

Report to CABINET

Local Authority Housing Fund (LAHF) – Acceptance of Additional Funding

Portfolio Holder:

Councillor Arooj Shah, Leader and Cabinet Member for Growth

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Reason for Decision

The Ministry for Housing, Communities and Local Government (MHCLG) launched a third round of the Local Authority Housing fund (LAHF) to run over the financial years of 2024-25 and 2025-26.

In October 2024, Oldham Council accepted a funding allocation of £1,506,000 to deliver 16 homes.

In January 2025, an Expression of Interest process was launched by MHCLG for additional funding and Oldham secured a further £372,000 to provide 4 additional homes.

The Council has only received interest from Cromwood Housing to deliver the additional homes, which this report outlines. To deliver the homes, Cromwood require an additional £320,574. Without this additional funding the project would not be deliverable.

As this report demonstrates, a revenue cost from the Council of £40k per annum will achieve a revenue saving of £61k per annum by virtue of a one-off capital investment therefore delivering an annual revenue saving of £21 k.

Recommendations

It is recommended that Cabinet:

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- Have regard to the agreed comments of the Place, Economic Growth and Environment Scrutiny Board on this item from the meeting on 12th June 2025;
 - Note that this item will be exempt from call-in, under Rule 14 of the Constitution, as the report has already been considered by the Place, Economic Growth and Environment Scrutiny Board;
 - Approves acceptance of the additional £372,000 grant from MHCLG.
 - Approves a capital grant of £320,574 to be awarded by the Council to Cromwood Housing Limited from the Flexible Housing Fund.
 - Delegates authority to the Director of Economy or their nominee to agree and enter into a grant agreement with Cromwood Housing Limited.
 - Delegates authority to the Borough Solicitor or their nominee to formalise any necessary legal requirements including signing and/or sealing any documentation required to give effect to the recommendations and/or delegations in this report.
 - Delegates authority to the Director of Economy or their nominee to approve the appointment of external legal advisors, as required, to protect the Council's interests and give effect to the recommendations in this report.

Local Authority Housing Fund (LAHF) – Acceptance of additional funding.

1 Background

- 1.1 Oldham Council were offered an initial funding allocation of £1,506,000 as part of The Ministry for Housing, Communities and Local Government's (MHCLG) third round of the Local Authority Housing fund to run over the financial years of 2024-25 and 2025-26 to deliver 16 homes, predominantly for Temporary Accommodation.
- 1.2 An Expression of Interest exercise was launched by MHCLG in January 2025 for Local Authorities to apply for additional funding. The Council submitted a bid for 32 units.
- 1.3 Oldham was only allocated funding for 4 units with a grant allocation of £372,000. The homes should be purchased by Cromwood March 2026. A revised Memorandum of Understanding has been completed between the Council and MHCLG to secure the Grant. The homes will be 2 x 3 bed and 2 x 4 bed properties with no 2 beds. The MoU is not legally binding.

2 Current Position

- 2.1 While local authorities (LAs) can deliver LAHF independently, MHCLG encourages LAs to work closely with partners, particularly housing associations, who may be the most appropriate delivery vehicle. An expression of interest was circulated to the Oldham Strategic Housing Partnership (OSHP) and commissioned providers of temporary accommodation in Oldham in February 2025. This included confirmation that the Council could provide additional grant monies to make the project viable and was followed up with direct conversations with partners.
- 2.2 No expressions of interest were received from members of OSHP, but discussions with Cromwood Housing Limited advised that whilst the grant levels did not make the project viable, it could be delivered with supplementary funding from the Council. Cromwood's project proposal can be found at Appendix 3. To deliver the 4 properties (2 x 3 bed and 2 x 4 bed), Cromwood require an additional £320,574 on top of the MHCLG grant allocation (£372,000). As there are no 2-bedroom properties, the pro-rata additional money per unit is higher than with the LAHF 3 proposal. Without this additional funding the project will not be delivered.
- 2.3 In terms of business case for supporting this approach, the average nightly paid provision costs for these 4 properties are listed below along with the anticipated savings from using the Cromwood properties instead of the more expensive nightly paid provision –

Property	Current Average Weekly Cost after	No. of Properties	Annual Average Cost	Cromwood Cost After HB	Total Savings

	HB Recovery				
3-Bed	£262.57	2	£27,382.38	£9,325.25	£18,057.12
4-Bed	£327.67	2	£34,171.39	£7,972.66	£26,198.73
			£61,553.77	£17,297.91	£44,255.85

- 2.4 The total savings assumed are further reduced by the Service's need to repay the prudential borrowing for the £0.320m additional contribution. The revenue repayment charge is £0.023m per annum, further reducing the cost saving from £0.044m to a final annual saving of approximately £0.021m per annum.

3. Options/Alternatives

Option 1 – Award grant monies to Cromwood Housing to enable Cromwood to deliver the housing project

If the Council passported the £372,000 grant monies from MHCLG and it provided Cromwood with additional grant funding of £320,574 from its own budget monies, Cromwood would identify, purchase, refurb, manage and maintain the homes. The homes would be available for letting by December 2025 at the latest. Cromwood have a strong track record of delivery from the previous LAHF Programmes.

Option 2 – Council to Self-Deliver

If the Council were to retain the MHCLG Grant and self-deliver the programme, this option would require the Council to find an additional £0.5M. The Council would be responsible for finding the home, purchasing, completing refurbishment works and all on-going management and maintenance. The Council would own the properties and retain rental income. Capacity and skills for managing the works outlined above would also need to be identified.

Option 3 - Decline grant

The Council could decline to accept the MHCLG grant and not take part in the scheme. Any grant received through signing the MoU would be returned to MHCLG.

4 Preferred Option

- 4.1 Option 1 is the preferred option for the reasons outlined above.

5 Consultation

- 5.1 The Cabinet Member for Decent Homes has been consulted and is supportive.

6 Financial Implications

- 6.1 Contained within the PART B Report.

7 Legal Implications

7.1 Contained with the PART B Report.

8 Equality Impact, including implications for Children and Young People



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8.1 Yes

9 Key Decision

9.1 Yes

10 Key Decision Reference

11.1 ESR-14-25

12 Background Papers

12.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act :

File Ref : LAHF 3
Records held in Economy Department
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