



Ministry of Housing,  
Communities &  
Local Government



Department for Levelling Up,  
Housing & Communities

Guidance

# Local Authority Housing Fund: Round 3 prospectus and guidance

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**Applies to England**

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# 1. Introduction

In December 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched the [Local Authority Housing Fund](https://www.gov.uk/government/publications/local-authority-housing-fund) (<https://www.gov.uk/government/publications/local-authority-housing-fund>). This was an innovative £500 million capital fund for local authorities in England to obtain accommodation for families with housing needs who have arrived in the UK fleeing Putin's illegal war in the Ukraine and those on Afghan resettlement and relocation schemes, to help ensure that those communities which had been most generous in welcoming new arrivals were not 'penalised' with longer social housing waiting lists.

In June 2023 the [Local Authority Housing Fund: Round 2](https://www.gov.uk/government/publications/local-authority-housing-fund-round-2) (<https://www.gov.uk/government/publications/local-authority-housing-fund-round-2>) provided £250 million further funding to address wider homelessness pressures and to house those on Afghan resettlement schemes.

Building on the success of these previous rounds, and listening to feedback from local authorities, the Local Authority Housing Fund (LAHF) has been expanded for a third time by £450 million over two financial years to provide local authorities with a longer-term pipeline of support and to unlock more new supply and developments with the funding.

Local Authority Housing Fund: Round 3 (LAHF R3) will fund more high-quality temporary accommodation for homeless families and provide housing for those on the Afghan Citizens Resettlement Scheme (ACRS) who supported UK efforts in Afghanistan. In 2024-25 LAHF R3 will provide £200 million of capital funding and in 2025-26 it will provide £250 million of capital funding. There will also be £5 million of revenue funding to support delivery of the fund.

The government is committed to preventing homelessness and helping people to stay in their homes. The current global context and significant economic challenges we are facing make achieving our objectives on homelessness more challenging. When homelessness cannot be prevented, temporary accommodation (TA) 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 R3 will support local authorities to acquire good quality, and better value for money TA 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 and help manage local housing pressures on an ongoing basis.

To date, approximately 24,600 people affected by the situation in Afghanistan have been brought to safety through UK ~~res~~ettlement and relocation schemes.

This includes British Nationals and their families, Afghans who loyally served the UK, and others identified as particularly at-risk, such as campaigners for women's rights, human rights defenders, Chevening scholars, journalists, judges and LGBT people.

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.

As of the end of September 2023 16,413 people had moved into a home. A further 409 people had been matched to a home and were waiting to move in. This does not include families who made their own accommodation arrangements.

Government is now working to ensure that Afghans who are eligible for relocation, and who remain overseas in Pakistan and other third countries, are moved over here so they can start to rebuild their lives here in the United Kingdom.

LAHF R3 will provide further resettlement housing for those on the Afghan Citizens Resettlement Scheme. We expect these homes to become available to support wider local authority general housing and homelessness responsibilities after the resettlement needs of the eligible cohort have been addressed.

LAHF R3 will also maximise the potential for local authorities to bring forward new housing in local areas. With delivery over two years unlocking this potential, we are aiming for 50% of all properties delivered through LAHF R3 to be new homes. We encourage local authorities to work with developers, convert non-residential properties and start new developments with the funding to achieve this objective.

Funding has initially been prioritised to areas facing the highest housing pressures, with 203 local authorities receiving an initial funding allocation. Chief executives of eligible local authorities have received an email which sets out their funding amount and the minimum number of units they are being asked to deliver with this funding. Chief executives of local authorities that have not received an initial allocation have also been invited to express their interest in being considered for any unclaimed LAHF R3 funds to deliver the programme objectives.

Funding offers include a capital component to reflect the homelessness and resettlement objectives of the fund, and a revenue component to bolster local authorities' housing delivery capacity. Grant rates are shown in [section 6](#). Local authorities or their partners are expected to fund the remainder of the costs.

Local authorities are asked to deliver a specified targeted number of homes for the eligible resettlement cohort, and a specified targeted number of homes for

general needs TA. For those local authorities that are able to deliver new homes with their funding allocation, we will provide an uplifted grant rate.

This prospectus sets out the objectives for LAHF R3, what the grant can be spent on, the eligible cohort, and the process and timelines DLUHC will follow for allocating grants to local authorities.

## 2. Purpose of the third round of funding

The £450 million LAHF R3 helps deliver DLUHC's commitment to assist those who are homeless to secure accommodation, alongside supporting the government's humanitarian obligations to provide safe and suitable housing to those fleeing Afghanistan.

### 2.1 Funding objectives

The objectives of LAHF R3 are to:

- Reduce local housing pressures and use of expensive and unsuitable accommodation, by providing better quality temporary accommodation to those owed homelessness duties by local authorities.
- Reduce temporary accommodation costs.
- Provide sustainable settled housing to those on ACRS so that they can build new lives in the UK, find employment and integrate into communities.
- Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.

## 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.

Housing delivered as part of LAHF R3 could include, but is not limited to:

- expanding existing local authority delivery programmes or those of local housing association partners

- increasing the number of affordable housing units in housebuilder-led schemes due to complete in 2024-25 or 2025-26
- bringing empty / dilapidated properties (both residential and commercial units) back into use, including properties owned by a local authority or housing associations
- remodelling defunct specialist accommodation including sheltered accommodation
- 'flipping' forthcoming shared ownership completions into housing
- providing modular housing as part of wider efforts to use MMC to support local temporary accommodation pressures
- commissioning new supply that can be delivered in 2024-25 or 2025-26 from developers
- purchasing existing properties on the open market

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. In LAHF R3 launch webinars we will cover potential delivery options. Local authorities can also seek further advice from [LAHF@levellingup.gov.uk](mailto:LAHF@levellingup.gov.uk).

We encourage local authorities to target delivering 50% of their LAHF R3 allocation as new homes. We will provide a 10% uplift to the grant rate for each property delivered as a new home to recognise potential higher costs for this type of delivery. LAHF R3 also includes targeted external support from Homes England for local authorities with limited housing development experience and networks.

Whilst local authorities will take the lead in their areas, we encourage local authorities to actively consider partnership with housing association partners who may be the most appropriate delivery vehicle to achieve the fund objectives. Housing association stock, development, and disposals pipelines could assist 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 ensure that any partners delivering LAHF R3 on their behalf are able meet programme target dates with the grant allocations available.

Local authorities may also work in collaboration with other local authorities to deliver their LAHF R3 allocations jointly, either informally or formally. Local authorities should indicate this in their validation forms.

Local authorities should acquire properties in their own area. Where there is a genuine need to acquire properties in another local authority's area, the local authority should seek the agreement of the other authority and the LAHF team

in DLUHC. This will be by exception only. If a local authority places a homeless household into accommodation in another local area, they are required by law to notify the local authority of any placement, to ensure there is no disruption to schooling, employment, etc.

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 in [section 12](#).

## 4. What types of housing should be delivered

This fund aims to support local authorities to provide:

- better quality TA for those owed a homelessness duty
- safe, suitable, long-term housing for those on the Afghan Citizens Resettlement Scheme (ACRS) who are unable to secure their own housing.

### 4.1 For Round 3 TA element properties:

- We expect that the vast majority of TA properties will be family sized homes (2-4+ bed), although a limited proportion of 1 bed homes may be considered.

### 4.2 For Round 3 resettlement element properties:

Local authorities should consider the needs of the ACRS cohort when determining the size, type and location of properties to acquire. These homes are intended to meet local and wider domestic ACRS need and need from future ACRS arrivals.

- Local authorities will be provided with an allocation for both medium sized family homes (2 and 3 bed), which we expect to be the majority of demand for this cohort, as well as a smaller volume of 4+ bed larger family homes here referred to as 'large resettlement units'.
- We expect LAHF R3 resettlement funding to be used to increase access to settled accommodation (so delivering ~~res~~ resettlement homes as temporary



accommodation will not be appropriate other than in exceptional circumstances).

## 4.3 Rent levels and tenancy duration

We expect 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 temporary accommodation rent.

## 4.4 Tenancy duration and social housing legacy

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.

We expect that Round 3 resettlement homes should become available to support wider local authority general housing and homelessness responsibilities after the needs of the eligible cohort have been addressed.

Where local authorities are claiming integration support funding to aid resettlement they should note the accommodation requirements as specified in [Funding instruction for Afghan schemes: integration support, 2023 to 2024](https://www.gov.uk/government/publications/afghan-schemes-funding-instructions-2023-to-2024/funding-instruction-for-afghan-schemes-integration-support-2023-to-2024-accessible-version#part-1--year-1-statement-of-outcomes) (<https://www.gov.uk/government/publications/afghan-schemes-funding-instructions-2023-to-2024/funding-instruction-for-afghan-schemes-integration-support-2023-to-2024-accessible-version#part-1--year-1-statement-of-outcomes>).

# 5. Cohort definition and eligibility

## 5.1 Round 3 TA element

Those eligible for the Round 3 TA element properties 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.

## 5.2 Round 3 resettlement element

Those eligible for the Round 3 resettlement element properties are those who are:

- on the Afghan Citizen Resettlement Scheme (ACRS - including eligible British Nationals under this scheme)
- and are currently homeless, at risk of homelessness, living in UK transitional accommodation or who are overseas with leave to travel to the UK

Note that Round 3 resettlement properties will not be accessible to those of the Afghan Relocations and Assistance (ARAP) scheme as suitable alternative provision is available for this cohort provided by the Ministry of Defence.

# 6. How LAHF R3 funding is allocated

As with LAHF R1 and R2, this fund will operate only in England. Local authorities have been allocated capital funding under section 31 of the Local Government Act 2003 based on a funding formula to prioritise areas with the highest local housing pressures, using a grant per property model. Delivery targets are based upon this funding allocation.

## 6.1 Funding formula

The initial funding offer has been offered to 203 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.

The formula gives local authorities an overall ranking based on several sets of data. This combines their relative ranking in terms of:

- the number of individuals in Afghan resettlement programmes in each local authority area as of 30 September 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 TA per 1,000 households
- number of families in nightly paid and B&B TA
- number of households on local authority waiting lists per 1,000

Local authorities are ranked two-thirds on the housing pressure metrics and one-third on population of individuals in Afghan resettlement programmes.

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

## 6.2 Indicative allocations

Initial indicative allocations have been offered to each local authority, working from the top of the ranking outlined in 6.1 down, on the basis of:

- R3 large resettlement element units allocated as an overall share of the total population with a grant per unit set at 50% of median property prices in the local authority
- R3 resettlement element units allocated as an overall share of the total population with a grant per unit set at 40% of median property prices in the local authority
- R3 TA element based on 1 home per 11 families in nightly-paid and B&B TA with a grant per unit set at 40% of median property prices in the local authority
- £21,000 per property for refurbishment and other costs
- a minimum participation level of one R3 resettlement unit and one TA unit
- an initial cap of 60 units over the two years

The model distributes funding down the list of local authorities until the budget is expended, resulting in 203 local authorities being in scope for funding.

Revenue funding is initially allocated based on the capital allocation in the initial allocation, adjusted to local labour costs.

Initial allocations are not a cap on delivery, and we encourage local authorities to let us know if they can deliver higher than their initial allocation through the reallocations process (detailed in [section 11](#)).

Local authorities not in scope for a direct funding offer will have the opportunity to apply for any unclaimed funding via an Expressions of Interest process.

## 6.3 Capital grant rates

Total capital allocations per property are calculated as

- a base grant with an optional 10% new home uplift to the grant rate,
- an additional refurbishment allowance

### Base capital grants for:

#### TA properties

- The TA base grant per property is calculated as 40% of the median property price in the council or London borough area (or 44% for each property delivered as new supply).

#### Round 3 resettlement properties

- For resettlement properties the base grant per property is calculated as 40% of the median property price in the council or London borough area (or 44% for each property delivered as new supply).
- For large resettlement properties the amount of grant per property is calculated as 50% of the median property price in the council or London borough area (or 55% for each property delivered as new supply).

#### New homes uplift

To facilitate delivery of new housing, an additional 10% uplift is added to the grant per property for each unit which the local authority agrees will be delivered as a new home.

For this uplift, we use new homes to refer to:

- homes that will be delivered in FYs 2024-25 or 2025-26 as direct new developments
- 'off-the-shelf' new build homes purchased from developers
- conversion of use (which delivers an extra residential unit)
- change of use (which delivers an extra residential unit)

#### Refurbishment allowance

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 additional £21,000 per property to account for this. This is a notional amount for the purposes of

allowing for these costs in our formula, taking into account increased cost pressures upon local authorities compared to earlier rounds.

The additional £21,000 per property grant is unaffected by the new supply uplift

## 6.4 Revenue grant rates

Revenue funding is allocated as an additional grant per home in a local authority's initial allocation, adjusted for local labour costs.

During reallocations, additional revenue funding for delivering additional units will be dependent on funding availability. We cannot guarantee that additional revenue funding will be available for all additional units that are delivered.

## 6.5 How the grant can be used

We recognise that the grant will not meet all acquisition/ delivery costs and so we expect that the council, or its partners, will provide the remainder of the funding required.

Revenue funding can be used for any activities which support the timely delivery of a local authority's LAHF R3 homes including but not limited to programme/ administration resource, professional services (e.g. fees, conveyancing), etc.

It is up to local authorities to decide how best to deliver the target number of properties using their overall Round 3 allocation. We expect local authorities to achieve best value for money from the available grant to meet the programme objectives. Unlike in LAHF R1 and R2 we do not expect local authorities to match fund a specific percentage on each property, as long as the grant provided is used to deliver the number of properties agreed.

In some cases, the amount of money provided by the grant per property may exceed the actual costs for local authorities to deliver each property, for example if the local authority is focusing on smaller homes (because these better meet the needs of the eligible cohorts) or where social housing providers refurbish existing long-term void stock. In these scenarios we expect the local authority to acquire more units with this funding than the estimated minimum or outline in the validation and MOU process that less funding is needed to deliver the number of units outlined in their allocation.

## 7. 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 LAHF should increase the housing available for the target cohorts outlined in [section 5](#).

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 best meet local homelessness needs and the wider ACRS resettlement needs.

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.

Allocation to Round 3 resettlement homes should be made to ACRS households who are currently homeless, at risk of homelessness, living in UK transitional accommodation or who are overseas with leave to travel to the UK.

## 8. When should LAHF R3 homes be delivered?

LAHF R3 is a two-year programme which provides 45% of overall funds in year 1 (2024-25) and 55% in year 2 (2025-26) and overall delivery profiles should broadly reflect this split. Given the urgent need for ACRS resettlement homes local authorities should deliver at least two thirds of these properties within year 1.

We support local authorities that wish to bring forward delivery from year 2, however payments would still be split over both financial years.

## 9. Delivery support available

Some targeted external support is available in LAHF R3 to help local authorities build their housing delivery skills and capacities, identify delivery opportunities and partnerships.

[Homes England \(https://www.gov.uk/government/organisations/homes-england\)](https://www.gov.uk/government/organisations/homes-england), the government's housing and regeneration agency, provides guidance and tools to support homebuilding, placemaking and regeneration through its [Housing Information Hub \(https://www.gov.uk/government/collections/housing-information-hub\)](https://www.gov.uk/government/collections/housing-information-hub).

For further information on support available from the agency please contact [cce@homesengland.gov.uk](mailto:cce@homesengland.gov.uk).

## 10. Validation and EOI processes

We have written to the 203 local authorities that have been initially allocated funding with details of their indicative funding and request that they fill out a validation form to confirm whether they are willing and able to participate in LAHF R3 and provide details of their intended delivery.

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 expect all local authorities in scope for funding to deliver their allocation of Round 3 resettlement scheme element homes. If local authorities do not commit to providing sufficient homes for this cohort, then their provisional allocation may be reallocated.

We have also written to the 93 local authorities that have not received an initial allocation to ask whether they want to be considered for any unclaimed LAHF R3 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 in [section 11](#)).

We will also ask local authorities in the validation and EOI processes if they would be interested in housing delivery support from Homes England.

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 two months from June 2024
- 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. If we have reasonable concerns about a local authority's ability to deliver their proposed number of homes, based on their delivery performance to date in LAHF R1 and R2 we reserve the right to withhold or reallocate funds.

All forms must be returned by **5pm on 28 March 2024**. 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 two weeks of receiving an initial validation form from the relevant local authority.

## 11. Dealing with unclaimed funds

We will reallocate unclaimed funds from local authorities who cannot deliver some or all units in their indicative allocation. All local authorities can be considered for access to these funds.

Requests will be prioritised to support the delivery of further new homes (subject to capital funding availability, and with reference to the ranking criteria at 6.1.)



Any additional delivery agreed will use the same capital grant per property (detailed at 7.1). Revenue funding for additional delivery will be provided as per the grant rates per property at 7.2, subject to revenue funding availability.

We will begin to respond to reallocation requests after 2 April 2024.

## 12. Memoranda of understanding (MOU)

When 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 R3 and is non-negotiable. The MOU will not impact any agreements made with local authorities that are also participating in LAHF R1 and/or R2; this will be a new MOU specific to LAHF R3.

The standard MOU template was shared with local authorities in initial email 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.

We ask all local authorities to show flexibility in how they apply their approvals processes in order to participate in this fund so delivery may begin as soon as possible in 2024. Funding will be distributed to the local authority on the nearest payment date (detailed in Table 1) 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.

All MOUs for LAHF R3 allocations must be agreed by 31 May, otherwise the local authority's allocation may be withdrawn and reallocated.

## 13. Payment process

LAHF R3 funding will be allocated direct to local authorities under Section 31 of the Local Government Act 2003 with an accompanying grant determination letter alongside the MOU setting out delivery expectations.

Capital funding will be paid in 4 tranches split across Year 1 (2024-25) and Year 2 (2025-26), linked to delivery milestones as detailed in table 1.

Total revenue funding for LAHF R3 will be paid in year 1 Tranche 1.

Note all payments are dependent on local authorities' regular and timely completion of delivery monitoring information (MI) every two months.

**Failure to submit required MI may result in reallocation of remaining funds.**

**Table 1: Payment process and timelines**

<b>Payment milestone</b>	<b>Requirements for payment milestone</b>	<b>Payment by</b>
<b>Tranche 1</b>  (30% of total Year 1 capital allocation)  100% of programme revenue allocation	MOU signed with DLUHC	By 15 May 2024 (if a MOU is signed by 5 April)  or  By 14 June 2024 (if a MOU is signed by 6 May)
	<b>Tranche 2</b>  (70% of Year 1 capital allocation)	Statement of Grant Usage (SOGU) demonstrating 60% of the Tranche 1 first tranche has been committed*  and  Relevant monitoring information (MI) submitted
		By 2 September 2024 (if SOGU provided by 5 August) and all MI submitted to schedule  or  By 4 November 2024 (if SOGU provided by 7 October) and all MI submitted to schedule.  (With further payment windows in January 2025, and March 2025 deadlines TBC)

Please note that Year 2 allocation can be paid in full, in a combined tranche 3 & 4 payment if the relevant milestone<sup>42</sup> met and SOGU submitted by

relevant deadline. [\[footnote 1\]](#)

<b>Payment milestone</b>	<b>Requirements for payment milestone</b>	<b>Payment by</b>
<p><b>Tranche 3</b>  (50% of Year 2 capital allocation)</p>	<p>Statement of Grant Usage (SOGU) demonstrating 80% of the Tranches 1 and 2 has been committed*</p> <p>and</p> <p>Relevant monitoring information (MI) submitted</p>	<p>By 2 June 2025 (if SOGU provided by 12 May) and all MI submitted to schedule</p> <p>or</p> <p>By 4 July 2025 (if SOGU provided by 2 June) and all MI submitted to schedule.</p> <p>(With further payment windows in September 2025, November 2025, January 2026, and March 2026 deadlines TBC)</p>
<p><b>Tranche 4</b>  (50% of Year 2 capital allocation)</p>	<p>Statement of Grant Usage (SOGU) demonstrating 80% of the Tranches 1, 2 and 3 has been committed*</p> <p>and</p> <p>Relevant monitoring information (MI)</p>	<p>By 2 June 2025 (if SOGU provided by 12 May) and all MI submitted to schedule</p> <p>or</p> <p>By 4 July 2025 (if SOGU provided by 2 June) and all MI submitted to schedule.</p> <p>(With further payment windows in September 2025, November 2025, January 2026, and March 2026 deadlines TBC)</p>

\*Note: Committed spend in table 1 refers only to capital grant spend (and does not include revenue grant spend).

## 14. Compliance and monitoring

## 14.1 Fraud Risk Assessments (FRA)

Local authorities shall be responsible for ensuring that avoiding 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 – Section 7: Risk, Controls and Assurance](https://www.gov.uk/government/publications/grants-standards) (<https://www.gov.uk/government/publications/grants-standards>) – pages 15 to 19
- undertake FRAs 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 FRA in the event of any issues or audit requirements

## 14.2 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 – Section 7: Risk, Controls and Assurance](https://www.gov.uk/government/publications/grants-standards) (<https://www.gov.uk/government/publications/grants-standards>) – 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

## 14.3 How we will monitor performance and delivery

Local authorities participating in LAHF R3 will agree via memoranda of understanding (MOUs) to provide a mix of quantitative and qualitative summary updates to DLUHC every two months to track against agreed delivery milestones. The reports will be due every two months until delivery is completed, with the first monitoring touchpoint to take place in July 2024.

To monitor delivery, we will ask for progress updates, every two months, regardless of whether the local authority has reached a spending threshold.

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

If local authorities are working in collaboration with other local authorities to deliver their LAHF R3 allocations jointly, they should contact [LAHF@levellingup.gov.uk](mailto:LAHF@levellingup.gov.uk) to discuss streamlined reporting arrangements.

## 14.4 Future evaluation requests

DLUHC will conduct an evaluation of the fund after 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 five 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 local authority's 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.

## 15. Next steps and important dates

Local authorities who have been made an indicative allocation are asked to complete a validation form to confirm their interest in participating and to set out how they intend to deliver this fund. The validation form is available via a link in

the allocations email. 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 if they want to be considered for unclaimed funds to deliver the LAHF programme. The EOI form is available via a link in the EOI email.

Allocations and EOI emails, including the validation form links, have been sent to local authority chief executives. Please contact the LAHF team at [lahf@levellingup.gov.uk](mailto:lahf@levellingup.gov.uk) if the email has not been received.

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 28 March 2024**. Forms will only be accepted if submitted via the links in the allocations and EOI emails.

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 two 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 31 May 2024 at the latest.

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

## 16. Contact and documents

For any questions about this fund please contact [LAHF@levellingup.gov.uk](mailto: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.

1. For local authorities seeking to accelerate delivery, a combined tranche 3 & 4 payment can be made. The SOGU needs to demonstrate the local authority has committed 80% of the combined Tranche 1, 2 and 3 total. Note that the tranche 3 payment may not yet have been paid to the local authority.

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