

 EXECUTIVE – 4 June 2008		Agenda Item No.
Title	Changes to the Disabled Facilities Grant Policy	
For further information about this report please contact	Paul Leeman	
Service Area	Housing Strategy	
Wards of the District directly affected	all	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	Executive, 11 September 2006. Minute No 412	
Background Papers	1) Letter from Communities and Local Government dated 8 May 2008. 2) Disabled Facilities Grant – The Package of Changes to Modernise the Programme. Published by Communities and Local Government February 2008 3) Disabled Facilities Grant reform: the package of changes. Briefing paper from the Housing Quality Network – April 2008	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	14/5/08	Mary Hawkins
Chief Executive		
CMT	15/5/08	
Section 151 Officer		
Legal	19/5/08	Simon Best
Finance	13/5/08	Mike Snow
Portfolio Holder(s)	14/5/08	Moirra-Ann Grainger
Consultation Undertaken		

Please insert details of any consultation undertaken with regard to this report.

Final Decision?

Yes/No

Suggested next steps (if not final decision please set out below)

1. SUMMARY

- 1.1 The purpose of this report is to advise Members of changes to the Mandatory Disabled Facilities Grant (DFG) programme coming into effect on 22 May 2008; to propose that officers have discretion to reclaim certain grants on the resale of an adapted property; and to give Members an indication of what changes are likely to be made to the DFG programme in the future.
- 1.2 We were notified by a letter from Communities and Local Government (CLG) on 8 May 2008, of the following changes to the Mandatory DFG` programme:
 - a) An update of the figures to be used for assessing a person's eligibility for a grant. These amend the current passporting provision in the means test to include applicants on Housing Benefit, Council Tax Benefit, Working Tax Credit (WTC) (with an income below £15,050) and Child Tax Credit (CTC) (with an income below £15,050).
 - b) WTC and CTC payments are no longer to be counted as income and earnings – thus affecting the eligibility for grant aid.
 - c) Facilitating access to and from a garden or making access to a garden safe for a disabled applicant is now to be eligible for mandatory grant aid.
 - d) The maximum amount of mandatory grant aid is increased from £25,000 to £30,000.
- 1.3 There are consequential changes required to the *Financial Assistance for Private Sector Housing Repair and Improvement* policy, but only where the maximum mandatory grant is mentioned. The package of discretionary grants and loans is unaffected, but will be considered when the whole policy is reviewed later this year.
- 1.4 There is a further change which it is recommended that Members consider. From 22 May 2008, the Secretary of State has given local housing authorities in England a General Consent to demand repayment of up to £10,000 of grant monies (where the original grant exceeded £5,000) when an adapted property is disposed of within 10 years. Each case for repayment would need to be considered on its merits to ensure that neither hardship ensues or that there is no other reason not to reclaim. In time, such a measure will go some way towards recycling grant monies.
- 1.5 From the start of 2008/9, there is no longer a requirement for local housing authorities to pay at least 40% of a mandatory grant from its own funds. Each authority will receive a DFG allocation without a specific requirement to match funding (60:40). However, CLG considers that, given the importance of providing adaptations, and the beneficial, preventative impact these have on other budgets such as social care, local authorities will continue to prioritise this area.
- 1.6 Until this year, the DFG allocation was ring-fenced to the provision of mandatory grants. This ring fence has now been relaxed (and at sometime in the future will be removed) to enable spending such monies on helping individuals to move home (where this is a more appropriate solution than adapting their present home), or to provide solutions which up to now had been part of Warwick District Council's discretionary Financial Assistance Policy.
- 1.7 Future changes to the DFG programme will revolve around further changes to the grants means test which are meant to modernise and simplify the process; the provision of a new *Rapid Repairs and Adaptations service* in conjunction with Home Improvement Agencies; and the role that Home Improvement Agencies will take in the provision of an Adaptations Service.

2. RECOMMENDATION

- 2.1 That Members note the changes made to the DFG programme from 22 May 2008. In particular, that they note the changes to the means test and the monies to be disregarded as income, the changes in eligible works and the increase of maximum mandatory grant from £25,000 to £30,000.
- 2.2 That Members agree that, where a DFG is given for more than £5,000, the grant above this figure (and to a maximum of £10,000) will be recovered should the adapted property be disposed of within 10 years, subject to there being no hardship caused and that it is reasonable to do so in the circumstances of each case.
- 2.3 That Members note the relaxing of the ring fence which previously meant that DFG funding could only be used for the provision of mandatory DFG.
- 2.4 Members agree to allocate the money currently allocated by Government for DFGs to their provision, and agree to consider allocating further sums from Warwick District Council resources in line with the previous percentage contribution each year when the budget is set.
- 2.5 That Members note the proposed future changes to the DFG programme.

3. REASONS FOR THE RECOMMENDATION

- 3.1 Recommendation 2.1 concerns statutory changes to the mandatory DFG.
- 3.2 Recommendation 2.2 should ensure that, wherever it is reasonable to do so, grant monies are recycled on a change of ownership of adapted property.
- 3.3 Recommendations 2.3, 2.4, and 2.5 are meant to give Members a better understanding of the DFG programme.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 These changes are proposed by Central Government after wide consultation and research. No alternatives have been considered.

5. BUDGETARY FRAMEWORK

- 5.1 The Council's spending on DFGs is not altered by these proposals. The allocation from Central Government remains at £180,000, with Warwick District Council proposing to spend up to £120,000 on mandatory grants. However, with the change in maximum grant, as well as the relaxing of the means test, more may be spent on individual grants. It may be necessary therefore to allocate more money from the remaining (discretionary) grant budget to ensure that applicants for DFG and loans are not discriminated against. Regular monitoring will ensure the Council has early warning of the possibility of overspending in this area.

6. POLICY FRAMEWORK

- 6.1 The only specific policy which this Report affects is the Councils policy for Financial Assistance for Private Sector Housing Repair and Improvement. As mentioned above, this policy is enhanced by these proposed changes. However, the awarding

of DFGs impacts greatly on keeping persons in their own homes, without them having to be cared for within the NHS or Adult Health and Community Services.

7 BACKGROUND

7.1 Introduction

7.1.1 The Government has brought in changes to the Disabled Facilities Grant (DFG) programme (22 May 2008) and promises more changes in the future. The reforms come as part of a lengthy review which began in 2004. The major report from Bristol University commissioned by the Government – published in 2005 – provided a sharp critique of the system and a long list of reforms seen as urgently needed.

7.1.2 Apart from the removal of means testing for adaptations relating to children, implemented as a priority in December 2005, follow up to the Bristol report has taken some time – however, the proposals for change were published by the Government in early 2007 as a consultation document. This consultation resulted in a package of proposals being published in February 2008, leading to the implementation of some changes on 22 May.

7.2. The DFG remains mandatory for those who qualify. That it should remain so was a fundamental point in the Bristol report. However, greater flexibility is now to be available in the way it can be administered. The proposal to “rebadge” the programme as *Accessible Homes Grant* is shelved, but likely to be reconsidered in due course.

7.3. DFG funding

7.3.1. A central point in the Bristol report was the inadequacy of funding for the DFG scheme. (This has not been a major problem within Warwick District Council. Whatever funding we have requested – to date – has been forthcoming. Some of our difficulty has been in allocating enough resources to spend the funding).

7.3.2. Government funding for the programme has risen substantially, by about 31 percent in six years: from £88m in 2002/03 to £126.8m in England in 2007/08. The new package comes with a further boost in funding: up by a further 31 percent in the next three years to a total of £166m in 2010/11. This includes some £1.5m transferred from the Housing Corporation into the DFG fund for adaptations to Housing Association properties.

7.4 The 60:40 funding split

7.4.1 Up until now, Local Authorities have been required to match the Exchequer allocation with their own funds: 40 per cent to the Government’s 60 per cent. From April 2008, this requirement no longer applies.

7.4.2 Acknowledging some concerns that this could have a negative impact on resources available for adaptations, the Government believes that because the grant remains mandatory, Local Authorities will continue to prioritise them within their budgets.

7.5 Ring-fencing of funds

7.5.1 CLG originally consulted on two proposals, which were to (a) relax the ring-fencing of DFG funds, to enable their scope and application to be widened, or (b) abolish it,

providing a targeted grant, but making it easier to mix and match funding streams. The consultation process produced much greater support for the relaxation approach, with concerns expressed about the potential diversion of funds if the ring fence were to be removed.

- 7.5.2 Initially the ring fence will remain, but with the scope for the use of DFG funds to be widened to support any expenditure incurred under the Regulatory Reform Order (RRO) – i.e. in Warwick District Council's instance, our existing Financial Assistance Policy. However, the ring fence will be removed in 2010/11 following pilot studies in four Local Authority areas, none of which are second tier councils in Shire County areas.

7.6 **Recycling resources**

- 7.6.1 The original proposals included a number of options with regard to grant repayment when adapted properties are sold. CLG has now given a General Consent which will allow Local Authorities to place charges on adapted properties of owner occupiers, where the cost of the DFG exceeds £5,000. (This was in line with the results of the consultation). The charge will be limited to a maximum of £10,000 and is only to be effective if the property is sold within 10 years. (Adaptations for children are not exempted).
- 7.6.2 This change is discretionary, and should be determined on a *case-by-case basis* reflecting the individual circumstances of each applicant, with issues of hardship and particular problems being taken into account. It is recommended in the main body of the report that Warwick District Council should normally seek to make the charge and recover monies, subject to there being no hardship caused, and there being no other reasonable reason why recovery should not take place.

7.7 **Change to maximum grant**

- 7.7.1 The maximum amount for mandatory grant is raised from £25,000 to £30,000, responding to the increasing numbers of complex cases and cost of works.
- 7.7.2 This change was supported by consultees, but with support too for the ceiling to be raised to £50,000 in line with the Bristol report. There were some fears on the impact on resources, however, CLG estimates that the move will benefit a small minority of applicants with high needs – approximately 1,000 applicants. The ceiling is to be kept under review.
- 7.7.3 Locally, Warwick District Council approved 2 grants at the maximum during 2007/08. It is likely that this number will be higher this year, possibly as many as 6 are currently known about.

7.8 **Test of resources (means test)**

- 7.8.1 A major criticism of the Bristol report was that the DFG means test was overly complex, penalising some groups of applicants and even excluding others from assistance. It pointed to problems created by the differences between DFG and *Fairer Charging* means test systems used in the social care sector.
- 7.8.2 Despite these problems, the changes now introduced are, for now, of a more limited nature. However, they will enable applicants claiming Council Tax Benefit, Housing Benefit and Tax Credit to be passported through to DFG. In addition, WTC and CTC

will no longer be counted as income for means test purposes, thus making more applicants eligible for grant aid.

- 7.8.3 Further work on the Test of Resources (means test) will be undertaken by the CLG, along with the Departments of Health, Work and Pensions, Education and the Office for Disability Issues, to bring it into line or link with other means tests. In addition, work to streamline the application form and process is also continuing.

7.9 **Eligible works**

- 7.9.1 The changes to the works which are eligible for grant aid, do not go as far as the results of the consultation exercise would have wished. The changes are limited to allowing grant to be given to provide access to the garden where reasonable and practicable.

- 7.9.2 However, by allowing DFG funds to be used for expenditure incurred under the RRO – for instance in helping applicants move to more suitable accommodation, or introducing innovative approaches to procurement and service delivery – the relaxation of the ring fence should, in principle, widen the scope for responding to individual needs and make better use of funds.

7.10 **Changes for the future**

- 7.10.1 Work is being undertaken at national level by the body which the Government employs to oversee the work of Home Improvement Agencies (HIAs) to examine ways in which the HIA sector could be strengthened and provide core services such as adaptations, but working with other agencies to provide related services. Work is already being carried out in Warwickshire to examine ways in which our local HIA provision can be streamlined and cater for all District and Borough Councils. Once this work is completed, a report will be brought to the Executive detailing proposals and the implications for Warwick District Council.

- 7.10.2 New national funding is to be made available from 2009/11 to grow and deliver handyperson services, providing fast implementation of essential minor works. Evaluation will be undertaken by 2011, with the intention of integrating the approach into Local Area Agreements through mainstream funding in the future.

- 7.10.3 Work is being undertaken by CLG to endeavour to get Housing Associations and Local Authorities to work in partnership with regard to adaptations. At present, although Housing Associations are expected to build funding for adaptations into their business plans as a part of their core activities, it remains for Local Authorities to fund DFGs. Joint CLG/Housing Corporation guidance on funding and delivery is to be issued shortly.