



Local Authority Housing Fund Round 4 - Grant Acceptance

Decision maker: Cabinet member adults, health and wellbeing

Decision date: 8 May 2026

Report by: Strategic Housing Manager

Classification

Open

Decision type

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve a grant secured through Round 4 of the Local Authority Housing Fund and authority to enter into the associated grant acceptance documents for Government funding. Working in partnership with Registered Providers, this funding will be used to deliver twenty homes to help address the need for further temporary accommodation, and also to meet Government policy requirement to effectively manage the resettlement of a small number of Afghan families in Herefordshire who are vulnerable and at risk due to the support they provided to the British Army.

Recommendation(s)

That:

- a) **The capital grant of £2,899,500 and revenue grant of £22,548 from the Ministry for Housing, Communities and Local Government (MHCLG) in respect of the Local Authority Housing Fund Round 4 (LAHF 4) is accepted.**
- b) **Acceptance of any further funding through this, or any further rounds, of the Local Authority Housing Fund is delegated to the Corporate Director Community Wellbeing in consultation with the Section 151 Officer.**
- c) **Authority is delegated to the Corporate Director, Community Wellbeing to take all operational decisions in relation to delivering recommendation (a) and delivery of projects in relation to any further rounds of the Local Authority Housing Fund including authority to enter into associated grant acceptance documentation and related contracts.**

Alternative options

1. Not to accept the funding. This is not recommended as the council has a statutory duty prevent homelessness and where homelessness does occur, to provide accommodation for households in housing need.

Key considerations

2. The Local Authority Housing Fund (LAHF) was originally announced by the Ministry for Housing, Communities and Local Government (MHCLG) in December 2022 as an innovative capital fund that supports local authorities in England to obtain housing to use as good quality temporary accommodation for those owed a homelessness duty and to provide safe and suitable accommodation to support families on Government resettlement schemes, specifically vulnerable, at-risk Ukrainian and Afghan families.
3. As a non-stock holding local authority, Herefordshire Council worked with Registered Providers on Rounds 1 and 2 of LAHF. Registered Provider partners' participation in this scheme resulted in the purchase of thirty-seven additional homes.
4. LAHF Round 4 (LAHF 4) is specifically focused on providing funding to councils to enable them to grow their own stock of good quality temporary accommodation, reducing the reliance on expensive and unsuitable nightly paid or Bed & Breakfast accommodation. The fund will also provide homes for some families arriving through the Afghan Resettlement Programme.
5. LAHF 4 does not fully fund the purchase of new homes, instead providing match funding of between 40% and 50% of the median property price, depending on the size of the property. This means that the council and Registered Provider partners must invest their own funds into the purchase of 20 new homes.
6. The median property price used to calculate the amount of funding available per property is taken from the latest version of the ONS Housing Affordability in England and Wales which uses house price data up to September 2024.
7. The costs of obtaining a property are not the only costs councils may incur. They may also need to fund refurbishments, energy efficiency measures, legal costs, decoration, furnishings, or otherwise preparing the property for rent. The LAHF 4 grant includes a non-ringfenced additional £21,000 per property to contribute towards these additional costs.
8. A small revenue grant is also included in LAHF 4 for activities which support the timely delivery of the scheme, including but not limited to, programme/ administration resource and professional services.

9. LAHF 4 funding can be used to bring forward new homes in several diverse ways, but in Herefordshire we will be focusing on purchasing housing stock from the open market.
10. The council will use funding from the Strategic Housing capital programme to match fund the purchase of five homes for temporary accommodation. No additional council resources are being requested to enable the delivery of LAHF 4.
11. The council has a statutory duty to prevent and relieve homelessness. Nationally, the number of households in temporary accommodation (TA) has reached record levels. Demand continues to grow, both nationally and locally; ninety-three households were accommodated in TA in January 2023, rising to 148 in January 2024, 156 in January 2025 and 184 in January 2026. Demand for TA is driven by a shortage of social rented housing, the high cost of private rented housing and the increased cost of living. The council provided overall 326 households with temporary accommodation during 2024/25.
12. Spend on TA has increased alongside demand, as can be seen in the table below, which includes the forecast spend for 2025/26.

Temporary Accommodation Provision (Bed & Breakfast, Hotel)		
Period	Gross expenditure total	Full year gross expenditure forecast
2025-2026 at end of December 2025 (Period 9)	2,295,635	2,977,970
2024-2025 final spend	2,217,061	
2023-2024 final spend	1,675,935	

13. The limited supply of B&B/ Hotel accommodation in Herefordshire, along with increasing demand and seasonal variations mean the cost of securing short term accommodation for people that are homeless continues to rise. The current average cost (January 2026) to the council for an individual placed in the Travelodge is £85.00 for one night. This equates to £595 per week, £2,550 per month and £31,025 per year. The TA team offset as much of this cost as possible by claiming housing benefit, but this does not cover the whole cost, or all circumstances.
14. In response to the events of August 2021, the UK launched Operation PITTING, successfully evacuating 15,000 Afghan nationals. Since then, the UK Government has collaborated with Local Authorities to support resettlement of Afghan families who are vulnerable and at risk, following regime change, due to the support they provided to the British Army.
15. The Council has supported the successful resettlement of refugees (as described above), helping families in areas such as accessing education for children into local schools, finding employment and integration into the community.

Community impact

16. The aims of the LAHF 4 scheme are directly in line with the priorities set out in the council plan (2024 to 2028):
 - a. **People** - We will enable residents to realise their potential, **to be healthy and benefit from communities that help people to feel safe and supported.**

- b. **Place** - We will protect and enhance our environment and ensure that Herefordshire remains a great place to live. **We will support the right housing in the right place** and do everything we can to improve the health of our rivers.
17. Improving emergency responses to homelessness is one of the five pillars of the new national Homelessness Prevention Strategy and links directly with the Government's National Child Poverty Strategy, which seeks to eliminate the use of B&B accommodation for families, except in emergencies, by the end of this parliament. This is also reflected in the Herefordshire Homelessness Prevention and Rough Sleeping Strategy 2026 – 2031 which was developed with partners and published in March 2026. The capital investment plans outlined in this report will directly contribute to the reduction and prevention of homelessness.
 18. Afghan families have been welcomed and supported by employers, individuals and voluntary, community and faith sector organisations including the Armed Forces community across Herefordshire.

Environmental impact

19. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public, and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
20. Where applicable the environmental impact of this proposal will be considered through the service specifications and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management.
21. The council and our Registered Provider partners are focused on improving and enhancing the environmental performance of our housing stock. Purchased properties will all have an EPC of C or above.

Equality duty

22. The Public Sector Equality Duty requires the council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
23. An equality impact assessment has been completed for this decision. Overall, accepting the LAHF grant funding impacts positively on the advancement of equality, ensuring that vulnerable homeless people have access to good quality temporary accommodation and that vulnerable families resettling in Herefordshire have access to settled, stable accommodation that meets their needs and gives them the stability that they need to raise their families, find work and integrate into the community.

Resource implications

24. The LAHF 4 funding offer includes a capital grant of £2,899,500 and revenue grant of £22,548. The funding will be paid in accordance with the agreed delivery profile over a 4-year period as set out below:

Property type	Year 1 (2026–27)	Year 2 (2027–28)	Year 3 (2028–29)	Year 4 (2029–30)	Total
TA element (2–4+ bed)	5	0	0	0	5
R4 resettlement (2–3 bed)	0	0	8	0	8
R4 large resettlement (4+ bed)	0	0	7	0	7
Total	5	0	15	0	20

25. LAHF 4 will provide a grant of between 40% and 50% of the median property price per property, depending on the size of the property. The higher percentage is applied to large, four beds plus, homes.
26. Match funding for the purchase of five units of temporary accommodation will be provided by Herefordshire Council through the agreed £4.1m Strategic Housing Capital Programme. This is in line with the spend profile set out in the Cabinet Member Decision taken on 30 April 2026. The exact amount of match funding required will depend on the size and purchase price of each property.
27. Once purchased, these assets will belong to and be managed by Herefordshire Council. The use of LAHF 4 funding to purchase temporary accommodation will enable the Strategic Housing Capital Programme funds to go further and be used to benefit more vulnerable homeless families.
28. The council will be a conduit for the LAHF 4 funds allocated for the purchase of fifteen homes for the resettlement of families in Herefordshire. These homes will be purchased and matched funded by Registered Providers, independently of the council. The exact amount of match funding put in by each Registered Provider partner will depend on the size and purchase price of each property.
29. A grant agreement will be put in place with each partner to ensure compliance with the terms and conditions of the LAHF 4 funding to the council.
30. Once purchased these fifteen units will belong to and be managed by the respective Registered Provider. Herefordshire Council will have nomination rights to these properties; this requirement will be set out in the grant agreement. As families move on from these units, they will remain in the ownership of the Registered Provider and be added to their wider stock of social housing, benefitting the community of Herefordshire.

Legal implications

31. Section 120(1) Local Government Act 1972 provides a specific power to acquire by agreement, any land inside or outside its area for the purposes of any of its statutory functions or the benefit, improvement or development of its area. Section 9 Housing Act 1985 permits a Council to provide housing accommodation and Part 7 Housing Act 1996 sets out the Council's duties in relation to providing accommodation to those that are homeless. In addition, section 1 of the Localism Act 2011 conferred a power of competence on the council to do anything that any individuals may generally do.
32. The council may use these powers in support of reasonable and accountable decision making to deliver services in an innovative and collaborative way, amongst other things to promote social and economic wellbeing, sustainable economic growth and development, equality, inclusion, and improve the quality of the local environment.

- 33. The properties will be procured in accordance with Finance Procedure Rules in relation to valuations (Clause 93) and any associated contracts in relation to works will be procured in accordance with the Council's contract procedure rules.
- 34. The council will be required to adhere to the terms of the funding with MHLCG for LAHF 4 in accordance with a Memorandum of Understanding.
- 35. Forward funding to Registered Providers will be documented via grant agreements and nominations agreements to ensure the Council's obligations in relation to LAHF 4 funding are adhered to.

Risk management

- 36. Consideration has been given to the risks / opportunities to the council if the recommendation(s) are agreed and how these will be managed.

Risk / opportunity	Mitigation
Unable to secure match funding – Herefordshire Council	Herefordshire Council's capital programme was agree at Full Council in February 2026. A Cabinet Member Decision taken on 31 April 2026s sets out Strategic Housing element of the wider capital programme; this includes some funds specifically for LAHF and for the purchase of temporary accommodation.
No Registered Providers express an interest in partnering with the council.	The council has secured the cooperation of two Registered Providers to support the roll out of LAHF 4. Grant agreements will be put in place with both organisations to formalise these arrangements.
Unable to secure suitable properties for purchase.	The Strategic Housing and Property Services team are familiar with the housing market in Herefordshire and officers have a good knowledge of the age and condition of our housing stock, as well as established relationships with estate agents. Likewise Registered Provider partners have access to the open market and homes on new developments that they are bringing forward over the next four years.

- 37. Risks will be managed at a service and directorate level.

Consultees

38. The Council have worked closely with Registered Provider partners and the LAHF team at MHCLG to develop the LAHF 4 delivery programme.
39. Consultation undertaken with the political groups was held on 30 April 2026. Councillors were supportive of this decision and acknowledged the important contribution that many Afghan people had made in support of the UK armed forces in Afghanistan.
40. Councillors also highlighted the role of the voluntary, community and faith sector in supporting families as they resettle in Herefordshire.
41. Councillors acknowledged the increase in demand for TA over the last four years and sought clarity that the units of temporary accommodation would be owned and managed by the council.

Appendices

Appendix 1 – Equalities Impact Assessment

Background papers

None

Please include a glossary of terms, abbreviations and acronyms used in this report.

- LAHF = Local Authority Housing Fund. This is a government funded grant scheme.
- LAHF 4 = Local Authority Housing Fund – Round 4.
- MHCLG = Ministry for Housing, Communities and Local Government
- TA = Temporary accommodation
- ONS = Office for national statistics