
Subject: PROVISION OF INTERIM HOUSING AND SUPPORT FOR AFGHAN REFUGEES VIA THE AFGHAN RELOCATIONS AND ASSISTANCE PROGRAMME (ARAP)

Meeting and Date: Cabinet – 5 June 2023

Report of: Helen Lamb, Head of Finance and Investment
Brin Hill, Head of Transformation

Portfolio Holder: Councillor Pam Brivio, Portfolio Holder for Social Housing, Port Health, Skills and Education
Councillor Charlotte Zosseder, Portfolio Holder for Community and Corporate Property

Decision Type: Key

Classification: Unrestricted

Purpose of the report: To advise Cabinet of the options regarding the leasing of Ministry of Defence (MOD) properties at Burgoyne Heights under the Afghan Relocations and Assistance Programme (ARAP) scheme, and to seek a decision.

To acquire the lease of up to 15 Ministry of Defence properties for a period of three years to temporarily house 15 families on a fixed-term basis.

Provide an enhanced wraparound package of support provided through Home Office specific funding allocation to ARAP and other resettlement programmes across Dover district.

Recommendation:

1. That Cabinet approves a project to acquire the lease, refurbish and furnish 15 MOD properties (as affordable rent), under the terms of the Local Authority Housing Fund programme.
 2. That Cabinet approves delivery of a full support package by Dover District Council to ARAP and any other resettlement schemes, and accept Home Office funding to deliver the schemes.
 3. That Cabinet notes that, if the project is approved, the Head of Paid Service will create the necessary structures and employment roles where applicable, to deliver the programmes within budgets available.
 4. That Cabinet authorises the Strategic Director (Finance and Housing), in consultation with the Portfolio Holder for Social Housing, Port Health, Skills and Education, to take the necessary decisions and actions to progress the project including (but not limited to) approving and entering into the lease and other legal agreements, appointing any necessary professional advisors, agreeing the budget and contract sum for any works required, awarding the works contract, approving variations to the project sum if required and, if circumstances warrant, to cancel the project.
-

1. Summary

The Government has allocated funding to support local authorities in providing interim housing and support services for refugees arriving in the UK via the Afghan Relocations and Assistance Programme (ARAP). A decision is sought to accept revenue funding from the Home Office for support services, and to enter into leases for up to 15 properties over three years from the Ministry of Defence (MOD), and to allocate these properties in line with the Department for Levelling Up, Housing and Communities' (DLUHC) programme requirements.

2. Introduction and Background

2.1 A number of initiatives have been launched by the Government in order to support refugees arriving from Ukraine and Afghanistan through recognised government assistance programmes. The ARAP scheme has been developed to support Afghan families. It is extremely complex and is subject to changes by DLUHC, the most recent being released on 24/5/23.

2.2 To explain the proposal this report sets out:

- Qualifying Criteria for Afghan Families and the level of demand
- The MOD Offer of Accommodation
- The Anticipated Income to Support the Scheme
- The Anticipated Expenditure to Operate the Scheme
- The Risks and Uncertainties
- Financial Summary

Qualifying Criteria for Afghan Families and the Level of Demand

2.3 The ARAP is for Afghan citizens who worked for or with the UK Government in Afghanistan in exposed or meaningful roles and may include an offer of relocation to the UK for those deemed eligible by the MOD and who are deemed suitable for relocation by the Home Office.

2.4 Afghan citizens who are eligible for relocation to the UK under the ARAP may relocate with a partner, dependent children and additional family members who are also deemed eligible for relocation under the ARAP by the MOD and suitable for relocation by the Home Office. (MOD Guidance 5th December 2022)

2.5 There are currently in the region of 8,000 Afghans (nearly all families with children) in approximately sixty bridging hotels across the UK. Three of these hotels are in Kent - two in Canterbury and one in Ashford. The Government recently announced that these will need to be closed in the coming months.

2.6 Preliminary meetings have already taken place with the Home Office resettlement team who are happy for Dover DC to deliver the support package should DDC decide to adopt this.

The MOD Offer of Accommodation

2.7 KCC has been in negotiations with the Ministry of Defence (MOD) which has offered a number of vacant properties across the County, for the purposes of providing interim housing for Afghan refugees who supported the British Military.

2.8 Fifteen of these properties fall within the Dover District. All are at Burgoyne Heights, Guston and are a mix of two- and three-bedroom houses.

2.9 An inspection of seven of the properties was carried out in March 2023 by a DDC Building Surveyor. Overall, the buildings were found to be in a fair condition, and it is not anticipated that any major works would be required during the three years of the lease. A detailed schedule of condition of all fifteen properties will be carried out in May 2023.

- 2.10 The MOD do not want to let the properties directly to the refugees but have agreed to lease the properties to the relevant Local Authorities for a 3-year period at £5,000 per year, payable at occupation, to be let to the Afghan families at Local Housing Allowance (LHA) rates. If all fifteen of the properties are leased from the MOD, this will cost DDC a total of £225,000 over the three years.
- 2.11 The properties would be classed as interim (temporary) accommodation and the families occupying them would be issued with Non-Secure Tenancies. The families will be able to stay for the duration of the lease period however there is an expectation that some will move to privately rented accommodation during that time and there is Government funding available to support this.
- 2.12 Depending on the remaining lease period, further families may be placed in the properties, on the same non-secure basis.

The Anticipated Income to Support the Scheme

- 2.13 The income will be from three sources:
- £20,520 per person over 3 years
 - £7,500 per person for Afghans who have come from bridging hotels
 - Rent income
- 2.14 A comprehensive funding package to support integration of the Afghan refugees over a 3-year period at £20,520 per person is available to Dover DC. The funding is front loaded and is intended to cover 3 years. A full funding allocation can be found at appendix 2.
- 2.15 An additional £7500 will be made per individual housed by the local authority should they come from a bridging hotel. KCC are keen to allocate individuals from the Kent hotels to DDC if we have capacity to take them.
- 2.16 The Afghan families will also be able to claim Housing Benefit to meet their rents. Current LHA rates for two-bedroom properties are £132.33 pw (£573.43 pm) and for three bedrooms it is £172.60 pw (£747.93 pm).
- 2.17 The annual rent charged by DDC for the two-bedroom houses would generate £6,881.16 pa and £8,975.16 for the three bedrooms.

The Anticipated Expenditure to Operate the Scheme

- 2.18 In addition to the cost of leasing the properties from the MOD, as set out above, DDC would also employ a Dover Asylum Resettlement Team (DART) of up to 5 officers, an Asylum Resettlement Team Leader, three resettlement officers and 1 admin support, sitting within the Community Services Team. Please see appendix 2 with regards to suggested support network (Mind Map).
- 2.19 During the tenancy, the DART team of support workers from DDC would be required to assist the refugees into finding permanent accommodation and moving out of the MOD properties.

Risks and Uncertainties

- 2.20 There are significant risks and uncertainties in such schemes. These cannot easily be quantified but the main points are set out below.
- What happens at the end of the scheme
 - Afghan citizens have limited leave to remain in the UK under the ARAP scheme and are therefore eligible for homelessness assistance. This means that any families living in the MOD properties at the end of the lease will be owed a homelessness duty and must be found alternative accommodation. This may be in the form of further interim (temporary) accommodation which may not be owned by DDC and would therefore place a financial pressure on the council.

- What mix of Afghan families will we receive and what funding will this generate
- The level of funding will depend upon family size and whether the families come direct from bridging accommodation.
- Turnover
- The funding for 3 years is “front ended”. Roughly 65% is provided in year one, with roughly 22% years 2 and remaining year 3. Therefore, if families move on after a year and are replaced, the funding received by the council will be greater. This has not been included in the financial modelling.
- Rental Income
- Although it is to be hoped that all rent due will be paid by the families, in any rental situation there is a risk of bad debt. The financial modelling assumes 95% of rent will be paid.
- Mitigations
- The properties will only be drawn from the MOD as families arrive. We are very unlikely to have surplus empty properties.
- Following conversation with the Home Office and Kent County Council it is assumed that 15 families will come from bridging hotels. It is likely to be more than this.
- Recruitment of the DART team will only be stepped up as families arrive. We will not employ surplus staff. The team will make every effort to place families so there is a minimal level of homelessness at the end – but this aspect remains by far the biggest financial risk to DDC.

Financial Summary

- 2.21 The summary below is a “best estimate” based on a 3-year scheme with all 15 MOD properties fully occupied for 3 years:

<u>Estimated Income over 3 years</u>	£
Government grant 15 properties, 4 persons per household	(1,231,200)
Additional bridging hotel move grant for 15 families for 1 year	(450,000)
Rent (95% collection rate assumed)	
6 two-bedroom houses, £6,880 pa x 95% x 3 years	(118,000)
9 three-bedroom houses, £8,975pa x 95% x 3 years	(230,000)
<u>Total Income</u>	(2,029,200)
<u>Estimated Expenditure over 3 years</u>	
Lease of MOD Properties	225,000
DART Team (assuming 5% pa inflation) for 3 years	650,000
Initial furnishing of houses at £12k	180,000
Management, maintenance, insurance at £1k pa	45,000
Testing for electrical, boiler, salmonella, asbestos.	12,000
Homeless costs – 50% homeless at year 4, for 1 year (national average costs)	600,000
End of lease reinstatement @1.5k per property	22,500

<u>Total Expenditure</u>	1,734,500
<u>Net Total Income</u>	294,700

2.22 The estimated net total income over the 3 years of the project is £294,700k, but that is subject to the assumptions which underpin the table above, particularly regarding the costs of homelessness and the DART team. It should also be noted that all costs are scalable dependent on family numbers. If the family numbers are lower or occupancy in the houses less than three years these income costs will be lower. Also at the stage no management and administration costs have been applied due to the various variables described in delivery and will be applied as necessary in the future.

2.23 In addition, there are funds for ESOL, schooling and other training and learning costs dependent on age and circumstance. These will be paid to KCC.

3. Identification of Options

3.1 Option 1 - Accept ARAP offer and enter into a three-year lease agreement with the MOD for all fifteen properties. – this is the preferred option.

3.2 Option 2 – Accept ARAP offer and enter into a three-year lease agreement with the MOD for some of the properties.

3.3 Refuse ARAP offer and not lease any of the MOD properties.

4. Evaluation of Options

4.1 Option 1 - This offer gives the Council the opportunity to rehouse Afghan refugees who supported the British military efforts currently living in hotels or awaiting placement into interim housing until they find permanent accommodation.

4.2 This option shows a net income of £294,700 over the 3 years., but carries the risks of a financial pressure if:

- there are families occupying the houses at the end of the lease who would need to be moved to alternative accommodation which may be interim (temporary);
- If there are redundancies for DART team staff at the end of the project.

4.3 Option 2 – as for option one, except the cost to DDC for the leasing arrangement would be less, in addition the income generated by the rents charged, and the Government funding per household member would also be less.

4.4 This option may reduce the financial risk to the council at the end of the lease period should there still be families occupying the properties, however as stated, this provides less financial resource to DDC.

4.5 Note both options 1 and 2 will entitle Dover DC to claim the associated resettlement support costs per individual housed, as previously highlighted within the report.

4.6 Option 3 - Refuse ARAP offer - this would delay the rehousing of Afghan families in bridging hotels and other means to remain. There would also be no support package funding available. Potentially other costs to the Council may occur if the refugees later present as homeless.

5. Resource Implications

5.1 All costs and staffing time for this work would be cost neutral to the General Fund due to the direct Home Office resettlement funding allocations available per person to the local authority. Additional resources as necessary would be recruited or realigned into the project with use of the external funding available.

6. **Corporate Implications**

6.1 Comment from the Director of Finance (linked to the MTFP): Has been consulted in compiling this report and has no further comment. MD

6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. HR

6.3 Comment from the Equalities Officer: This report relating to the Afghan Relocations and Assistance Programme (ARAP) does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149> KM

7. **Appendices**

Appendix 1 – Home Office Resettlement funding 2023-2024 guidance

Appendix 2 – Suggested support network - Mind Map

Appendix 3 – Asylum Resettlement Officer Job Description

Background Papers

ARAP – eligibility criteria:

<https://www.gov.uk/government/publications/afghan-relocations-and-assistance-policy/afghan-relocations-and-assistance-policy-information-and-guidance>

Information relating to the use of MOD properties for Afghans:

<https://questions-statements.parliament.uk/written-questions/detail/2022-03-18/142485/>

Contact Officers: Elly Toye, Housing Needs Manager and Shaun Taylor, Community Services Manager