

Guidance

Local Authority Housing Fund: Round 2 prospectus and guidance

Published 7 June 2023

Applies to England

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1. Introduction

The United Kingdom has welcomed over 24,000 Afghans who worked alongside the government and risked their lives alongside our Armed Forces, as well as people who assisted British efforts in Afghanistan. Local authorities play a vital role in integrating recent arrivals to the UK. It is thanks to the hard work of so many in local government and the wider public sector across all parts of our country that we have been able to welcome so many people to safety.

The Home Office's Afghan Relocations and Assistance Policy (ARAP) and the Afghan Citizens Resettlement Scheme (ACRS) have already helped around 9,000 people into settled accommodation. In March 2023, the government [announced plans to increase support for the remaining Afghan cohort](https://www.gov.uk/government/news/new-support-for-afghans-in-uk-hotels-to-find-settled-housing) (<https://www.gov.uk/government/news/new-support-for-afghans-in-uk-hotels-to-find-settled-housing>) in bridging hotel accommodation to secure settled accommodation. This will help to provide more stability for families so they can rebuild their lives in the UK and contribute to society with the support of public services, schooling, and employment while in parallel also ending the use of bridging hotels which do not offer suitable long-term accommodation and have increased pressure on local communities.

In December 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched the [Local Authority Housing Fund: Round 1 \(LAHF R1\)](https://www.gov.uk/government/publications/local-authority-housing-fund) (<https://www.gov.uk/government/publications/local-authority-housing-fund>), an innovative capital fund that supports local authorities in England to obtain housing for those who are unable to find settled accommodation on resettlement schemes.

LAHF R1 provides £500 million of funding for local authorities in England to obtain accommodation for families with housing needs who have arrived in the UK via Ukrainian (for example the Homes for Ukraine scheme) and Afghan resettlement and relocation schemes. LAHF will help local authorities to address these immediate pressures as well as build a sustainable stock of affordable housing for the future.

LAHF R1 aims to deliver over 3,000 homes, with the majority being obtained by November 2023. The intention is also to ensure that those communities, which have been most generous in welcoming those fleeing conflict and persecution in Ukraine and Afghanistan, are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness system.

In March 2023, it was announced that the Local Authority Housing Fund would be expanded by £250 million for a second round of funding (LAHF R2), with the majority of the additional funding used to house those on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to ease wider homelessness pressures.

Alongside LAHF R2, the government is providing [£35 million of new funding](https://homeofficemedia.blog.gov.uk/2023/04/24/uk-government-support-for-resettled-afghans-in-bridging-accommodation-factsheet-april-2023/) (<https://homeofficemedia.blog.gov.uk/2023/04/24/uk-government-support-for-resettled-afghans-in-bridging-accommodation-factsheet-april-2023/>) to enable councils to provide

increased support for ARAP/ACRS households to move from hotels into settled accommodation as well as considerable new flexibilities within existing funding. Additional funding will also be made available to councils who accept homelessness duties from ARAP/ACRS households as a result of the bridging hotel closure plan. Details of this additional funding have been resent alongside this prospectus.

The government remains committed to preventing homelessness where possible and helping people to stay in their homes. However, the current global context and significant economic challenges we are facing is making achieving our objectives on homelessness more challenging. We also knew that a proportion of those who arrived under our Ukraine visa schemes would sadly end up presenting as homeless, and have provided flexible funding for all local authorities to allow them to plan for this.

When homelessness cannot be prevented – whether for new arrivals or British residents – temporary accommodation is an important way of ensuring no family or vulnerable person is without a roof over their head. Current conditions in the housing market are driving an increased use of poor-quality, poor value for money temporary accommodation – with recent increases in B&B usage for families, which we continue to seek to address.

LAHF R2 will therefore also support local authorities to acquire good quality, and better value for money temporary accommodation for families owed a homelessness duty by local authorities. This will reduce the usage of poor-quality B&B accommodation and will enable local authorities to grow their asset base, creating sustainable assets to help manage local housing pressures on an ongoing basis.

Funding offers will include two components to reflect both objectives of the fund. There will be a specified targeted number of homes to accommodate the eligible resettlement cohort, and a specified targeted number of homes for general needs temporary accommodation. This prospectus sets out the objectives for the second round of funding, what local authorities can spend the grant on, the eligible cohort, and the process and timelines DLUHC will follow for allocating grants to local authorities.

2. Purpose of the second round of funding

The £250 million second round of LAHF supports the government's humanitarian obligations to provide safe and suitable housing to those fleeing Afghanistan, alongside helping to deliver DLUHC's commitment to help those who are homeless to secure accommodation.

2.1 Funding objectives

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 those owed homelessness duties by local authorities.
- Reduce emergency, temporary and bridging accommodation costs.
- Reduce impact on the existing housing and homelessness systems and those waiting for social housing.

3. What the funding can be used for

Within the framework of the purpose and objectives of the fund set out above, we want to provide local authorities with as much flexibility as possible to shape local delivery according to circumstances in each area. The guidance provided in this document is intended to support this. Local authorities will need to be satisfied that their specific plans are lawful and deliverable.

The basic model assumes stock acquisition. In practice this could include, but is not limited to:

- expanding their existing delivery programmes or those of their 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 they or housing associations own
- 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.

Ultimately, local authorities may choose the most appropriate delivery mechanism to achieve the fund’s objectives and to bring on stream the accommodation as quickly as possible. We recognise however that there can be a trade-off between volume and speed, and larger projects may take a slightly longer timetable.

We are open to supporting innovative new approaches from local authorities and encourage any authorities with questions to contact us directly to discuss further.

We want local authorities to prioritise securing homes at pace to support families into suitable accommodation quickly. Local authorities should be open to a variety of properties as long as they can meet the standards required by law. Local

authorities should not limit themselves to securing homes that go above any local minimum Energy Performance Certificate standard that would rule out homes that are otherwise suitable for families.

Priority should be placed on acquiring larger properties which can accommodate a family as those with larger families have found it particularly difficult to find accommodation).

Whilst local authorities will take the lead in their areas, where appropriate, we expect local authorities to work closely with their housing association partners who stand ready to assist and, in some cases, may be the most appropriate delivery vehicle to achieve the fund objectives. Housing association stock, development, and disposals pipelines could be instrumental in assisting local authorities to deliver this fund, as could their expertise and capacity for stock purchase, management and wraparound support. The [National Housing Federation](https://www.housing.org.uk/about-us/our-people/member-relations/) (<https://www.housing.org.uk/about-us/our-people/member-relations/>) can support local authorities to find housing association partners in their area.

Local authorities should aim to acquire properties in their own area wherever possible. Where there is a need to acquire properties in a neighbouring local authority's area, we would encourage close collaboration between the local authorities.

There are 230 local authorities eligible for funding. Eligible local authorities have received an allocation email, which will set out the funding amount and the minimum number of units the local authority is being asked to deliver with this funding. Local authorities or their partners are expected to fund the remainder of the costs; examples include but are not limited to funding from capital receipts, revenue, borrowing or funding by a partner.

Local authorities will be expected to manage this fund within their normal budgetary guidelines, with confidence that any budgeting decisions can be justified to their auditors. We will ask Section 151 officers to agree this with DLUHC via a memorandum of understanding (MOU); further details can be found at section 5.

3.1 Types of housing

This fund aims to support local authorities to provide safe and suitable housing for those on Afghan resettlement schemes who are unable to secure their own housing, as well as better quality temporary accommodation for those owed a homelessness duty.

Local authorities should consider the needs of the cohort in their area when determining the size, type and location of properties to acquire. Where appropriate, local authorities should work with government staff based in hotels, as well as their Strategic Migration Partnership, to understand the needs and size of families in local bridging hotels to maximise the chances of matching being successful. Our expectation is that the vast majority of properties acquired will be family sized homes (2 to 4+ bedrooms), particularly given the average family size of those on the Afghan resettlement schemes.

3.2 Cohort definition and eligibility

Given the objectives of the fund, those eligible for the ACRS and ARAP resettlement scheme element housing are those who are on:

- Afghan Citizen Resettlement Scheme (ACRS – including eligible British Nationals under this scheme) or
- those assisted under the Afghan Relocations and Assistance Policy (ARAP)

And who are currently in bridging accommodation or who have left bridging hotels and are homeless, at risk of homelessness, or living in unsuitable temporary accommodation.

Those eligible for the accommodation provided by the temporary accommodation element of the fund are those owed a homelessness duty by the local authority. Given the purpose of this funding, we expect that families will be the primary recipients.

We expect all local authorities in scope for funding to deliver their allocation of resettlement scheme element homes. If local authorities do not commit to providing sufficient homes for this cohort, then their provisional allocation will be reallocated.

3.3 Matching resettlement households with properties

It will be up to local authorities to decide how to deliver and manage this fund locally. The accommodation funded through the LAHF should increase the housing available for the cohort outlined in section 3.2.

In addition to the eligibility criteria above, the local authority should make reasonable endeavours to prioritise households based on who is most in need when matching eligible households with properties. Beyond this, local authorities may use any lawful route that allows them to deliver this fund to cater for the needs of their area and to meet the wider needs of those who are or were living in bridging hotels.

As an example, local authorities may wish to use their experience from the Rough Sleeping Accommodation Programme or use an assessment and prioritisation process based on that used for mainstream social housing stock.

Some examples of options for matching eligible households to properties include:

- Using, amending or putting in place a Local Lettings Policy to allow homes to be allocated by local authorities, or nominated to housing associations, to eligible applicants of a particular description. This is allowed under the Housing Act 1996 (section 166A(6)(b)).
- Letting accommodation through a local authority owned housing company.

This is not exhaustive and depending on how local authorities are delivering the fund, they may identify other legal ways for matching households with properties.

People assisted under ACRS or ARAP are due to be leaving bridging hotels during the early months of this programme (further to the government's 28 March 2023 announcement to end the use of temporary bridging accommodation). We would encourage local authorities to continue to use their relationships with their Strategic Migration Partnership, each other, and with government staff in bridging hotels to identify and match families to suitable properties.

Early engagement on the matching process will help to ensure that properties being delivered through this fund match the housing needs of families in bridging accommodation as much as possible. We strongly encourage local authorities to consider accepting people assisted under ACRS or ARAP who were formerly housed in bridging hotels outside of their areas.

We would also encourage local authorities to consider if it would be possible to support families matched to LAHF homes in advance of that home being ready. Where possible, accommodating the household in your area prior to them moving into the LAHF property will help the household to integrate sooner.

The new [flexible funding announced in March](https://www.gov.uk/government/publications/afghan-schemes-funding-instructions-2023-to-2024) (<https://www.gov.uk/government/publications/afghan-schemes-funding-instructions-2023-to-2024>) can be used to support this. While we want to minimise the risks of homelessness for all households, in cases where the council has accepted a homelessness duty (relief or main) for a household for the period until the LAHF property is ready for move-in, they would be eligible to claim the £9,150 per household homelessness funding as well as the wider wrap around funding (£28 per person per day) if placed in temporary accommodation for up to 6 months.

3.4 Rent levels

It is expected that all homes delivered through this fund will be affordable/low-cost housing to support wider local authority housing and homelessness responsibilities for the remainder of their lifetime. Funding provided under this fund is for whole-life housing costs and local authorities are expected to use the funding in line with the fund objectives outlined in 2.1.

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 social rent, affordable rent, or a discounted private rent.

3.5 Tenancy duration and social housing legacy

Given this fund aims to create a lasting supply of affordable housing for the general population (see fund objectives at section 2.1), we expect this stock to become available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed.

As the housing landscape in each area and the circumstances of eligible households vary, we will not mandate local authorities to apply a fixed tenancy

duration for housing funded through the fund, though in some cases this may be appropriate.

4. Funding formula and process

1. Validation and EOI forms: Local authority receives initial allocation or invitation to submit an EOI on 7 June 2023. Local authority fills out validation or EOI form by 5pm on 5 July 2023.

2. Validation and EOI review: DLUHC reviews all validation forms and EOIs (endeavouring to confirm allocations within 2 weeks of receipt). DLUHC considers EOIs and requests to deliver more than the initial allocation using process for reallocating uncommitted funding (from July onwards).

3. Memorandum of understanding: DLUHC confirms final allocation and sends MOU to each local authority within 2 weeks of receiving validation/EOI form. Local authority sign MOU and returns to DLUHC.

4. Payment: Local authority receives 30% of funding at earliest first payment point after signing a MOU (earliest payment point in July). Local authority receives 70% of funding after demonstrating 60% of first payment has been committed; payment will be made at the earliest second payment point (earliest payment point in September).

5. Monitoring and delivery: Local authority submits monitoring information every 2 months from October. Local authority agrees to deliver by 29 March 2024.

As with LAHF R1, this fund will operate only in England as funding has been made available from existing departmental budgets and is not subject to Barnett formula calculations. Local authorities will be allocated capital funding under section 31 of the Local Government Act 2003 based on a formula. Delivery targets will be based upon this funding allocation, estimated by a grant per property model.

4.1 Funding Formula

The initial funding offer is to be offered to 230 local authorities in England, who are deemed to have the greatest need for this funding based on a formula. The formula is used to identify the total allocation to those local authorities in scope for funding across the duration of the fund.

Local authorities are given an overall ranking based on several sets of data. This combines their relative ranking in terms of:

- the number of ACRS/ARAP individuals in bridging hotels as of 31 March 2023
- their relative ranking in terms of the level of housing pressure which includes:
 - private rented sector rents in relation to income
 - unemployment rate
 - number of households in temporary accommodation per 1,000 households

- number of families in nightly paid and B&B temporary accommodation
- number of households on local authority waiting lists per 1,000

Local authorities are ranked 50% on bridging hotel population and 50% on the housing pressure metrics.

This data is used to ensure the areas of both existing and future highest housing pressure are prioritised in the funding allocation mechanism.

In addition, all local authorities who had a bridging hotel on 31 March 2023 will be offered funding regardless of their position in the ranking.

4.2 Indicative allocations

Initial indicative allocations have been offered to each local authority, working from the most pressured local authority down, on the basis of:

- a fair share requirement to accommodate families in bridging accommodation, based on a per capita distribution for those local authorities in scope of funding
- the number of units that are expected to be delivered with the funding based on a grant per property set at 40% of the median property price in that local authority area plus an allocation of £20k per property to allow for refurbishment/other costs

An adjustment is then made to the resettlement scheme element by adjusting the funding for bridging accommodation per region in line with regional population size.

Temporary accommodation funding is then allocated based on 1 home per 20 families in nightly paid and B&B temporary accommodation within a given local authority with a grant per property set at 40% of the median property price plus an allocation of £20k per property to allow for refurbishment/other costs.

Each local authority in scope for funding is expected to deliver a minimum of one bridging unit and one temporary accommodation unit.

The model distributes funding down the list of local authorities (ranked based on the factors set out above) until the budget is expended, resulting in 230 local authorities being in scope for funding.

We have only initially allocated up to 20 units per local authority for those who did not participate in LAHF R1, or 10 units for those local authorities who did participate in LAHF R1 to help support deliverability, to minimise inflationary impacts and to ensure all parts of the country receive some support.

This is an initial allocation rather than a cap, and we encourage local authorities to let us know if they can deliver higher than this figure through the reallocations process (detailed at 5.1).

4.3 Grant rate and eligible spend

Allocations to each council have been calculated as follows:

- The amount of grant per property is calculated as 40% of the median property price in the council (or London borough) area. A further £20,000 per property is then added to account for other costs (including refurbishment).

Local authorities agree to acquire the target number of units set out in their indicative allocation by 29 March 2024 and to achieve value for money. The average grant per property rate should not exceed the maximum described below but the grant per property for individual purchases can be higher. It is recognised that the grant will not meet all of the acquisition costs and so there is an expectation that the council, or its partners, will provide the remainder of the funding required.

In some cases, the amount of money provided by the grant per property may equate to an intervention rate higher than the maximum set out above - for example if the local authority is focusing on smaller homes, because these better meet the needs of the eligible cohort in the area or constitute the majority of the available stock to purchase. If this means the grant rate equates to more than the maximum, the local authority is expected to acquire more units with this funding than the estimated minimum (or outline in the MOU process that less funding is needed to deliver the number of units outlined in their allocation) to ensure value for money and not exceed the maximum grant rate.

During the validation process, if local authorities ask to deliver fewer units than allocated, their funding allocation will be reduced maintaining the same grant per property rate.

4.4 Eligible expenditure for the £20,000 per property

The costs of obtaining a property are not the only costs local authorities may incur. They may also need to fund things like refurbishments, energy efficiency measures, legal costs, decoration, furnishings, or otherwise preparing the property for rent.

We have included a non-ringfenced capital budget of £20,000 per property to account for this. This is a notional amount for the purposes of allowing for these costs in our formula. Local authorities can choose how much of the grant is to be spent on each individual property. For example, it may choose to spend £10,000 on one property and £30,000 on another.

Worked example of property purchase costs

A local authority is allocated £380,000 to deliver 5 units plus £20,000 per unit nominally for refurbishment costs, totalling £100,000. In total it receives £480,000.

The local authority identifies 5 properties and the costs of obtaining and preparing them for rent:

- Property 1: £220,000 capital cost
- Property 2: £220,000 capital cost
- Property 3: £240,000 capital cost
- Property 4: £190,000 capital cost
- Property 5: £230,000 capital cost
- Total price: £1,100,000

The local authority uses the £100,000 it received nominally for refurbishment costs, leaving £1,000,000.

The £380,000 allocation equates to 38% of the remaining capital cost and is therefore within the 40% maximum average grant rate.

The local authority funds the remaining costs from other sources.

5. Validation and Expression of Interest processes

We have written to the **230 local authorities that have been initially allocated funding** with details of their indicative funding and requesting that they fill out a **validation form** to confirm whether they are willing and able to participate in LAHF R2.

Where a local authority has indicated they wish to deliver less than their allocated delivery target we will reduce its funding allocation proportionately and the unclaimed funding will be used in our reallocations process for unclaimed funding.

Where a local authority has indicated they wish to deliver more than their allocated delivery target we will consider a proportionate increase in funding as part of our reallocations process for unclaimed funding.

We have also written to the **66 local authorities that have not received an initial allocation** to ask whether they want to be considered for any unclaimed LAHF R2 funds to deliver the programme objectives, via completion of an **Expression of Interest (EOI) form**.

EOIs will be considered as part of our reallocations process for unclaimed funding (detailed at section 5.1).

For both processes local authorities do not need to have full approval to participate in LAHF when they submit a form, this stage is intended to provide an indication of which local authorities will be participating.

Given that this is not a bid-based fund, proposals will be assessed acknowledging that accountability for delivery rests with the local authority. The questions have been designed to identify whether local authorities are willing and able to deliver the fund, and also includes some non-assessed questions on delivery plans. The assessed section of the forms will consider responses regarding:

- the proposed scale of delivery relative to the indicative allocation
- whether the local authority can deliver the fund objectives
- confirmation that the local authority is content with formal reporting requests every 2 months
- confirmation that the Section 151 Officer or Deputy Section 151 Officer has agreed to participation

We will conduct a light touch review of these forms to confirm final funding allocations to each local authority.

All forms must be returned by 5pm on 5 July 2023. We cannot guarantee that funding will remain available for any local authorities that miss this deadline, as after this date we will reallocate any unclaimed funding.

We will review forms as we receive them and will endeavour to confirm whether we will be proceeding with any given allocation within 2 weeks of receiving an initial validation form from the relevant local authority.

5.1 Dealing with unclaimed funds

Unclaimed funds from local authorities who cannot deliver some or all units in their indicative allocation will firstly be offered to other local authorities who received an initial allocation and who stated they can deliver more than their original allocation.

Remaining unclaimed funds will then be offered to local authorities which had not received an initial allocation but have stated their interest in delivering LAHF R2 homes via an EOI.

All reallocations of unclaimed funds made to local authorities under these stages will be prioritised on the basis of the overall LAHF R2 funding formula (as described in section 4 above).

Any additional delivery agreed will use the same grant per property (detailed at section 4.1).

We will begin to respond to reallocation requests in mid-July.

5.2 Memoranda of understanding (MOU)

Once we confirm the outcome of the validation and EOI review process, we will share a MOU with each local authority to confirm their final allocation. This will include any new or additional funding agreed as part of the reallocations process.

The MOU includes standard wording for all local authorities participating in LAHF R2 and is non-negotiable. The MOU will not impact any agreements made with local authorities that are also participating in LAHF R1; this will be a new MOU specific to LAHF R2.

The standard MOU template was shared with local authorities in initial communications. We strongly encourage all local authorities to begin seeking agreement of the terms of the MOU immediately upon receipt of the template to ensure timely agreement of the completed MOU once we have completed our review of the validation form. We expect local authorities to obtain necessary clearances to enter into a MOU with DLUHC based on the information they provided in the validation form.

Given the urgency of delivery, we expect all local authorities to show flexibility in how they apply their approvals processes in order to participate in this fund. Funding will then be distributed to the local authority following the signing of the MOU. Local authorities will ultimately be responsible for delivery and ensuring value for money of the allocation they have received.

6. Payment process

LAHF R2 funding will be allocated direct to local authorities under Section 31 of the Local Government Act 2003 with an accompanying grant determination letter and a MOU setting out delivery expectations.

Funding will be paid in two tranches representing 30% and 70% of the local authority's allocation agreed in the MOU. The initial payment of 30% of the allocation will be made, following agreement of a MOU, by the last working day of July 2023 if a MOU is signed by 14 July, or August 2023 for those who sign an MOU by 14 August. A further payment of the remainder (70%) of the allocation will be made by the last working day of October 2023, or by mid-December, once the local authority has demonstrated they have committed 60% of the first payment.

The table below outlines the payment process in full, including the requirements that need to be met in order for second payments to be made. We expect delivery of LAHF R2 units by 29 March 2024, the end of the financial year.

Payment milestone	Requirements for payment milestone	Payment by
First payment (30% of total allocation)	Signing of a MOU with DLUHC	Last working day of July (if a MOU is signed by 14 July).
		Last working day of August (if a MOU is signed by 14 August).
Second payment (70% of total allocation)	Statement of Grant Usage demonstrating 60% of the first tranche has been committed.	Last working day of October (if required information provided by 9 October).

Payment milestone	Requirements for payment milestone	Payment by
	Relevant monitoring information as outlined in section 7.	Mid-December (if required information provided by 24 November).

Local authorities do not need to wait until receiving the second tranche of payment before spending more than their tranche one payment given 'the balance' will be paid following the checkpoint when they have spent 60% of their tranche one payment.

7. Compliance and monitoring

7.1 Fraud Risk Assessments

Local authorities shall be responsible for ensuring that fraud is a key consideration in all spend activity and that the following minimum standards are met:

- follow the [Grants Functional Standards on Fraud Risk Assessment](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (PDF, 496KB) – pages 15 to 19
- undertake fraud risk assessments at an appropriate level to each individual project dependent on risk
- ensure that this spend is undertaken in accordance with effective authority fraud prevention policy and procedure, and via engagement with your organisations' specialists in this area
- ensure that relevant evidence and data to prevent fraud is gathered as part of due diligence undertaken ahead of releasing funds
- implement reporting and monitoring requirements that will identify irregularities or issues in use of funds which can be investigated further
- store and file all work undertaken on fraud risk assessment in the event of any issues or audit requirements

7.2 Due diligence

Local authorities shall be responsible for ensuring that proportional due diligence is applied to all this fund spend and that the following minimum standards are met:

- follow the [Grants Functional Standards on Due Diligence](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (PDF, 496KB) – pages 20 to 24

- undertake due diligence at an appropriate level to each individual project dependent on risk
- ensure that due diligence is undertaken in accordance with effective authority rules and procedures through authorities' teams specialising in this area
- ensure that key areas of due diligence identified for projects in which local authorities invest are reported on and monitored throughout the term of delivery
- store and file all work undertaken on due diligence in the event of any issues or audit requirements

7.3 How we will monitor performance and delivery

Local authorities participating in LAHF R2 will agree via memoranda of understanding (MOUs) to provide a mix of quantitative and qualitative summary updates to DLUHC every 2 months to track against agreed delivery milestones. The reports will be due every 2 months until delivery is completed, with the first monitoring touchpoint to take place in September.

To monitor delivery, we will ask for progress updates, but not necessarily the statement of grant usage, every 2 months, regardless of whether the local authority has reached the 60% spending threshold.

Details of the monitoring information required and dates by which it is required is set out in MOUs with local authorities.

7.4 Future evaluation requests

DLUHC will conduct an evaluation of the fund near the end of the monitoring period. To understand how the fund is being delivered in further detail, we will ask local authorities, in addition to the monitoring information above, for additional information outlined in MOUs with local authorities.

We expect that local authorities will respond to any reasonable additional requests from DLUHC to support any retrospective assessment or evaluation as to the impact or value for money of the fund. We will expect the authority to, at minimum, monitor spend, outputs and outcomes against agreed indicators and keep this information for at least 5 years.

We may also ask for details about how the acquired properties are being used, for example if they are still publicly owned (which we expect) and if they have become part of the social housing or affordable stock. This will require local authorities to maintain address-level data. This is for us to examine the legacy impacts of the fund.

8. Next steps and important dates

Local authorities who have been made an indicative allocation are asked to complete a [validation form \(https://consult.levellingsup.gov.uk/funding/2db020c1/\)](https://consult.levellingsup.gov.uk/funding/2db020c1/), to

confirm their interest in participating, and to set out how they intend to deliver this fund. Local authorities are strongly encouraged to start their clearance processes as soon as possible after receiving the information on their indicative allocations.

Local authorities who have not been made an indicative allocation are asked to complete an [Expression of Interest \(EOI\) form](https://consult.levellingup.gov.uk/funding/a31a3c19/) (https://consult.levellingup.gov.uk/funding/a31a3c19/) if they want to be considered for unclaimed funds to deliver the LAHF programme. The EOI form is available via this link.

Submissions will be reviewed as they are received and therefore forms submitted earlier may receive an earlier response.

Local authorities must submit their validation or EOIs form by 5pm on 5 July 2023. Forms will only be accepted submitted by the links above.

In the event we have any clarification questions about the contents of a form, we will contact the local authority directly for further detail.

We will make best endeavours to contact the local authority to confirm allocation offers within 2 weeks of form completion.

We strongly encourage all local authorities to begin seeking agreement of the terms of the MOU immediately upon receipt of the template to ensure timely agreement of the completed MOU once we have completed our review of the validation form. We expect local authorities to have signed this by 14 August 2023 at the latest.

Payment of the first tranche of funding will take place in July or August, depending on when the local authority returns a signed MOU to us.

For any questions about this fund please contact LAHF@levellingup.gov.uk.

Fund documents will also be uploaded to the library within the LAHF section of the [Local Government Association hosted knowledge hub](https://khub.net/group/local-authority-housing-fund) (https://khub.net/group/local-authority-housing-fund). Local authorities are encouraged to register for this group which has been created to facilitate discussion and shared learning between local authorities participating in LAHF.

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