

Cabinet Report



Listening Learning Leading

Report of Deputy Chief Executive – Transformation and Operations

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To: CABINET

Dates: 9 March 2023

Refugee accommodation

Recommendations

(a) To note the update regarding the refugee accommodation workstreams being reviewed to find sustainable housing for those who are in the UK under the Government Afghan and Ukraine schemes.

(b) To accept the Department for Levelling Up, Housing and Communities (DLUHC) grant of £3,756,708 (total allocation) to deliver 23 homes that meet the eligibility criteria outlined within the Local Authority Housing Fund prospectus, and to delegate authority to the Deputy Chief Executive – Transformation and Operations to sign the Memorandum of Understanding with DLUHC, which sets out the understanding between both parties for the use of funding.

Purpose of report

1. To provide Cabinet members with an update on a number of workstreams being reviewed to find sustainable housing for those unable to secure their own accommodation who are here under the following Government 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).
2. To seek authority to accept grant funding from the Department for Levelling Up, Housing and Communities (DLUHC) from the Local Authority Housing Fund (LAHF).

Corporate objectives

3. Local authorities have been pivotal in supporting the UK's humanitarian duties to assist those fleeing war. The council's response supports the Corporate Plan themes of improved economic and community well-being and homes and infrastructure that meet local needs.

Background

4. The council, alongside partners, residents, community groups and voluntary sector organisations, have undertaken vital work to help provide safe shelter and support to refugees and asylum seekers across a number of Government schemes. These are Homes for Ukraine, Afghan Relocations and Assistance Policy scheme, Afghan Citizens Resettlement scheme, UK Resettlement Schemes, the Hong Kong British National (Overseas) visa scheme and unaccompanied asylum seeking children. In addition, the Oxfordshire system is also supporting a range of Home Office contingency and dispersed accommodation pathways. Officer teams, co-ordinated through the council's Community Hub, continue to provide a wraparound support offer to settle individuals in the district, distribute government grants, provide housing and homeless advice and assistance, offer community integration support and support access to schooling, language lessons, access to medical services, benefits and support into employment.
5. All local authorities who have welcomed arrivals in their districts are now facing challenges in securing settled accommodation for these households, which unless alleviated will further impact existing housing pressures. To assist, the Government has introduced a number of funding streams to help local authorities provide accommodation to families with housing needs and support them to move on into independent living arrangements.

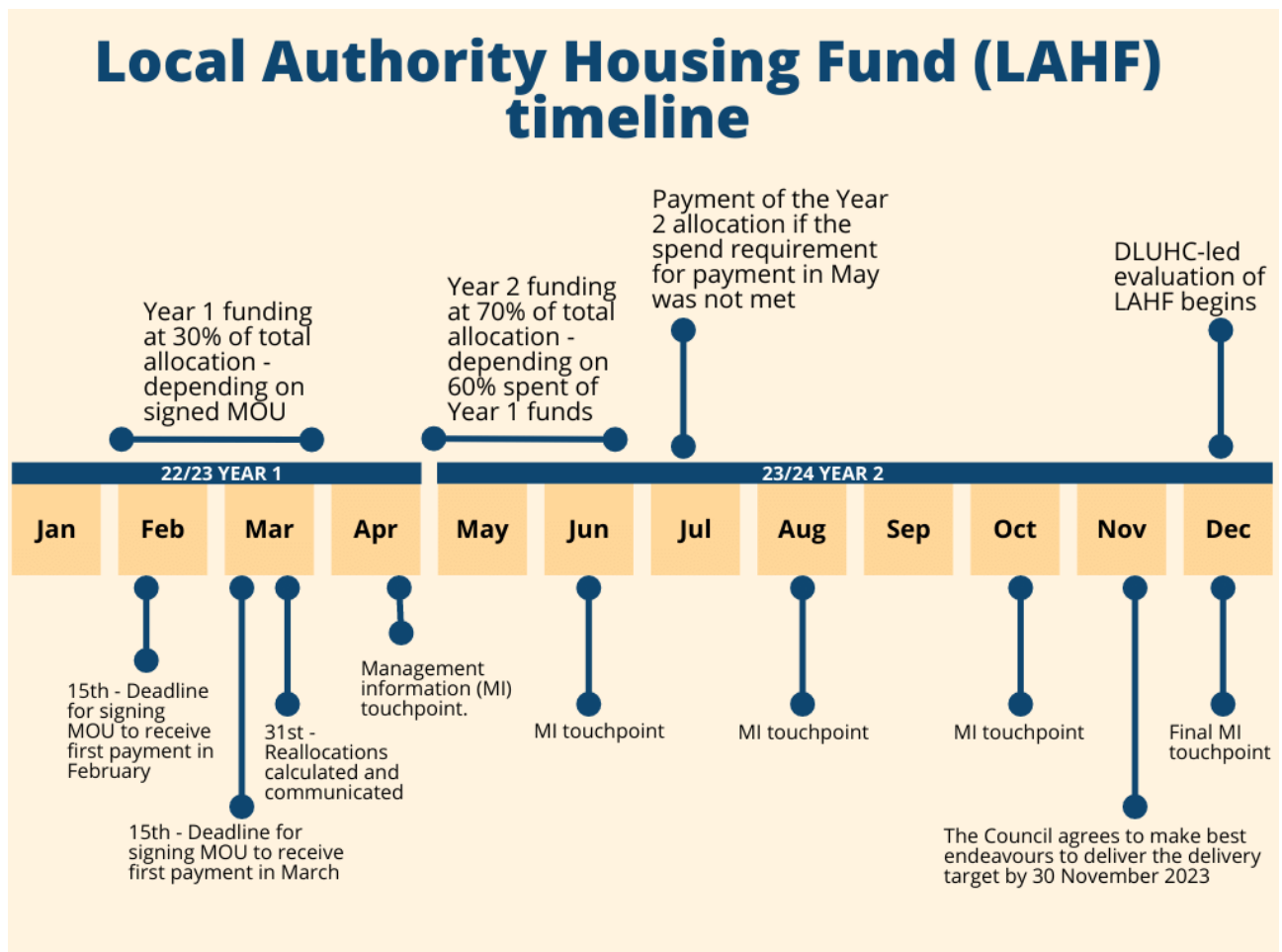
Local Authority Housing Fund

6. In December 2022, DLUHC announced the introduction of a £500 million capital fund – the Local Authority Housing Fund (LAHF) – for local authorities in England to obtain and/or refurbish property in order to provide sustainable housing for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. LAHF is intended to help local authorities address immediate pressures in securing settled accommodation for these households, as well as build a sustainable stock of affordable housing for the future.
7. Attached as **Appendix One** is the LAHF prospectus, which sets out the objectives for the fund, what local authorities can spend the grant on, defines the cohort eligible, and the process DLUHC will follow for allocating grants to local authorities. The LAHF prospectus also sets out a challenging timescale for delivery, with the council being asked to commit to make best endeavours to meet the delivery target by 30 November 2023 as shown in **Figure One** below.
8. The objectives of LAHF as set out in the prospectus are to:
 - Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provide sufficient longer term accommodation to those they support.

- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
 - Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined at section 3.2 of the Prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing available to local authorities to support those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation.
 - Reduce emergency, temporary and bridging accommodation costs.
 - Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends).
 - Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort.
 - Reduce pressures on the existing housing and homelessness systems and those waiting for social housing.
9. Local authorities were allocated capital funding under section 31 of the Local Government Act 2003 on the basis of formula, as set out in the prospectus. For the 'main element' the prospectus refers to the **average** lower quartile property price in the council area and for the 'bridging element' the prospectus refers to the **estimated** lower quartile property price in the council area.
10. South Oxfordshire District Council (SODC) was contacted on 21 December 2022 with an indicative allocation of:
- £3,108,000 in funding to provide a minimum of 21 properties for households that meet the eligibility criteria outlined in section 3.2 of the Prospectus ('the main element').
 - £648,708 in additional funding to provide a minimum of 2 four+ bed properties to be allocated to households currently in bridging accommodation ('the bridging element').
11. DLUHC stipulated, that as with other affordable housing provision, they expected councils to part fund or finance some of the required capital. They stated that for 'main element' housing, government funding equates to 40% of total capital costs (average £128,000 grant per property) plus £20,000 per property. For 'bridging element' housing, government funding equates to 50% of total capital costs (average £304,354 grant per property) plus £20,000 per property. 30% of the funding provided by DLUHC will be paid in Q4 2022/23 and 70% in 2023/24 (the 2023/24 funding is paid once the local authority has spent 60% of their 2022/23 funding).

12. Local authority officers were asked to submit a validation form outlining how the council would deliver the accommodation in line with the fund objectives, and this was submitted on 23 January 2023. On 9 February 2023 DLUHC confirmed that the council’s validation form had been accepted and is now asking the council to sign a memorandum of understanding (MOU) in order to accept the funding in line with the fund objectives.
13. The MOU, attached as **Appendix Two**, covers the funding commitments from DLUHC and the delivery, financial expenditure, agreed milestones, reporting and evaluation, and communications between DLUHC and the council. It also sets out the steps DLUHC could take in the event of underperformance if required.

Figure One – DLUHC grant funding timeline



14. Based on the challenges the council is now facing, and will continue to face, in securing settled accommodation for these households, it is the view of officers that the council should accept the funding and sign the required memorandum of understanding prior to the next deadline of 15 March 2023. Officers across the council will continue to work together, led by the Deputy Chief Executive – Transformation and Operations as the project sponsor and the Programmes Manager as the programme delivery lead.

Moving on accommodation

15. As part of the Oxfordshire system, which includes all the local authority partners, health colleagues and representatives from the voluntary sector, a dedicated

Oxfordshire team hosted by South Oxfordshire and the Vale of White Horse district councils, has been funded on a short-term basis to investigate and deliver accommodation capacity for refugees to allow them to 'Move On' from hosted arrangements to independent accommodation within the Homes for Ukraine (HfU) scheme. A Housing Capacity Manager and two Housing Capacity Officers are now working closely with housing and property teams within each partner organisation to develop strategic and operational moving on options to maximise accommodation capacity and housing options available for Ukrainian nationals.

Other council housing delivery workstreams

16. On 8 December 2022, Council approved a Housing Delivery Strategy and associated action plan. The aims of the Housing Delivery Strategy are:
 - Providing homes to meet current and future local need
 - Delivering housing that is truly affordable
 - Valuing and supporting council and community led housing initiatives
 - Planning for well-designed net zero carbon housing.
17. Council also approved up to £2m of capital funding to invest in the purchase of property with the aim of them becoming social housing, and the appointment of a Housing Delivery Manager (now in post) and creation of a Housing Delivery team.
18. This work is progressing, with the Development & Corporate Landlord team currently leading on the purchasing of property to meet this purpose. The approach to obtaining, allocating and managing such property is the same for different schemes, and outlined further within this report.
19. In addition, there is an action to increase social housing delivery, including assessing council-owned sites for suitability of use for housing, and developing a process to take suitable sites forward for consideration. Strategic Property and Housing Delivery teams are progressing this work.

Officer resource requirements

20. The council transferred its housing stock as part of a Large-Scale Voluntary Transfer (LSVT) in 1997 and has since been reliant upon external organisations to deliver and manage social housing. This report identifies a number of schemes in which the councils may once again take on the role of direct landlord. However, as a non-housing stock local authority currently, the dedicated resource and support infrastructure will need to be put in place to deliver the workstreams.
21. There are two resource phases to deliver the accommodation workstreams, the first phase is to set up the programme infrastructure which supports the purchasing of properties and related survey work, council provision of a maintenance and repairs offer, an allocations process, and on-going wrap-around and tenancy support arrangements. Governance systems and appropriate policies and procedures need to be established and implemented, whilst ensuring adequate support service provision in teams across the council. This phase will be managed by the Deputy Chief Executive (Transformation and Operations) and the Programmes and Assurance Manager.
22. The second phase will be housing delivery and housing management on a business as usual (BAU) basis to manage properties and their tenants in a steady state. It is

anticipated that this phase will be managed by the Deputy Chief Executive (Place) and the newly established Housing Delivery Team.

23. Following an initial officer assessment of the resources required for phase one, current estimates are outlined in Table One below. These are indicative at this stage, and cross- council officer team will continue to refine the resource requirements and business approach to deliver the workstreams. However, as referred to in section 35 below, at this time the revenue costs associated with managing the workstreams are anticipated to be equivalent to or lower than the likely costs that would be incurred in other services areas, were the council not to proceed. Due to the fact that income will be achieved from the properties in the long term, these costs do not reflect a traditional in-year budget pressure but are a cost to be managed over a longer time frame as we develop a new service model. There are a number of different funding sources available for some elements of these costs.

Table One – Estimated phase one shared resource requirements

Role	Role description	Approximate costs (£)
Housing Services Manager	Management of team and lead for government returns	88,700
Housing Services Contracts Officer	Lead for contractual delivery elements	62,600
Housing Services Finance Officer	Lead for financial elements	62,600
Housing Capacity Officer	Support identification of purchase/accommodation opportunities	62,600
Strategic Property support	Negotiation of purchase price/terms of acquisition	63,000
Legal support	Project lawyer/external support	62,600
Community Liaison Officers	Ongoing wrap-around tenancy support and community integration	168,574
Repair and maintenance cost	At £2,500 to £4,000 p/a for 23 properties for South	57,500 to 92,000
Repair and maintenance cost	At £2,500 to £4,000 p/a for 14 properties for Vale	35,000 to 56,000
Projected shared annual cost		£663,174 to £718,674
	South contribution (at 62%)	£411,168 to £445,578
	Vale contribution (at 38%)	£252,006 to £273,096

24. Phase two resource requirements will be assessed at the appropriate time of programme delivery, but it is the view of officers that ensuring adequate resources are put in place for phase one is essential to enable the councils to deliver the schemes and become a stock holding local authority, which in the long term, will be the most cost-effective model of delivery in terms of the council’s corporate plan objectives.

Options

25. The development of a housing provision service by the councils is in line with the aspirations set out the corporate plan and confirmed within the approved Housing Delivery Strategy 2022-24. The council has rightly welcomed arrivals in the district,

but as all councils across the country, now faces challenges in securing settled accommodation for these families, which unless alleviated will further impact existing housing pressures. Progressing the workstreams outlined above will help the council provide accommodation to households with housing needs and support them to move on into independent living arrangements.

26. Whilst the council continues to work closely with Registered Providers of housing to maximise the amount of affordable housing that is available for allocation, progressing the workstreams also enables the council to increase its portfolio as a social landlord and support its Housing Delivery Strategy.

Climate and ecological impact implications

27. The climate impact of housing is closely linked to the level of insulation and the quality of the structure, which in part will be informed by the age and the building regulation requirements in place at the time it was built. Newer properties are generally much better insulated than older ones. Following the principles of minimising energy use and achieving net zero as set out in the councils Housing Delivery Strategy, the energy performance of houses will be assessed prior to purchase. Where necessary and viable, works required to improve their performance such as loft and cavity wall insulation will be undertaken to reduce the environmental impact, and costs to tenants, of unnecessarily wasted energy.

Financial implications

28. Any council decision that has financial implications must be made with the knowledge of the councils' overarching financial position. For South, the position reflected in the councils' medium-term financial plan (MTFP) as reported to Full Council in February 2023 showed that it is due to receive £644,000 less in revenue funding than it plans to spend in 2023/24. For Vale, a balanced budget was set in 2023/24 but there is expected to be a budget gap in future years.
29. The funding gap at both councils is predicted to increase to £8 million by 2027/28. As there remains no certainty on future local government funding after 2024/25, and given the current uncertain economic climate, this gap could increase further. Every financial decision made needs to be cognisant of the potential need to address the funding gap in future years.
30. The net revenue implications of resourcing and delivering the accommodation workstreams identified above, specifically the LAHF scheme, need to be set against the councils' statutory homeless responsibilities and commitments to support the humanitarian effort to welcome arrivals into the district and to support their transition to independent accommodation.
31. In assessing the net revenue implications, the costs for temporary hotel accommodation are currently in the region of £550 per room per week outside the Oxford ring road and £900 in Oxford city. This equates to approximately £14,300 or £23,400 for a six-month placement, which increases if additional separate rooms are required for children. Only approximately 50% of this cost is recoverable through housing benefit support.
32. To compare to current numbers on the Homes for Ukraine scheme, if each family were to need to be housed in hotel accommodation by the council outside of Oxford,

assuming each family could occupy one room, which will not in reality be the case, the comparative cost for the six months for the 400 South households currently on the scheme would be £5,720,000 outside of Oxford and £9,360,000 in Oxford.

33. The councils housing team have been very successful in proactively rematching people to new hosts where possible and in managing the number of people in temporary accommodation to as low a level as possible, but there are indications that this may become progressively harder to achieve as we pass the first anniversary of the invasion. A recent county wide communications campaign for new hosts resulted in only a handful of new hosts coming forward, despite locally enhanced payments being provided.
34. In setting the budget for the 2023/24 financial year the council made a provisional capital allocation of £4.6m to support the purchase of housing stock for rent. These allocations, along with the DLUHC grant funding are considered adequate for the purchasing of properties to allow us to take a decision to enter into the MOU.
35. At this stage, the revenue costs associated with managing the properties are assumed to be offset by a combination of the rental income generate and reduced pressures on other council budgets, such as homelessness and housing benefit. This includes any set-up costs incurred in 2023/24 which, if required, could be funded from the contingency budget. Officers will continue to refine the delivery approach including resource requirements, business case and financial modelling to deliver the workstreams.

Legal implications

36. In the event Cabinet agrees with the recommendations, there will be a number of consequential work packages to secure the properties and to advise the Council in relation to property law implications.
37. The specific legal implications arising from the recommendations in this report are that the Council will be required to enter into a non-legally binding memorandum of agreement (MOU) with the Government as a pre-cursor to being able to access the funding. The wording of the MOU is expressed to be non-negotiable by Government, however, there is nothing unduly onerous within it.
38. As outlined above, officers will need to put in place a governance framework given the reporting / monitoring requirements set out in the MOU.

Equality Implications

39. In preparing this report, due consideration has been given to the councils' statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. As this report is partly for information and partly to accept DHLUC grants there are no direct equality implications as this stage. If agreed, and once we move to the delivery phase, a full equality impact assessment will be undertaken.

Risks

40. There are a number of risks associated with entering into the LAHF MOU and progression of the other accommodation workstreams, which will result in the council

becoming a stock holding authority. These will be managed by officers and reported on as appropriate through normal democratic routes.

No	Risk	Proposed mitigations
1	Availability of property in the market to meet delivery targets and timescales.	Set clear criteria for property requirements and allocate adequate resources to identifying them.
2	Successfully purchasing properties and making them safe and fit for occupation.	Set clear criteria for safe occupation of properties and have arrangements and procedures are in place to ensure that these are met.
3	Tenancy agreements not in line with the council's current allocation policy.	Take appropriate professional advice to ensure appropriate delivery model and tenancy arrangements.
4	<p>Financial - exposure to unbudgeted expenditure - resources required to deliver scheme (significantly) exceed allocated funding.</p> <p>If the council cannot find suitable properties for purchase at prices set by the scheme they may consequently have to contribute more than the 60% for the 'main element' and more than the 50% for the 'bridging element.</p>	Set up clear budget allocation and governance procedures for programme delivery.
5	Breach of statutory duty – safety/quality of housing provided.	Set clear criteria for safe occupation of properties and have arrangements and procedures are in place to ensure that these are met.
6	Ensuring adequate resources are in place to deliver and manage schemes including fulfilment of the landlord function	Set up clear budget allocation and governance procedures for programme delivery.
7	Reputational risk of not delivering on MOU commitments.	Set up clear governance arrangements and procedures for programme delivery.
8	Council inadvertently acquires liabilities /financial obligations that it is insufficiently equipped to manage.	Take appropriate professional advice from subject matter experts and set up clear governance arrangements and procedures for programme delivery.
9	Insufficient time to investigate options and approaches and take informed decisions regarding the most appropriate delivery method.	Take appropriate professional advice from subject matter experts and set up clear governance arrangements and procedures for programme delivery.

10	Governance, financial controls are not implemented in a timely manner resulting in uncontrolled programme delivery.	Take appropriate professional advice from subject matter experts and set up clear governance arrangements and procedures for programme delivery.
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Conclusion

41.(a) Cabinet are asked to note the update regarding the refugee accommodation workstreams being reviewed to find sustainable housing for those who are in the UK under the Government Afghan and Ukraine schemes.

(b) To accept the Department for Levelling Up, Housing and Communities (DLUHC) grant of £3,756,708 (total allocation) to deliver 23 homes that meet the eligibility criteria outlined within the Local Authority Housing Fund prospectus, and to delegate authority to the Deputy Chief Executive – Transformation and Operations to sign the Memorandum of Understanding with DLUHC, which sets out the understanding between both parties for the use of funding.

Appendices

Appendix One – DLUHC scheme guidance

Appendix Two – DLUHC MOU