Leicester City Council

Increasing the Supply of Affordable Housing: Local Authority Housing Fund

Report to Full Council

Lead Member Briefing: 29th.June 2026

CMB: 23rd.July 2026

Housing Scrutiny Commission: 7th. September 2026

Decision to be taken by: Council

Decision to be taken on: 17th. September 2026

Lead director: Chris Burgin

Useful information

- Ward(s) affected: City wide.
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- Report version number: V2.1

1. Summary

The council has previously been allocated £6,638k in Local Authority Housing Funding (LAHF) to deliver 59 new homes. In December 2025 the government confirmed a fourth round of LAHF funding and Leicester City Council has been offered a four-year settlement consisting of £6,675k grant funding to part-fund an additional 56 units between 26/27 to 29/30. The funding is designed to reduce local housing pressures, reduce temporary accommodation costs, and provide sustainable housing for Afghan citizens settling in the UK.

This report seeks approval to add £15,434k to the HRA Capital Programme to secure 56 affordable housing units in years 26/27 to 29/30 across the city, funded from £6,675k of LAHF capital grant and £8,759k of HRA borrowing.

2. Recommended actions/decision

The Council is recommended to approve:

i) the acceptance of £6,675k of LAHF grant to secure 56 affordable housing units across the city to meet the objectives outlined in this report;

ii) the addition of £15,434k to the HRA capital programme financed from £6,675k of LAHF grant and £8,759k of prudential borrowing, profiled across the following years:

- 2026/27 - £3,062k
- 2027/28 - £2,908k
- 2028/29 - £6,960k
- 2029/30 - £2,504k

3. Scrutiny / stakeholder engagement

Discussions on this scheme have been held with DLUHC.

4. Background and options with supporting evidence

The Department of Levelling Up Housing and Communities (DLUHC) launched the LAHF Round 1 in December 2022, round 2 in June 2023 and Round 3 in July 2024. The reason for LAHF funding is to reduce local housing pressures, reduce temporary accommodation costs and provide suitable accommodation for Afghan citizens entering the UK. Leicester has been offered a settlement in all three previous rounds and have successfully delivered 59 units of accommodation that meet the criteria set out by DLUHC.

DLUHC contacted the council in December 2025 with details of a potential round four settlement, this time being a multi-year settlement running up to 2029/30 with 15 units in year one, 10 in year two, 23 in year three and 8 in the fourth and final year.

The grant being awarded is £94k per property for 46 standard-sized properties, rising to £117.5k per property for 10 larger properties. There is an additional £21k per property for fees incurred and works required, and a fixed revenue grant of £67k to cover officer cost.

Proposed grant funding, numbers and types of units to be delivered are shown below:

	Grant Funding	T/A units	Resettlement Units	Large Resettlement Units
2026/27	£1,796k	9	3	3
2027/28	£1,197k	6	2	2
2028/29	£2,739k	15	4	4
2029/30	£943k	6	1	1
Totals	**£6,675k**	**36**	**10**	**10**

The following is a breakdown of LAHF grants previously awarded.

LAHF Grant	LAHF Grant amount	Total units provided
LAHF R1 (main) eligible Ukrainian rehousing	£1,159k	13
LAHF R1 (bridging) eligible Afghan rehousing	£770k	4
LAHF R2 (resettlement) eligible Afghan resettlement schemes	£867k	8
LAHF R2 (TA) eligible homeless households	£217k	2
LAHF R2(additional monies) TA eligible households	£867k	8
LAHF R3(TA) eligible homeless households	£1,921k	17
LAHF R3(resettlement) eligible Afghan resettlement scheme	£565k	5
LAHF R3(resettlement) eligible Afghan resettlement scheme, large properties	£272k	2
TOTAL	**£6,638k**	**59**

6. Financial, legal, equalities, climate emergency and other implications

6.1 Financial implications

This report seeks to add £15,434k to the HRA capital programme for the acquisition of 56 units of accommodation, financed by £6,675k of LAHF grant and £8,759k of prudential borrowing. The grant funding represents 43% of the total cost of acquisition, which compares favourably with other funding sources for affordable housing. Because public subsidy is being used to part-fund the purchase, Stamp Duty Land Tax (SDLT) will not apply.

The residual purchase cost will be financed from prudential borrowing, and reflects assumed property inflation over the 4-year period. The acquisitions will provide the HRA with a long-term income stream to repay the cost of this borrowing, along with associated interest costs, and make a positive contribution to long-term HRA finances.

Stuart McAvoy – Head of Finance

3rd June 2026

6.2 Legal implications

Commercial

Commercial Legal

The report seeks executive approval of the Authority's involvement in the Local Authority Housing Fund (LAHF) for the use of grant funding from DLUHC to provide temporary accommodation. The Authority will need to consider any funding obligations attached to the use of the funds including any funding agreement is reviewed so the Authority can comply with its obligations, further whether relevant obligations are cascaded down to ensure delivery of the Project meets the funding objectives. Legal Services can assist with this.

Subsidy control advice should be sought from Legal Services to ensure that the grant from DLUHC will not constitute a subsidy for the purposes of the Subsidy Control Act 2022 including any forward funding.

In delivering the project any commissioning will need to be in accordance with the Authority's Contract Procedure Rules and the Procurement Act 2023 – early Procurement and Legal engagement to be sought.

In relation to any suggested prudential borrowing for the capital spending plans these should be affordable, prudent and sustained in adherence to the Local Government Act 2003 and CIPFA Prudential Code.

Mannah Begum - Principal Solicitor, Commercial Legal
Date: 08 January 2026

6.3 Equalities implications

When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

This report seeks approval to add £15,434k to the HRA Capital Programme to secure 56 affordable housing units in years 26/27 to 29/30 across the city, funded from £6,675k of LAHF capital grant and £8,759k of HRA borrowing.

Provision of good quality homes that help to address housing need are likely to have positive impacts in terms of the aim of the PSED to advance equality of opportunity for people from across all protected characteristics. It is important that any new housing is well designed and can contribute to a good quality of life and meet the diverse needs of residents. Accessible and inclusive design will support the general aims of the PSED. The Council must ensure that all LAHF funded activity is delivered in accordance with its obligations under the public sector equality duty (PSED). Equalities Officer, Surinder Singh, Ext 37 4148 Dated 9 June 2026

6.4 Climate Emergency implications

Housing is one of the largest sources of carbon emissions in Leicester, responsible for 33% of emissions. Following the city council's declaration of a Climate Emergency and it's aim to achieve net zero carbon emissions, addressing the emissions from housing is vital to the council's efforts to reduce carbon emissions. This is particularly important within the council's own housing stock, including new purchases, where it has the greatest level of control. Opportunities to ensure that these acquisitions will provide energy efficient low carbon housing should be investigated as relevant, which is likely to depend on the status of the buildings at the time of purchase. This could include consideration of the levels of insulation, use of low energy lighting and appliances and the installation of low carbon heating and renewables and potential improvements that could be made. Achieving a high level of energy efficiency would reduce the energy bills and carbon emissions of the property and could also increase its value and the level of comfort for occupants. Phil Ball, Sustainability Officer, Ext 372246 9th. June 2026

6.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

7. Background information and other papers:

None

8. Summary of appendices:

None

9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

10. Is this a "key decision"? If so, why?

n/a