **5. Section 151 Officer Comments:**

If the Council's allocation comes from section 106 receipts, then there will be no borrowing implications and there will be a positive impact for the HRA.

The decision will reduce the balance of section 106 receipts available to below £150,000. Section 106 receipts are one of the options available to the Council to support the delivery of our own developments, alongside right to buy receipts and borrowing (they cannot be used to fund the same parts of a development as right to buy receipts, but many of our developments are split into phases). Given borrowing rates at the moment they are a critical tool for securing viability of new developments in the HRA.

#### **6. What are the legal aspects?**

The funds are to be provided by central government to authorities in accordance with the provisions of section 31 of the Local Government Act 2003. Section 31 addresses the power to pay grants to local authorities and states:

*A Minister of the Crown may pay a grant to a local authority in England towards expenditure incurred or to be incurred by it.*

This is a non-ring-fenced capital grant, although conditions can be attached as to the use of the grant. In this case, DLUHC requires the Council to enter into a Memorandum of Understanding (MOU). Members should read and consider the MOU.

If the Council intends to proceed with the application for funding, then it must enter into the MOU with DLUHC by 14 August 2023. DLUHC state that if the authority misses the deadline '...they are unlikely to receive funding at tranche 1'.

Members will note that the terms of the MOU are not legally binding and state at paragraph 1 that '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'. Members will note the provisions of section 3 of the Agreement in particular.

The stated purpose of the scheme is for local authorities to acquire housing stock in order 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' as well as to reduce local housing pressures '...beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to families owed homelessness duties by LAs', to '...reduce emergency, temporary and bridging accommodation costs' and to '...reduce impacts on the existing housing and homelessness systems and those waiting for social housing'.

As noted elsewhere in this report, the funding will increase the number of affordable homes for rent. As they will be held within the Housing Revenue Account they will ultimately be subject to the Right to Buy in accordance with the Housing Act 1985. In the event that properties are purchased under the Right to Buy scheme then this will have an impact on the rental income recovered by the Council over the fifty year reference period set out in this report (see below).

Members will particular note the provisions of section 7 of the agreement. In particular, DLUHC state that the Council is expected to ensure '...that all legal and other statutory obligations and consents will be adhered to...' and refers to, inter alia, Equalities duties under the Equality Act 2010 and that 'the Council must ensure that all LAHF funded activity is delivered in accordance with its obligations under the public sector equality duty (PSED)'.

The PSED is set out in section 149 of the Act.

## **7. Monitoring Officer's comments:**

The Monitoring Officer reminds members that they are under an obligation to exercise their fiduciary duty carefully. The meaning of fiduciary duty can be summarised as a duty to conduct administration in a business-like manner with reasonable care, skill and caution and with due regards to the council's rate payers. When discharging their fiduciary duties councillors will need to consider the following:

- a. Prudent use of the council's resources, including the raising of income and the control of expenditure;
- b. Financial prudence both long and short term;
- c. Striking a fair balance between the interest of the council tax payers on the one hand and the community interest and adequate and efficient services on the other hand.

## **8. Report details:**

As of July 2023, in Exeter and Exmouth area there are **2** Bridging Hotels with a total of **24** households consisting of **52** adults and **42** children. Afghan resettlement into Exeter is not limited to these hotels or others in Devon (e.g. Exmouth) but the London and South East area is also eligible to refer households to the area under the Home Office bridging resettlement plans.

### **Purpose of funding and Next Steps**

DLUHC is inviting the council to submit a proposal for how the Council would use the funding in line with the scheme's objectives, namely to:

- (1) 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;
- (2) Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to those owed homelessness duties by local authorities;
- (3) Reduce emergency, temporary and bridging accommodation costs; and
- (4) Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

### **Property acquisition**

Within the framework of the objectives of the fund set out above, DLUHC is providing as much flexibility to local authorities as possible to shape local delivery according to local circumstances. Properties can be acquired through the following means:-

- expanding existing delivery programmes or those of local housing association partners
- increasing the number of affordable housing units in housebuilder-led schemes due to complete this year
- bringing empty / dilapidated properties (both residential and commercial units) back into use, including properties owned by ECC or housing association owned
- remodelling defunct specialist accommodation including sheltered accommodation
- 'flipping' forthcoming shared ownership completions into housing
- working to secure 'institutional' offers of accommodation from local property and charitable organisations (including MoD disposals, obtained from their provider of Service Family Accommodation)
- providing modular housing as part of wider efforts to use modern methods of construction to support local temporary accommodation pressures

Officers are proposing the following option for Council to consider:-

### **The HRA uses eligible Section 106 funds for the Council to purchase through open market acquisition**

Based on a stock profile of **4** x Two Beds and **1** x Three Beds it is estimated that the total cost of purchasing properties off the open market would be **£1,477,500**. Alongside contributions of **£670,000** from DLUHC the Council would need to invest a total of **£807,500**.

The Council's contribution will come from the use of Section 106 Funding towards the acquisition of affordable housing in Exeter.

### **Rental Income Yield**

Rents would be set at Affordable Rent and capped at LHA + £100 per month and are based on [median private rentals](#) in Exeter

Property Size	Median Monthly Rent	LHA Rate	Rent to be charged
1 Bed	£823	£570.01	£670.01
2 Bed	£1,300	£679.99	£779.99
3 Bed	£1,500	£824.99	£924.99
4 Bed	£2,200	£1,100	£1,200

Assuming a **1%** annual rent increase would see a total income of **£3.12 million** over a **50** year period. With On costs for Contribution to Technical officer and Housing Officer, Planned Maintenance, Reactive Repairs and allowance for bad debt and voids factored in this would see a total outlay of **£2.7** million over the same period. Concentrating on acquiring new build properties would see a reduction in long term planned maintenance costs.

Total Income (Rents)	<b>£3,129,004</b>
Total Outlay (staff costs, bad debt and voids, planned maintenance & reactive repairs)	<b>£2,705,141</b>
<b>Return to ECC over 50 years</b>	<b>£423,862</b>

### Pros

- The government will be providing **£670,000** investment to purchase additional family homes.
- With **35** families currently in Council temporary accommodation and over **1,000** families on the housing register, in the medium to long-term the accommodation can be used to relieve Council and local housing need.
- There are available properties on the market which will mean that we should be able to meet delivery within timescales.
- Concentrating on purchasing new build properties will mean that the Council will be purchasing modern housing stock and that there is less upfront costs associated to refurbishment, removal of asbestos and the properties will meet current building regulations and have updated insulation – reducing long term planned maintenance costs.
- If set within the HRA the affordable rent charges will be fully covered by HB claims and / or affordable top-ups for those households with income in excess of benefits thresholds

### Cons

- There is currently just over **£950,000** of eligible funding in the Section 106 account so utilising this will effectively expend current s106 funds The Section 106 Account will increase over the coming year as committed receipts are paid to the Council.
- Those households who are on Fixed Term tenancies will be able to purchase their property after 3 years through the RTB. This may be mitigated by the cost of the housing which should maintain their property value.

## 9. How does the decision contribute to the Council's Corporate Plan?

The service will contribute to the Council's Corporate Plan in the following areas:-

- Building great neighbourhoods - By tackling social inequality through maximising homelessness preventions and reliefs and through maintaining and developing emergency, first and second stage housing options with suitable personalised support to address single and multiple need.
- Promoting active and healthy lifestyles - Supporting households to access key health and advocacy services in primary and secondary healthcare services including mental health assessment and support, physical and social care, and education, training and employment opportunities.
- Tackling congestion and accessibility - By extending access to homelessness & housing support services by extending our reach into the community through outreach and co-location and by developing multiple access points to advice and assistance

## 10. What risks are there and how can they be reduced?

Risks are:

- **Local housing market** - not having the desired property available for acquisition. This is a low risk as the market has been assessed for the range of properties and there are sufficient numbers of 2 to 3+ bed houses available including new-builds. 4 x Two Bed properties have already been identified and are expected to be delivered before the end of the year.
- **Officer capacity to progress the scheme.** The risk is low to medium. The identification of properties would be undertaken by the Housing Needs Service with conveyancing and purchase via Legal and Estates who have been notified of the potential scheme and timescales. Subject to purchasing properties that can be inhabited without significant lead in for compliance and repairs an assessment of ongoing capacity for property management including cyclical maintenance will be undertaken
- **Public perception** that the Council are acquiring properties for refuges when so many local people are in housing need. This can be mitigated by ensuring clear communications that the funding is targeted grant monies from central government and that there is no impact on the Council's social housing development programme, and that long term the properties will be used for local citizens.

## 11. Equality Act 2010 (The Act)

Initially the properties acquired will be ring-fenced for the eligible cohort. Once there are no longer eligible households the properties will be free to be used as the Council determines best. This might be as temporary accommodation for homeless households or as long-term homes to relieve household need.

## 12. Carbon Footprint (Environmental) Implications:

No direct carbon/environmental impacts arising from the recommendations.

### 13. Are there any other options?

The Council is already facing significant financial pressures and there are other options where S106 funding could be used:-

#### Single Homelessness Accommodation Programme (SHAP)

The objective of SHAP is to increase the supply of high-quality accommodation with accompanying support to address gaps in homelessness pathway provision. SHAP will be targeted at two groups: those with the longest histories of rough sleeping and its associated traumas; and vulnerable young people (age 18-25) at risk of or experiencing homelessness or rough sleeping. The focus will be on longer-term accommodation.

Officers have completed a gap analysis and identified the following gaps in service delivery in Exeter:-

#### Rough Sleeping Pathway:-

1. High support accommodation project for Single Women in Exeter
2. Trauma support project for single males in the city
3. Expansion of Housing First project
4. Specialist accommodation project for couples with multiple needs
5. Health step down beds

#### Young Person's Pathway:-

1. High support project for Young adults 18-25
2. Introduction of a Housing First pathway for young people who experience multiple disadvantage
3. Move on homes for young adults

#### Council Own Build Programme

Exeter City Council has given itself the target of building 500 new Council homes in the Housing Revenue Account by 2030. 72 homes have been completed, with a further 112 on site at Vaughan Road and Hamlin Gardens. There are also a number of other sites that are being investigated and designed at present with the potential to deliver a further 200+ new homes into the HRA.

The HRA are in the unique position when developing on HRA land, rather than purchasing units, that consideration can be given to other more specialist forms of housing, including housing for older residents, Extra Care and for those with mobility issues or requiring fully wheelchair accessible properties. Where sites are suitable from a layout and geographic position these types of properties will be considered and designed into each scheme. Currently there is need for 35 fully wheelchair accessible wheelchair properties, as per the data from Devon Home Choice, this is a need across 1 bed to 4 bed homes. Detail in the table below.

Wheelchair Accessible Need	1 Bed	2 Bed	3 Bed	4 Bed	Total



Band A	0	2	0	0	2
Band B	4	12	7	1	24
Band C	2	1	1	0	4
Band D	3	2	0	0	5
Total	9	17	8	1	35

New build schemes within the HRA are funded using a combination of funding sources, including borrowing, HRA capital, retained Right to Buy Receipts and S106 commuted sums. The funding for each scheme is built up of the most financially advantageous combination of the funding sources with the aim of reducing the borrowing required to the absolute minimum. The HRA are in detailed discussions with Homes England to add to these funding streams by bidding for grant monies under the Homes England Affordable Housing programme on future schemes. The use of this Homes England grant restricts the ability of the HRA to utilise RTB receipts on the same scheme.

The HRA has used S106 commuted sums on a number of schemes in the past, most recently several million pounds of this S106 money was used on the recently completed Edwards Court Extra Care scheme. Whilst there are not large sums of S106 commuted sum available to use for affordable housing provision at the moment, not having this money available for new build schemes has the potential to make the viability of schemes more challenging, and removes one of the 'cocktail' of available funding streams.

The viability of new build affordable housing schemes is a challenge for the HRA at this time. There is a combination of issues at play currently; tender prices are continuing to rise, with sub-contractors seemingly cherry picking the work that they want to do, and material prices have not returned to previous levels; interest rate rises are increasing the costs of borrowing and reducing the amount of borrowing that can be financed with the available rental income on schemes; less capital is available through the HRA, RTB receipts and S106 monies; and we don't yet have a track record for bidding to Homes England for grant and the levels of grant being offered may not be keeping pace with tender rises. This combination of factors is making the funding of new build schemes for the HRA particularly challenging flexibility is required to arrive at the most advantageous combination of funding sources.

## **Director of City Development, Ian Collinson**

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## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

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## APPENDIX 1 MOU

# MEMORANDUM OF UNDERSTANDING

*Between*

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

*-and-*

**Exeter City Council**

## 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 Exeter City Council ('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 07 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 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 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 5 homes ('the delivery target') under LAHF R2, and DLUHC will provide a grant of £670,000 ('the total allocation'). The Council agrees the following targets to deliver at least:

- 4 properties for households that meet the resettlement scheme element eligibility criteria outlined in section 3.2 of the Prospectus;
- 1 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 all 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*

	<b>Tranche 1 allocation</b>	<b>Tranche 2 allocation</b>	<b>Total allocation</b>
<b>Total funding</b>	£201,000	£469,000	£670,000

#### **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 the 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 meet 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 5.1 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 milestone	Requirements for payment milestone	Payment by
Tranche 1 payment (30% of total allocation)	<b>EITHER</b> Signing of this MOU by 14 July 2023	Last working day of July 2023
	<b>OR</b> Signing of this MOU by 14 August 2023	Last working day of August 2023
Tranche 2 payment (70% of total allocation)	<b>EITHER</b> Submission of Statement of Grant Usage (demonstrating 60% of the first tranche has been committed) by 9 October 2023  Relevant monitoring information as outlined in section 8 submitted by 9 October 2023	Last working day of October 2023
	<b>OR</b> Submission of Statement of Grant Usage (demonstrating 60% of the first tranche has been committed) by 24 November 2023  Relevant monitoring information as outlined in section 8 submitted by 24 November 2023	Mid-December 2023

## 6. Charging Affordable Rents for LAHF funded homes

- 6.1. The LAHF Prospectus specified “It is up to local authorities to determine the precise rent level and tenure of homes in line with the fund objectives. This could include...Affordable Rent.”
- 6.2. The Rent Standard <https://www.gov.uk/government/publications/rent-standard/rent-standard-april-2023-accessible-version> provides that Affordable Rents may be charged only in limited circumstances.
- 6.3. This 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 (fund delivery)

- 7.2. The Council will make housing investment decisions, review existing housing policies and products, maximise leverage of this public sector investment and ensure that funds provide value for money and are deliverable within the timescale of the fund. The Council may work in partnership with private Registered Providers, 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 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 Section 151 officer or deputy Section 151 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 Exeter City  
Council**

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*

<b>Item</b>	<b>Frequency</b>
Number of properties where contracts exchanged, including: <ul style="list-style-type: none"> <li>• bedroom size</li> <li>• whether located in another borough area</li> <li>• who will own the dwellings</li> <li>• how properties obtained</li> </ul>	Every 2 months
Number of properties occupied/ 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*

<b>Item</b>	<b>Frequency</b>
How properties have been sourced (e.g. through stock acquisition or another delivery route)	In April 2024 and thereafter upon request to aid with
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	evaluation of the fund
Tenancy duration	
Rent levels  Number of properties obtained outside the local authority's area, if applicable, and where these are located.	

5. 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.
6. 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**

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

### **Data Consistency**

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

### **Use of Material Provided**

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

### **Annex B – Monitoring Milestones**

1. The Council is requested to submit the monitoring information summarised in **Annex A** via a Microsoft Form every two months by 5pm on the dates outlined below. DLUHC will provide the link to the form directly to the Council well in advance of each touchpoint date.
2. In order to demonstrate that the spend requirement has been met to enable a Year 2 payment, the Council will also need to submit a Section 151 Officer Statement of Grant Usage to [LAHF@levellingup.gov.uk](mailto:LAHF@levellingup.gov.uk) *in addition to* submitting the form by 5pm on the dates outlined below.
3. The 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*

<b>Monitoring touchpoint</b>	<b>Microsoft Form to be submitted by 5pm on the following dates</b>	<b>Section 151 Officer Statement of Grant Usage required?</b>
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.)