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<b>Decision Maker:</b>	<b>FULL COUNCIL / EXECUTIVE</b>
<b>Date:</b>	<b>For Pre-Decision Scrutiny by the Renewal, Recreation and Housing PDS Committee on Wednesday 17 April 2024</b>
<b>Decision Type:</b>	Non-Urgent                      Executive                      Key
<b>Title:</b>	<b>LOCAL AUTHORITY HOUSING FUND</b>
<b>Contact Officer:</b>	Alicia Egan, Head of Regeneration Tel: 020 8313 4559    E-mail: Alicia.Egan@bromley.gov.uk
<b>Chief Officer:</b>	Director of Housing, Planning, Property and Regeneration
<b>Ward:</b>	All Wards

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1. Reason for decision/report and options

1.1 The Council has been earmarked an indicative allocation of £13.9m towards housing schemes, subject to a compliant grant application, from the Department of Levelling up Housing and Communities (DLUHC) for Local Authority Housing Fund (LAHF) Round 3. This report summarises how the grant will be allocated to meet the Council's needs, whilst also being compliant within the grant agreement. In addition the report sets out how additional funding could be utilised if funding applied for beyond the earmarked allocation is secured through DLUHC.

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2. **RECOMMENDATION(S)**

2.1 **Members of the Renewal Recreation and Housing PDS Committee are asked to consider and comment on this report.**

2.2 **The Executive is asked to propose to Full Council the addition of Manorfields to the capital programme as detailed in Recommendation 2, and to agree as follows:**

- 1) **Approve the acceptance of DLUHC LAHF Round 3 funding estimated at up to £27.4m (made up of an indicative allocation of £13.9m and a request for a further £13.5m) for the schemes set out in para 3.5, noting some schemes will require further reports; and authorise the Assistant Director of Legal Services to sign and execute all relevant legal documents arising in connection with acceptance of the LAHF.**

**Based on the Council's request for funding being approved, as detailed in para 3.5:**

- 2) Approve the addition of Manorfields to the Capital Programme at a value of £5.2m; officers will then proceed to procurement via an officer gateway for a multidisciplinary team to design the major repair and refurbishment of Manorfields into Transitional Accommodation. The funding for the Manorfields scheme will be met by LAHF grant of £4.313k, with the balance of £888k to come from the existing OPR capital programme budget.**
- 3) Approve the appointment of two Senior Project Managers to support the delivery of the schemes set out for a fixed term of two years. These posts will be financed by the Revenue funding in the grant of £111k supplemented by capitalised funding allocated to the relevant schemes.**
- 4) Approve an increase in the Council's capital programme budget of £638k towards the purchase of a four-bed settlement unit. This will be funded through £284k of LAHF grant, with the balance of £354k to be met from capital programme resources. Note that this purchase is required to meet the grant requirements, and none of the grant can be secured without meeting this DLUHC requirement. And subject to this, approve the purchase of this property, delegating any related decisions to the Director of Housing, Planning, Property and Regeneration in consultation with the Portfolio Holder for Renewal, Recreation and Housing.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: More affordable housing and quality transitional accommodation will have a positive impact on many Bromley families currently waiting for suitable affordable housing.
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### Transformation Policy

1. Policy Status: Existing Policy
  2. Making Bromley Even Better Priority:
    - (1) For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
    - (2) For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
    - (3) For people to make their homes in Bromley and for business, enterprise and the third sector to prosper.
    - (5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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### Financial

1. Cost of proposal: Estimated Cost up to £27.4m grant funding, plus £888k from the existing OPR capital budget, and £354k of capital programme resources
  2. Ongoing costs: Non-Recurring Cost
  3. Budget head/performance centre: N/A
  4. Total current budget for this head: £N/A
  5. Source of funding: DLUHC, OPR capital budget, capital programme resources
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### Personnel

1. Number of staff (*current and additional*): 2
  2. If from existing staff resources, number of staff hours:
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### Legal

1. Legal Requirement: Non-Statutory - Government Guidance
  2. Call-in: Applicable
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### Procurement

1. Summary of Procurement Implications: There are no procurement decisions in this report.
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### Property

1. Summary of Property Implications: Property will support the purchase of units as required by the grant conditions.
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### Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: N/A
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### Impact on the Local Economy

1. Summary of Local Economy Implications: N/A
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### Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: N/A

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Customer Impact

1. Estimated number of users or customers (*current and projected*): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not applicable
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

- 3.1. The Department of Levelling up, Housing and Communities (DLUHC) has announced Round three of the Local Authorities Housing Fund. The first two rounds were targeted towards supporting resettlement housing for those arriving in the UK from Ukraine and Afghanistan – this third round is targeted towards helping local authorities meeting the needs of Temporary Accommodation (TA) through the supply of housing.
- 3.2. DLUHC for this round have given local authorities facing the highest TA pressures an indicative allocation. Bromley has received an indicative allocation of £13.912m. To receive this funding Bromley must meet two key criteria over the next two years (by March 2026):
- 3.2.1. Support the delivery of 55 temporary accommodation units (note these do not have to be TA but can be permanent housing if reducing the need for TA).
  - 3.2.2. Acquire four homes, one of which must be at least a 4-bedroom property for the resettlement programme.
  - 3.2.3. There is an expectation that 40% of the homes acquired or built will be new homes, and there is a 10% grant uplift applied to such homes.
- 3.3. Bromley received their indicative allocation on 7 March and were required to submit the bid by 28 March. Officers held a meeting with DLUHC to discuss the bid criteria to inform the schemes listed in para 3.5.
- 3.4. Given the tight timescales, and the significant sum available, in liaison with the Portfolio Holder for Renewal, Recreation and Housing, officers submitted an application focussed on schemes that were already under consideration from Members. This was done because they are the most deliverable in the required timescale, and Members have already had some input into discussions. Although the allocation was for £13.912m, local authorities were encouraged to request additional funding if they could demonstrate need, as well as deliverable schemes.
- 3.5. Given the need for housing in Bromley and the continuing growing pressures on the revenue budget, officers therefore made the request for a total of £27.4m of funding and this request was broken down into six workstreams, and priority areas as follows:

	<b>Indicative Grant Element</b>	<b>Outcome</b>	<b>Amount of Grant</b>	<b>Required Funding from Council</b>
1	TA Element	To allow the council to retain Manorfields, and refurbish the facilities deliver 40 Transitional Accommodation Units	£4.313m	£888k from current OPR capital programme
2	New Builds, which include resettlement x3	Transfer the 37 units due for delivery at Bromley North Housing development for private sale to be retained for affordable homes. 3 of these new homes will be earmarked for the resettlement programme as required by the Grant Condition	£8.54m + 10% on grant rate	In existing capital programme
3	Resettlement x1 larger unit	To support the acquisition of 1 x 4 bedroom units for the resettlement programme.	£0.284m	£354k to support purchase price works, legal and conveyancing costs together with works that may be needed to the property.
	<b>Total against allocation</b>		<b>£13.9m</b>	

<b>The schemes below relate to the additional grant funding applied for above the earmarked allocation.</b>				
4	New Builds Homes	To pay a grant of £231k per unit towards 15 of the homes under consideration for Beckenham car park site. This is a total of 35 homes, and the remaining 20 will be part funded by the GLA Affordable Housing programme.	£3.465m + 10% on grant rate	In existing capital programme
5	Empty Homes/ Acquisition from the market	To support the delivering of purchasing up 20 homes, that are on the Empty Homes list for use as Temporary or permanent accommodation.	£4.620m	£6.78m. Note that this will be subject to a further report and approvals.
6	New Build	To support the delivery of 20 new homes at the Adult Education site at Poverest	£4.64m + 10% on grant rate	Subject to further viability and assessment, as well as a further report and approvals.
7	Revenue	Towards the cost of Project Officer posts to enable delivery.	£0.111m	To be supplemented by individual schemes as per normal practice.
	<b>Total</b>		<b>£27.4m</b>	

- 3.6. It should be noted that 1-3 in the table above, is what would be delivered in the indicative allocation of funding that the Council should receive, lines 4-7 list the sites officers have bid for above Bromley's earmarked allocation.
- 3.7. The grant scheme requires match funding however, as set out in the table, in many cases the Council has already agreed the funding of schemes and this match funding is therefore already in place. In relation to Manorfields the funding is currently held in the OPR budget and the amount required is less than it would cost the Council to repair the building through the OPR, therefore undertaking the scheme through the LAHF scheme is better value for money.
- 3.8. To progress the Manorfields scheme officers will proceed to procurement via an officer gateway report to bring on board a multi-disciplinary team as the anticipated value is under £500k. A detailed procurement strategy will be included in this gateway report.
- 3.9. In relation to the purchase of the four bed resettlement home, the exact property has not yet been identified, however officers are confident a property can be secured within the total budget of £638k, which is part funded by the grant. This purchase is required to be able to access the rest of the grant monies.
- 3.10. Lines 5 and 6 would both require financial contributions from the Council that have not yet been agreed and are subject to further work. If these programmes are considered viable reports will be brought back to members to approve progressing with these and the match funding needed.
- 3.11. The Council has already approved a new housing development in Bromley North. This scheme was added to the capital programme in September 2023 (report No HPR2023/051) and was granted planning permission in October 2023. The enabling works contract commenced in March 2024, and the scheme is due to start on site in June 2024, with an estimated completion date of January 2026. The enabling works had to commence on site in March 2024 to secure the £740k Brown Field Release funding this development secured.
- 3.12. The scheme will deliver 75 new homes, 38 of which are currently set to be affordable homes, and 37 for private sale. By attributing funding from the LAHF this will support more homes to be

retained as social rent rather than private sale. This will be subject to a further details report in July, following a contract award of the main works.

- 3.13. This scheme will also provide the further three resettlement homes required under the grant conditions, as well as a further 37 homes towards the 55 target (exceeding the target by 19 units).
- 3.14. The following paragraphs set out where additional funding would be allocated if the bid for a higher grant is successful:
- 3.15. The regeneration team have advanced proposals for a housing development in Beckenham delivering 35 residential units. £15.2m was added to the Capital Programme for this scheme in September 2023 (Report No HPR2023/051). By securing LAHF grant towards this scheme, more homes will be retained as social housing rather than private sale. This will be subject to a further report in September 2024.
- 3.16. There is demand for larger properties, that are just not currently being built, and there are no significant plans from developers or the Council to bring forward larger homes. This is partly as a result of costs, but also the requirement of new builds to meet minimum space standards, which can be onerous for the larger properties often making developing unviable. Therefore the grant would be used to acquire larger empty homes/ homes from the open market. The acquisition of existing homes is only required to meet decent home standards, and not minimum space standards, although many existing properties would meet the needs of families. This work stream is subject to further work and a further report will be brought back to members.
- 3.17. The Regeneration team have outline proposals for the development of the Adult Education site in Orpington and therefore funding for this scheme has been included in the grant request. This scheme will be subject to a future report.
- 3.18. Members should note that a decision not to continue with at least the first three projects listed in para 3.5 will result in the earmarked funding not being secured from DLUHC and may affect the Council's ability to apply for and receive further LAHF grants.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1. Improving the quality and quantity of housing in Bromley both in permanent homes and through Temporary/Transition Accommodation will support the most vulnerable in the community.

#### **5. TRANSFORMATION/POLICY IMPLICATIONS**

- 5.1. The LAHF and programmes identified on this report, contributes to the Corporate Strategy to Make Bromley Even Better. It will meet the following objectives:
  - 5.1.1. For children and young people to grow up, thrive and have the best life outcomes in families who flourish and are happy to call Bromley home.
  - 5.1.2. To manage our resources well, providing value for money, and efficient and effective services for Bromley residents.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 This report recommends that Council approves the acceptance of DLUHC LAHF Round 3 funding estimated at up to £27.4m (made up of an indicative allocation of £13.9m and a request for a further £13.5m) for the schemes set out in para 3.5, noting some schemes will require

further reports; and authorise the Assistant Director of Legal Services to sign and execute all relevant legal documents arising in connection with acceptance of the LAHF.

- 6.2 This report further recommends, based on the Council's request for funding being approved, as detailed in para 3.5, that Council approves the addition of Manorfields to the Capital Programme at a value of £5.2m; and approve officers proceeding to procurement for a multidisciplinary team to design the major repair and refurbishment of Manorfields into Transitional Accommodation. This will comprise LAHF grant funding of £4.313m, and a contribution from the Council's existing OPR capital programme budget of £888k.
- 6.3 This report also recommends Council to approve the appointment of two Senior Project Managers to support the delivery of the schemes set out in this report for a fixed term of two years. These posts will be funded from the Revenue element of the LAHF Round 3 funding grant of £111k, supplemented by capitalised funding allocated to the relevant schemes where appropriate.
- 6.4 This report also recommends that Council approves an increase in the Council's capital programme budget of £638k towards the purchase of a four bed settlement unit. This will be funded through £284k of LAHF grant, with the balance of £354k to be met from capital programme resources.

#### HRA Financial implications

- 6.5 In July 2020, Council approved the setting up of a Housing Revenue Account (HRA) for the provision of affordable housing. The Council currently has an exemption from the Secretary of State to hold up to 199 properties in the General Fund rather than in the HRA, which has meant that the Council has not yet had to re-open the HRA. The Council cannot budget for a deficit in the HRA for any financial year, and the General Fund cannot subsidise the HRA without a Secretary of State Direction. This means that a decision to approve any schemes, or amendments to any schemes which would result in the Council holding more than 199 housing units (other than for temporary accommodation), would need to consider the detailed implications of such a decision upon the HRA in future reports.

## **7. PERSONNEL IMPLICATIONS**

- 7.1. Two Senior Project managers will be required to support the development of this programme. These posts will be funded from the revenue funding, but also from the capitalisation of the schemes themselves.

## **8. LEGAL IMPLICATIONS**

- 8.1. This report seeks Executive approval to approve the recommendations set out in paragraph 2.
- 8.2. S1(1) of the Localism Act 2011 gives the council a general power of competence.
- 8.3. In respect of the properties to be acquired by the council, under the terms of the LAHF the council has power pursuant to section 120 the Local Government Act 1972 to acquire land for the purposes of its functions.
- 8.4. Furthermore the Council has the implied legal power under section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions and accordingly therefore pursuant to this power there is no impediment to the proposals set out in this report.

- 8.5. Procurement of these works and services may fall within the Public Contracts Regulations 2015 or Procurement Act 2023 (once in force) and will require a further detailed analysis as to the recommended procurement approach.
- 8.6. Each procurement will need to ensure it complies with the Councils Contract Procedure Rules and internal decision-making under the Councils' Constitution. Officers should seek specific procurement and legal advice on any procurement arising from this report.
- 8.7. The Council will need to adhere to and comply with the requirements of the grant funding agreements.

**9. PROCUREMENT IMPLICATIONS**

- 9.1 There are no immediate procurement recommendations within this report. However, it is noted that procurement exercises will be needed to support the recommendations in due course. These will be subject to separate Proceeding to Procurement reports with approval from Officers or Members, depending on the value. The procurement strategies will comply with the Council's Contract Procedure Rules and the relevant legislation in force.

**10. PROPERTY IMPLICATIONS**

- 10.1 The Property Team will support the acquisitions by managing the agents appointed to seek and secure the properties including arranging for advice on condition, legal status, suitability for long term use and instructing solicitors to manage the purchase. Appropriate fees for the process will need to be allocated from the capital budget.

<b>Non-Applicable Headings:</b>	Public health, Local economy, Social Impact, Ward Councillor views.
Background Documents: (Access via Contact Officer)	[List any documents used in preparation of this report - Title of document and date]