



Open Call for Application for Grant Funding: Invitation to Bid
February 2025

This programme is funded by the UK Government through the Local Authority Housing Fund Round 3 (LAHF)

1. Introduction

The government's Autumn Statement of 2023 announced that the Department for Levelling Up, Housing, and Communities (DLUHC), now the Ministry for Housing, Communities and Local Government (MHCLG) would be launching a third round of the Local Authority Housing Fund (LAHF R3), to the value of £450 million, to run over the financial years 2024-25 and 2025-26. This fund helps to deliver the government'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.

The funding guidance published by Government states that the Local Authority Housing Fund Round 3 (LAHF R3) will:

- support local authorities to acquire good quality, and better value for money accommodation for families owed a homelessness duty
- continue to provide resettlement housing for those on the Afghan Resettlement Programme Scheme (ACRS/ARAP)

Invitation to Bid

Nottingham City Council has been allocated an amount of grant funding which must be used to deliver a number of homes, to be used specifically to house the target cohorts identified. The Council's intention is to secure a third-party Registered Provider (RP) to award the funding allocation to, via a funding agreement, to enable the third-party provider to deliver all elements of the funding requirements. The selected third-party provider will be required to meet any further match funding requirements in the delivery of the required outputs. The successful applicant will need to be a Registered Provider and present on the statutory register of social housing providers. The successful RP will also be required to enter into a nomination's agreement with Nottingham City Council to ensure the accommodation delivered is used to provide accommodations for the target cohorts.

Background

In December 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched the 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 are feeling conflict in Ukraine and on Afghan resettlement and relocation schemes.

In June 2023 the Local Authority Housing Fund: Round 2 provided £250 million further funding to address wider homelessness pressures and to house those on Afghan Resettlement Programme 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. This third round will now also focus more widely on providing homes for families at risk of homelessness as well as families in the Afghan Resettlement Programme (ARP) inc. Afghan Citizen Resettlement Scheme and Afghan Relocation and Assistance Policy (ACRS/ARAP).

LAHF R3 will fund more high-quality temporary accommodation for homeless families and provide housing for those on the Afghan Resettlement Programme (ACRS/ARAP) 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.

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 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 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 resettlement 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.

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.

The UK 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 Resettlement Programme (ARP). We expect these homes to provide long term settled accommodation for the families however also expect the properties to become available to support wider local authority general housing and homelessness responsibilities if the resettlement needs of the eligible cohort have been addressed.

The funding offer includes a capital component to reflect the homelessness and resettlement objectives of the fund. Local authorities or their delivery partners are expected to fund the remainder of the costs and any match funding requirements.

Local authorities and delivery partners are asked to deliver a specified targeted number of homes for the eligible resettlement cohort, and a specified targeted number of homes for homeless families.

Please view the link provided to view the full funding prospectus provided by the UK government:

<https://www.gov.uk/government/publications/local-authority-housing-fund-round-3/local-authority-housing-fund-round-3-prospectus-and-guidance>

Aims and Objectives of the Local Authority Housing Fund Round 3

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/ARAP 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

What the funding can be used for

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

- purchasing existing properties on the open market
- increasing the number of affordable housing units in housebuilder-led schemes due to complete in 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.
- commissioning new supply that can be delivered in 2025-26 from developers.

2. Nottingham's Grant Allocation

Capital Grant Allocation and Outputs

The funding offer from the Government for Nottingham consists of an indicative allocation of £1,722,300 of capital grant funding (under section 31 of the Local Government Act 2003) to deliver:

- a minimum of 12 homes for housing to prevent or alleviate homelessness
- a minimum of 4 homes for the ARP Resettlement Accommodation
- a minimum of 1 home for the ARP Large Resettlement Accommodation

The funding for the 12 units of homelessness accommodation is contingent of the delivery of the 5 units of ARAP/ACRS accommodation.

We encourage applications from delivery partners to identify if and how the grant allocation can be maximised to deliver units in addition to the minimal output requirement.

The base grant rate awarded is 40% of the average 2/3 bed home cost of £185k in Nottingham.

There is £21,000 per property available to the housing provider to contribute towards the costs of refurbishment and adaptation or towards the cost of the property if refurbishment/works to the properties are not required.

There is also 'New Homes' Uplift. A 10% uplift to the grant rate for each property can be provided for every unit that is delivered as a new home to recognise potential higher costs for this type of delivery.

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).

Any further match funding requirements will need to be provided fully by the successful housing provider/delivery partner.

There is no ongoing revenue support funding available for this grant award.

The grant allocation is based on the below breakdown:

Total Funding Allocation	£1,722,300	
<i>Based on:</i>		
Area Median Property Price	(£185,000)	
Base Grant Rate per unit (40% of Median)	£74,000	
Base Grant Rate per Large Resettlement Unit (50% of Median)	£92,500	
On Costs per unit	£21,000	
LAHF R3 Grant Funding Offer: <i>Minimum output requirement</i>		
TA	12	£888,000
Resettlement	4	£296,000
Large Resettlement	1	£92,500
Total On-Costs		£357,000
New Homes Uplift (If applicable)		£88,800
Total	17	£1,722,300

Delivery Profile

The Council, via the successful RP delivery partner, is required under its LAHF MOU with MHCLG to deliver 17 properties by the end of the financial year 2025-26. The property types that the Council has agreed to delivery in each year is outlined in the Table below:

Property type	Year 1 delivery target (2024-25)	Year 2 delivery target (2025-26)	Total delivery target
TA element	0	12	12
R3 resettlement element	0	4	4
R3 large resettlement element	0	1	1
All property types	0	17	17

Conditions of the Grant Award

1) Grant/Funding Agreement

The grant funding will be awarded to our selected partner RP via a funding agreement. The funding agreement will need to include details of the delivery outputs, the payments to be made, funding timescales and other general provisions to ensure that it is able to meet the requirements under the Council's LAHF MOU with the government.

This will include but not be limited to:

- monitoring, accountability and reporting requirements.
- the minimum outputs, delivery profile and timescales within which funding will be made available and within which it must be used.
- compliance with internal governance and constitutional requirements, including but not limited to subsidy control measures, equalities duty, its procurement rules, and measures.
- requirement to monitor timescales, spend, outputs and outcomes as per agreed indicators.
- A requirement to adhere to any branding constraints imposed by MHCLG on the Council
- Provision for dispute resolution.

The funding agreement will cascade all the obligations imposed on the Council by the government in the LAHF Memorandum of Understanding (MOU) and thereafter have, in addition, provisions that afford the Council some protection should the funds not be used as envisaged and/or the Government seek to clawback some, or all, of the funding for some other reason as stated in the MOU.

The Council will also need to ensure that its agreement with the selected RP gives the Council sufficient rights to suspend, withdraw or recover funding from the RP if the specified units are not delivered and the funding has not been defrayed. Also, if determined the rights to recover any remaining funding from the RP partner if the full allocation of units are not delivered and the funding has been partly defrayed.

A copy of the Grant Agreement will be made available on notification of the grant funding award, however a copy of the Heads of Terms (HoT) for the grant agreement is available.

2) Nominations Agreement

A condition of the grant transfer will be entering into a nomination's agreement with the Council, that will stipulate the homes be let to either (dependent on the element of the funding, in line with funding requirements):

- refugees/families in the ARP
- people/families on the Homelessness register and where homeless relief duty will be ended

The Nominations agreement will need to include a minimum term for operation for the specified use and permitted subsequent use. This mechanism will support the delivery of a 'housing legacy', by which the funding programme aims "to create a lasting supply of affordable housing for the general population" which is available for the lifetime of the properties. Please refer to section 3 for further details on the 'Housing Legacy' and 'Specification'.

A draft version of the Nominations Agreement is available.

3. Specification of Property Requirements

Rent levels and Tenancy Duration

To provide a longer-term solution for families, we intend that all the properties acquired by the partner RP will be let as **Affordable rent homes** on **Assured Short hold Tenancies (AST's)**.

We will expect that the selected provider to ensure compliance with the relevant Rent Standard requirements.

Although the programme promotes the provision of Temporary Accommodation (TA) within its guidance for the homeless families allocation of funding, where appropriate, local authorities and delivery partners can use this funding flexibly to procure accommodation which supports them to prevent homelessness or provide relief duty for eligible families.

The offer of AST's to families will provide a longer term, settled housing solution with a tenancy rather than temporary accommodation which families will ultimately need to move on from. This will also be applicable to all Afghan Resettlement Programme (ARP) units as the funding should be used to increase access to settled accommodation for this target cohort.

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 providers are expected to use the funding in line with the fund objectives. 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.

Number of Homes and Property size

Local authorities and delivery partners are asked to deliver a specified targeted number of homes for the eligible resettlement cohort, and a specified targeted number of homes for homeless families:

- a) a minimum of 12 homes for housing to prevent or alleviate homelessness:
We require the vast majority of the properties for homeless families to be family sized homes (2-4+ bed), although a limited proportion of 1 bed homes may be considered.
- b) a minimum of 4 homes for ARP Resettlement Accommodation:
We require the properties to be medium sized family homes (2 and 3 bed) and assume that this size will cater for the majority of overall ARP demand. These homes are intended to meet local and wider domestic ARP need as well as need from future ARP arrivals.
- c) a minimum of 1 Large home for ARP Resettlement Accommodation
We require a minimum of 1 Large resettlement unit to be delivered which is a 4+ bed larger family home. For larger resettlement units we anticipate that there will be a range of ARP resettlement family sizes including those needing five or six bed homes

Decent Homes Standards/National Space Standards

Providers will need to comply with all the relevant housing regulations and statutory guidance and should be mindful of suitability requirements for the target cohorts.

Housing Legacy

We require the homes to be used for the purpose of the funding and to support wider local authority housing and homelessness responsibilities for the remainder of their lifetime.

If the scenario arises that the properties need to be sold or if the scheme or provider ceases operation then, the council is to be offered first refusal, with other RPs of social housing offered second refusal.

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

Management Requirements

We will require the successful provider to demonstrate established good practice in management and maintenance, as well as the financial capacity to deliver the scheme initially and into the future.

Applications will be assessed as to the ability to meet the specification and timescales of the scheme, quality expectations regarding management and maintenance and evidence of appropriate complaints, allocations and safeguarding procedures and policies in place along with a proven track record of experience with providing accommodation to the target client groups.

3. Further Information

Cohort Definition and Eligibility

LAHF R3 Homelessness element

Those eligible for the LAHF homeless 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. This will be stipulated in the Nominations Agreement.

LAHF R3 AFGHAN RESETTLEMENT PROGRAMME (ARP) element

Those eligible for the LAHF ARP resettlement element properties are those who are:

- on the Afghan Citizen Resettlement Scheme (ACRS - including eligible British Nationals under this scheme)
- on the Afghan Relocation and Assistance Policy 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

Capital Grant Rates

The base grant rate is calculated as 40% of the median property price in the council area. For large resettlement properties the amount of grant per property is calculated as 50% of the median property price in the council area.

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

There is also an additional non-ringfenced £21,000 per property included in the grant amount that can fund costs such as refurbishments, energy efficiency measures, legal costs, decoration, furnishings, or otherwise preparing the property for rent. This amount can also be used towards the cost of the property if refurbishment is not required.

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

How the grant can be used

We recognise that the grant will not meet all acquisition/ delivery costs and so we expect that the delivery partner will provide the remainder of the funding required.

It is up to the delivery partner to decide how best to deliver the target number of properties using their overall Round 3 allocation and demonstrate how this can be maximised. We expect the delivery partner to achieve best value for money from the available grant to meet the programme objectives. We do not expect the delivery partner to match fund a specific percentage on each property, as long as the grant provided is used to deliver at least the minimum number of properties agreed.

In some cases, the amount of money provided by the grant per property may exceed the actual costs for the delivery partner to deliver each property, for example if the provider 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 housing provider to acquire more units with this funding than the estimated minimum or identify that less funding is needed to deliver the number of units outlined in the allocation.

The additional £21k per property is included to cover some of the further costs of obtaining a property which providers may incur. For example, this could include funding things like refurbishments, energy efficiency measures, legal costs, decoration, furnishings, or otherwise preparing the property for rent. Providers may use this £21k towards the purchase of the property if preferred.

LAHF R3 funding has been designed to be used flexibly – this includes using the grant to refurbish existing stock or acquired stock to meet the needs of the specified cohort. The funding is intended to provide the housing provider with additional housing stock which provides for the immediate needs of the target cohorts and supports social housing stock for the future. If the LAHF R3 housing provider already owns the home, it needs to be satisfied that its proposal does deliver additional stock (for example, by funding refurbishment needed to enable long-term void stock to be brought back into use, as opposed to using the funding to refurbish existing stock already in use or paying for regular cyclical repairs.)

LAHF funds can be used on capital works which will bring properties with the worst conditions up to the Decent Homes Standard, whereas they should not be used for cyclical DHS related repairs. If the housing provider is satisfied that refurbishment would enable a long-term additional increase in stock, then it should ensure it spends the grant in a way which is good value for taxpayer money and delivers long term higher quality sustainable homes.

When should LAHF R3 homes be delivered?

LAHF R3 is a two-year programme which ends in March 2026. The funding allocation and output delivery needs to be utilised within this funding programme.

Capital funding will be paid in tranches split across the delivery period and paid based on performance of spend and delivery of outputs. The grant funding agreement will outline the delivery and spend milestones during 2025-26 based on the below requirements:

Payment Milestone	Requirements for payment
Tranche 1	Signing of Grant/Nominations Agreement*
Tranche 2	60% of Tranche 1 has been committed*
Tranche 3	80% of Tranche 1 & 2 has been committed*
Tranche 4	80% of Tranche 1, 2 & 3 has been committed*

* Also contingent on the relevant monitoring information being (MI) submitted

How we will monitor performance and delivery

Commitment of funding and output delivery targets will be measured based on exchange of contracts, or equivalent milestone where exchange of contract will not occur, and the number of families housed.

The successful delivery partner should note that Tranches 2,3 and 4 funding will only be provided once the provider has demonstrated that they have met the committed spend threshold and delivery milestones as agreed.

Tranche payments are released when payment milestones are reached. We, the Council, will need to report back to government via submission of:

- statements of grant usage (SOGU) which identifies the amount of earlier grant tranches which have been committed to date
- regular and timely completion of delivery monitoring information (MI) every two months

This requirement will be cascaded into the grant agreement between the Council and successful delivery partner.

For reporting and payment purposes, we use “committed spend” to refer to funding which has been allocated to a property where there has been an exchange of contracts or equivalent milestone where exchange of contract will not occur, e.g. commitment for works ordered.

We will ask the successful delivery partner to complete a short monitoring form every two months. It should be noted that failure to submit required Monitoring Information every two months may result in withholding of future funding tranches. The monitoring information required will be set out in the grant agreement between the Council and the successful delivery partner, and will include:

- The number of properties where contracts are exchanged, including bedroom size, whether the property is located in another local authority area, who will own the dwellings, and how the property was obtained
- The number of properties occupied/ready to let, including bedroom size
- The number of pending resettlement scheme properties pre-matched to current/former bridging hotel households
- Total expenditure, including grant and other funding.
- Total committed spend, including grant and other funding
- Total government grant used

- Overall assessment (RAG rated) of whether delivery is on track

Future Use of Properties

We require the homes to be used for the purpose of the funding and to support wider local authority housing and homelessness responsibilities for the remainder of their lifetime.

We expect that R3 ARP resettlement homes would become available to support wider local authority general housing and homelessness responsibilities if/after the needs of the ARP households have been addressed.

ARP resettlement properties are intended for ARP 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. If the housing provider/local authority does not have ARP households presenting as homeless or at risk of homelessness at the time the properties are available, the local authority should seek potential lettings from ARP households who are homeless in other UK areas (or homeless outside the UK with leave to travel to the UK.)

If the scenario arises that the properties need to be sold or if the scheme or provider ceases operation then, the council is to be offered first refusal, with other RPs of social housing offered second refusal.

4. Application Process

How will applications be assessed?

Applications will be assessed as to the ability of the Registered Provider (RP) to:

- Deliver the programme requirements within the timescales of the scheme
- The ability of the provider to maximise the funding allocation in its output delivery
- Quality expectations regarding management and maintenance (e.g. robust complaints, allocations and safeguarding procedures/policies in place)
- A proven track record of experience with client groups and providing suitable housing solutions
- Financial capacity

Applicants will need to pass the Gateway assessment criteria in Part 1 of the Application form before being considered further.

Questions in Part 2 and Part 3 of the Application form request details of the scheme proposal which will be assessed to enable selection of the most suitable RP. The questions are weighted following scoring as detailed in Appendix A of the Invitation to Bid. The maximum score for each question is 5, which is then multiplied by a scoring weighting, as indicated in the box to the right of the question. The successful applicant will be selected based on highest score.

Section Details		Assessment
Part 1	Applicant Details and Gateway Criteria	Pass/Fail
Part 2	Project/Proposal Details	Max. Score 30/inc. weighting 105
Part 3	Quality Assurance	Max. Score 20/inc. weighting 60
	Total score	50/165
Part 4	Agreement to be signed	

How to apply

Please ensure you have read the information in this document ‘**Open Call for application for grant funding: Invitation to bid**’ and taking note of the following:

- If your application is successful, you will need to submit evidence of Employer and Public Liability insurance cover of minimum £10,000,000, Professional Indemnity insurance of minimum £5,000,000, and Health & Safety, Equality & Diversity and Safeguarding policies. We may seek references if we have not worked with you previously.

If you then wish to submit an application, you will be required to:

- 1) Complete the ‘Open Call for application for grant funding: Application Form’.
- 2) Provide the required documentation.
- 3) Email the completed application to Regeneration@Nottinghamcity.gov.uk

Timeline of activities

	Start	End
Publish ‘Invitation to Bid’ and invite applications	Mon/Wed 17/19 th Feb 25	
Application Deadline	Wed 5 rd March 25	Wed 5 th March 25
Assessment/Evaluation period	Wed 5 th March 25	Wed 12 th Mar 25
Notification of award	w/c 10 th March 25	
Transfer of Grant Funding	April 25	April 25
Contractual commitment of outputs	March 26	March 26

For Further information

If you have any further questions or require additional information, please contact Nottingham City Council for technical guidance by emailing Regeneration@Nottinghamcity.gov.uk