

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH & NEIGHBOURHOODS

TO:	POLICY COMMITTEE		
DATE:	3 APRIL 2023		
TITLE:	LOCAL AUTHORITY HOUSING FUND		
LEAD COUNCILLOR:	CLLR EMBERSON	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ZELDA WOLFLE		
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the position in relation to funding provided by the Department of Levelling up, Housing and Communities (DLUHC) to purchase 15 homes to be made available initially to Afghan and Ukrainian refugees, and in the longer term to be used as General Needs Social Housing.
- 1.2 It also requests the required spend approval and budget (match funding) for the scheme.
- 1.3 Annex 1 - Local Authority Housing Fund Prospectus

2. RECOMMENDED ACTION

- 2.1 That Policy Committee endorse the signing by the Director of Finance, of the Memorandum of Understanding between Reading Borough Council and DLUHC to receive an award of grant totalling £2,164,331 to purchase 15 homes for the purposes set out in this report.
- 2.2 That Policy Committee approve the budget of £3m to match fund the grant, funded through a combination of S106 contributions and Housing Revenue Account borrowing.
- 2.3 That Policy Committee approve the total spend of £5.5m to purchase 15 homes as set out in the body of the report.

3. POLICY CONTEXT

- 3.1 On 21st December 2022 the Department for Levelling Up, Housing and Communities announced a £500m capital fund to support local authorities who are facing challenges in providing move on and settled accommodation for Afghan and Ukraine families. (Prospectus attached at Annex 1).
- 3.2 Reading was identified as being eligible for this capital support which provides in the order of 40% capital grant towards acquisition or redevelopment of properties (2 bedroom homes or larger) suitable for these families and their subsequent re-purposing

for general affordable use. It also allows for a 50% grant contribution for a small number of 4 bed+ homes.

- 3.3. The scheme required the Council to submit a non-binding expression of interest by the end of February 2023. Upon signature of the Memorandum of Understanding (required by the 15th March) the initial grant awards will be processed with funding split between 22/23 (30%) and 23/24 (70%) although spending does not need to follow this profile.
- 3.4. The objective of this scheme is to provide settled accommodation for families in housing need who have arrived via the Ukrainian or Afghan resettlement schemes relieving pressures on existing housing supply and with a longer term objective of creating additionality to the wider affordable housing stock which can then be used to meet more general housing need.
- 3.5. The framework is intended to be flexible allowing local authorities to determine the best route to acquisition of stock and includes refurbishment or conversion; acquisition of new build from developers or passporting funding to housing associations.
- 3.6. Allocations to Local Authorities is split between the main element of grant, which can be used for properties that are 2 bedroom homes or larger, and the 'bridging' element which has to be used on 4 bed homes or larger and be specifically allocated to families currently in 'bridging' accommodation. £20k per property is also allowed for refurbishment costs to purchased homes.

4. THE PROPOSAL

4.1 Current Position:

- 4.1.1 The Government is responsible for managing the response to those seeking Asylum or Refuge in the UK. In terms of accommodation and support for people the Government has different approaches. Asylum Seekers remain the responsibility of the Government whereas the Government works with local authorities to co-ordinate support to Refugees. The funding outlined in 4.2.3 of this report relates to individuals on the Resettlement Schemes and the Ukrainian Schemes.
- 4.1.2 **Asylum Seekers** - The Government commissions providers who procure private sector accommodation across the country to move people in to. The current system is at capacity and to meet the accommodation need Asylum Seekers are being placed in hotels. There are 3 hotels procured for contingency asylum accommodation in Reading. They accommodate approximately 330 people.
- 4.1.3 The Home Office announced a full dispersal policy to increase the availability of asylum accommodation, this means they are procuring asylum dispersal accommodation across the country (prior to that they only did so with agreement of the LA). According to the figures provided by the Home Office, for the allocation of this funding, the number of bedspaces procured in Reading at 27 March 2023 was 461.
- 4.1.4 Although the Council is not responsible for the care and support of these individuals regular meetings are held with the Strategic Migration Partnership and the Home Office to ensure their needs are appropriately met.
- 4.1.5 **Resettlement Schemes** - currently the UK Resettlement Scheme (UKRS) and the Afghan Citizens Resettlement Scheme (ARAP) - the Government works with local authorities to provide settled accommodation and support. Due to capacity issues in the system a number of Afghan refugees are currently accommodated in hotels across the country although there are none in Reading. There are currently no bridging hotels in Reading however there is one in use just outside the borough boundary. Allocations to accommodation acquired with the bridging element of the grant can be made through central Government. Since 2016 RBC has resettled 106 people through these schemes.

- 4.1.6 **Homes for Ukraine** - UK citizens with a home or room to offer, sponsor an individual's visa application. Reading currently has supported a total of 275 refugees. The current active number of groups is 96 (208 individuals), 63 with a bedroom requirement of 2 bedrooms or more.
- 4.1.7 **Ukraine Family Visa scheme** - Ukrainian nationals who were settled in the UK prior to March 2022 are able to apply to the Ukraine family scheme to bring immediate or extended family to live with them and sponsor them. There is no Local Authority funding for this scheme and we are not provided with any data on the number of people in our area.
- 4.1.8 **Ukraine Extension scheme** - Ukrainian nationals are able to apply for this scheme if they meet one of the two criteria, the first is they held permission to be in the UK on or between 18th March 2022 and 16th May 2023 or they previously held permission to be in the UK and that permission expired on or after 1st January 2022. This scheme does not require the applicant to have a UK based sponsor. The Local Authority is not in receipt of any data regarding the number of individuals on this scheme.
- 4.1.9 The Council has a Refugee and Asylum Team who prioritise prevention of homelessness for refugees and those who obtain a positive asylum decision. The Library Team offer coffee mornings and access to books and online learning and New Directions provides ESOL classes for those who wish to improve their English language skills. The Council also funds voluntary sector partners to provide additional support.

4.2 Options Proposed

- 4.2.1 It is proposed that Committee retrospectively endorse the signing of the Memorandum of Understanding by the Director of Finance, to deliver 15 homes for the purpose set out above by the end of March 2024, in return for government grant as set out in the table below.
- 4.2.2 Due to the speed of delivery required (all homes available by March 2024) it is proposed that the mechanism to deliver would be purchasing additional properties from the open market.
- 4.2.3 Reading's grant allocation to support this proposal is set out in the table below:

Grant	Expected number of homes	Grant Amount	Match funding required	Refurb costs (£20k per property)	Total spend
Main Element	13 (2 beds or larger)	£1,625,000 (can be used for up to 40% of scheme costs)	£2,437,500	£260,000	£4,322,500
Bridging Element	2 (4 beds or larger)	£539,331 (can be used for up to 50% of scheme costs)	£539,331	£40,000	£1,118,662
Total		£2,164,331	£2,976,831	£300,000	£5,441,162

- 4.2.4 It is intended that for the main element of the grant, 13 x 3 bed houses will be purchased with prices at the lower end of the market and let at target rent. Limits on the cost of the homes will be established to ensure that the scheme is cost neutral to

the HRA. The match funding would need to be a combination of £2.7m of HRA borrowing and £300k of S106 receipts. These figures are approximate and would vary depending on the final prices of purchases.

- 4.2.5 The appraisal for the 2 x 4 beds or larger in the Bridging Element of grant indicates that there would be a S106 requirement of £25k in order for it to remain cost neutral to the HRA.
- 4.2.6 This mix would meet the needs both of the refugees initially, and in the longer term bring additional homes into the general housing stock of a size that is most required.
- 4.2.7 Reading Borough Council has had an acquisitions programme in place for 8 years and has to date purchased 42 homes from the open market to be used as social housing within the Housing Revenue Account. Therefore, we have the structures and processes in place to facilitate this approach, there would only be the requirement to increase the intensity of this programme (we currently purchase at a rate of 5-6 per year).
- 4.2.7 Where possible we intend to purchase properties within our existing estates that were previously owned by the Council. Should the number of properties available within these parameters not meet the required need, we would meet the need by purchasing other houses within suitable locations - we will continue to avoid flats in blocks where we are not the freeholder.
- 4.2.8 In order to facilitate this scheme, Policy Committee is asked to agree to allocate Capital Funding of £3m to match fund the capital grant payable by Department for Levelling Up, Communities and Local Government. This will be a combination of Housing Revenue Account borrowing and S106 allocation. Delegation is also requested to the Assistant Director of Housing and Communities in consultation with the Director of Finance to agree final funding arrangements for each individual purchase.
- 4.2.9 Policy Committee are also asked to agree an overall spend approval of £5.5m for the purchase of 15 homes.

4.3 Other Options Considered

- 4.3.1 To not accept the offer of grant and not purchase the 15 homes as set out above.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Reading Borough Council's vision is:

To help Reading realise its potential - and to ensure that everyone who lives and works here can share the benefits of its success.

- 5.2 The recommendations contribute to the following Corporate Plan Themes:

- **Healthy environment**
- **Thriving Communities**

As a City of Sanctuary Reading aims to welcome and support people seeking a place of refuge from conflict. Acquiring accommodation with this funding will in the first instance enable the Council to support some of the most disenfranchised members of our communities - Refugees from Afghanistan and the Ukraine. In the longer terms these homes will be used as social housing for the wider community of Reading, providing a safe and stable home for those that need one.

- 5.3 Full details of the Council's [Corporate Plan](#) are available on the website and include information on the projects which will deliver these priorities.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Climate Impact assessment tool indicates that there will be a net low positive impact as a result of this proposal. This impact is expected due to all 15 homes being refurbished in line with the Council's existing stock and therefore is likely to result in improve thermal efficiency.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 None

8. EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality impact assessment is not required for this proposal, as it is not expected to have a negative impact on a protected group.

9. LEGAL IMPLICATIONS

- 9.1 There are no legal implications

10. FINANCIAL IMPLICATIONS

- 10.1 The LAHF programme assumes the acquisition of 15 properties at a total estimated cost of £5.41m. The programme is funded with £2.46m of DLUHC grant (including £20k per property for refurbishment costs), and £2.95m of match funding (£106 grant and HRA borrowing).

- 10.2 The programme offers good value for money, as the DLUHC grant equates to 45.4% of the total scheme cost. Minimal £106 funding is required in addition to the grant to make the programme financially viable.

- 10.3 The 15 properties will be ready for letting, once any refurbishment works have been carried out, resulting in an immediate revenue stream. The financial viability of each acquisition will be assessed before an offer is made and properties will only be considered once an assessment of their condition has been carried out by the Housing Surveying Team.

- 10.4 The viability of each acquisition will also be evaluated against the full 30-year HRA business plan. As this scheme has only recently been announced, the HRA borrowing required is not currently assumed in the approved HRA 30-year business plan for 2023/2024. Given the high level of grant received plus the instant revenue stream from letting the properties these 15 properties are highly likely to make a positive return to the HRA business plan over the 30 years.

11. BACKGROUND PAPERS

- 11.1 None

FINANCIAL IMPLICATIONS

The financial implications arising from the proposals set out in this report are set out below:-

1. Revenue Implications

None

2. Capital Implications

Capital Programme reference from budget book: page line	2022/23 £000	2023/24 £000	2024/25 £000
Proposed Capital Expenditure		£5,441	
Funded by			
Homes England Grant - Main Element		£1,625	
Homes England Grant - Bridging		£539	
Homes England Grant - Refurbishment		£300	
Section 106		£325	
Other services			
Capital Receipts/Borrowing		£2,652	
Total Funding		£5,441	