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REPORT TO:	FINANCE & MANAGEMENT COMMITTEE	AGENDA ITEM:	11
DATE OF MEETING:	26 July 2007	CATEGORY:	DELEGATED
REPORT FROM:	DIRECTOR OF COMMUNITY SERVICES	OPEN	
MEMBERS' CONTACT POINT:	PETER McEVOY Ext 5830	DOC:	
SUBJECT:	FUNDING OF DISABLED FACILITIES GRANTS	REF:	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:	FM08

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### **1.0 Recommendations**

- 1.1 That Members consider the projected shortfall in capital required to meet the demand for Disabled Facilities Grants in considering the Medium Term Financial Plan.

### **2.0 Purpose of Report**

- 2.2 To draw to Members' attention the projected shortfall in capital required to meet the demand for Disabled Facilities Grants.

### **3.0 Detail**

- 3.1 On 19 July the Housing and Community Development Committee considered a report on the funding and delivery of Disabled Facility Grants. The Housing and Community Development Committee made a recommendation that Finance and Management Committee consider the projected shortfall in capital funding for Disabled Facilities Grants in their consideration of the Medium Term Financial Plan.
- 3.2 The Committee also recommended that the Directors of Community and Corporate Services make an urgent review of the capital programme and bring recommendations to the Finance and Management Committee as to whether it was possible to reallocate any capital funding in order to sustain the current levels of DFG provision.
- 3.3 Given the timeframe between these committees any such recommendations will of necessity be presented verbally to the committee.
- 3.4 The full report submitted to the Housing and Community Development Committee is attached as Appendix 1.

### **4.0 Personnel Implications**

- 4.1 The Private Sector Housing Team has been out-sourcing two thirds of its design work in order to avoid the need to maintain unsupportable overheads in the event of funding scarcity.

## **5.0 Financial Implications**

- 5.1 Additional funding of £650,000 would be required to commit to deliver the caseload of private sector adaptations within the 42 weeks recommended by DCLG good practice guidance. Additional funding of £100,000 will be required to deliver the public sector caseload within the same performance framework.
- 5.2 As the full sum mentioned above is unlikely to be available it is noteworthy that any additional capital sum that could be re-allocated would be of enormous value in addressing the most urgent of needs arising during the year.
- 5.3 Rigorous lobbying of the Government Office will be undertaken with a view to seeking their contribution to the full amount identified as needed to pay this statutory grant.

## **6.0 Corporate Implications**

- 6.1 Failure to provide timely and appropriate disabled adaptations will generate justifiable complaint from disabled applicants, their carers or family.
- 6.2 Provision of disabled adaptations and in particular, service delivery times, is one aspect of the 'housing service' scrutinised by the Audit Commission and authorities operating outside government good practice guidelines will be criticised. An inspection is expected in the first half of 2008.

## **7.0 Community Implications**

- 7.1 The provision of disabled adaptations such as stair-lifts, level access showers and ramps can greatly improve the disabled person's quality of life allowing a degree of independent living with dignity.

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<b>REPORT TO:</b>	<b>HOUSING &amp; ENVIRONMENT COMMITTEE</b>	<b>AGENDA ITEM:</b>
<b>DATE OF MEETING:</b>	<b>19<sup>th</sup> JULY 2007</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF COMMUNITY SERVICES</b>	<b>OPEN PARAGRAPH NO:</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ENVIRONMENTAL SERVICES MANAGER</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>FUNDING &amp; DELIVERY OF DISABLED FACILITIES GRANTS</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: HCS02</b>

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## **1.0 Recommendations**

- 1.1 That Members affirm that the provision of timely and appropriate disabled adaptations remains a high priority for the Council.
- 1.2 That this Committee recommend that the Finance and Management Committee consider the projected shortfall in Capital funding for Disabled Facilities Grants in their consideration of the Medium term Financial Plan.
- 1.3 That Directors of Community and Corporate Services make an urgent review of the capital programme and bring recommendations to the Finance and Management Committee as to the possibilities of reallocating capital funding in order to sustain the current levels of DFG provision.
- 1.4 That in addition to the urgent proposals before this Committee today, in this and the associated report, a further more broad ranging review of the Private Sector Housing Renewal Policy be made and presented to members in the near future.

## **2.0 Purpose of Report**

- 3.1 To inform Members of the range of factors that are resulting in unprecedented demand for Disabled Facilities Grants.
- 3.2 To agree a preliminary response to manage the levels of cost incurred and agree a longer term review of the broader aspects of Private Sector Housing Policies.

## **4.0 Detail**

- 4.1 Disabled Facilities Grants (DFG) exist to provide adaptations to allow disabled people to live independently in their own homes for as long as they wish or are able to do so.

- 4.2 The DFG is a mandatory grant that must be offered by statute and which the District Council is obliged to fund.
- 4.3 The Government makes annual allocations to support these grants that are calculated according to a needs based formula but the payments fail to meet actual demand. In South Derbyshire for example, referrals for DFG have increased by 106% over the last 3 years, whilst the Government funding allocation has risen by 38% over the same period. Even if the Government accurately calculated the amount required in South Derbyshire, authorities can only reclaim 60% of their expenditure on DFG up to the limit of their allocation.
- 4.4 There has been a significant growth in the demand for DFG's over a number of years, however growth in the last few years has been increasingly dramatic. The following table highlights the scale of current concerns. It is noteworthy that it was only possible to complete the final line (which reveals a further 40% of applications received compared with previous year) in April this year.

Year	DFG referrals Private Sector	Indicative cost*	DFG referrals Public Sector	Indicative co st*	Total Indicative cost*
2003/04	59	£454K	N/A		£454K
2004/5	79	£608K	49	£201	£809K
2005/6	84	£647K	71	£291K	£888K
2006/7	119	£916K	101	£414	£1330K

\*Indicative costs are produced by multiplying the number of referrals by the current average costs per grant. These are £7,700 for Private Sector and £4,100 for Public Sector.

- 4.5 In recent years this Committee has made delivery of DFG's a priority issue. This was manifest in terms of a substantial financial commitment (£1million over 3 years expected to arise from the sale of Council Housing was allocated to DFGs, although it did not all materialise) and considerable managerial effort was invested into speeding up the delivery of these grants.
- 4.6 The faster processing of new applications adds to the difficulty in managing the financial consequences of increased demands. Last year 90% of new applications were processed within 42 weeks. Historically these applications might have taken up to three years to be completed and paid, hence the expenditure associated with a surge in applications would be spread over several years capital programme. This year grants that are approved in the first six months of the year are likely to be paid this year.
- 4.7 Current projections suggest a shortfall in the current capital allocation compared with demand. If unaddressed the shortfall in the private sector would be potentially in the region of £650K and for the public sector approximately £100K.
- 4.8 There are a number of factors contributing to the shortfall; a significant increase in demand due to demographic changes in the population, inflationary increases in building costs, statutory changes to grant eligibility and improved speed of service delivery. These factors and other issues are considered more fully in the briefing paper at Annex 1.

- 4.9 Immediate action is required to control expenditure and address the potential shortfall in this financial year, however the need to consider how the service can be sustained in the longer term, is of equal importance.
- 4.10 Actions already implemented include
- i) Review of capital programme and re-allocation of approximately £165K of funds earmarked for renewal grants into the DFG programme.
  - iii) Solicited support of Mark Todd MP to raise the funding issue at ministerial level.
  - iv) Letter to Regional Government Office (GOEM) to request additional funding
  - v) Active representation on new GOEM Steering Group to Review Funding of DFG.
- 4.11 In addition, action will be taken to rationalise the demand and prioritise the most needy cases, for example, to adopt protocols aimed at defining the scope of issues addressed by DFGs to those strictly in accordance with minimum mandatory requirements.
- 4.12 The decision to limit capital spending on other, 'non statutory' types of assistance needs formalising, with immediate effect. To this end, a revision of the existing Private Sector Housing Renewal Policy is presented in a separate report on this agenda.
- 4.13 In addition to these urgent changes members will also wish to consider further related issues with the benefit of more research and the broader Private Sector Housing Policy issues in the light of the controlling groups manifesto and current circumstances. Consequently a further report will be brought to this Committee offering a broader and more comprehensive review of Private Sector Housing policy. Some of the issues to be considered will be;
- low capital approaches, addressing disrepair and empty properties,
  - the use of modular units as an alternative to traditional construction where a disabled adaptation requires an extension to an existing property,
  - the potential to set up a charitable trust to tackle empty homes and secure an additional capital stream etc,
  - work with Social Services to develop a prioritisation system for DFGs
- 4.14 Such measures will assist in the longer term and may influence the scale of demand around the margins, however, members should be quite clear that an urgent injection of funds is still required in the short term if current performance is to continue.
- 4.15 To this end it is suggested that the Directors of Community and Corporate Services make an urgent review of the capital programme and put forward recommendations to Members as to any possible reallocation of funding in order to sustain the current levels of DFG provision.

## **5.0 Financial Implications**

- 5.1 Additional funding of £650K would be required to deliver the caseload of private sector adaptations within the 42 weeks recommended by DCLG good practice guidance. Additional funding of £100K will be required to deliver the public sector caseload within the same performance framework.
- 5.2 The Housing Grant, Construction and Regeneration Act 1996 requires applications for grant to be approved within 6 months of receipt and completed within 12 months of approval. This provides some latitude for councils to introduce deliberate delays in the process and extend delivery times to 18 months (78 weeks). No additional funding would be required this year, to deliver the caseload in either sector if waiting times were extended to 78 weeks. This approach whilst common amongst Local Authorities is not recommended as it only shifts expenditure in the future and represents a significant failure of service to vulnerable applicants.

## **6.0 Corporate Implications**

- 6.1 Failure to provide timely and appropriate disabled adaptations will generate justifiable complaint from disabled applicants, their carers or family.
- 6.2 Provision of disabled adaptations and in particular, service delivery times, is one aspect of the 'housing service' scrutinised by the Audit Commission and authorities operating outside government good practice guidelines will be criticised.

## **8.0 Community Implications**

- 8.1 The provision of disabled adaptations such as stair-lifts, level access showers and ramps can greatly improve the disabled person's quality of life allowing a degree of independent living with dignity.
- 8.2 Failure to provide timely and appropriate adaptations can lead to increased mortality rates, hospitalisation or clients going into care.
- 8.3 Extended waiting times such as those experienced in South Derbyshire historically and still across much of Derbyshire can lead to high drop out rates (up to 40%) often due to mortality, with others giving up the struggle and entering care homes.

## **9.0 Conclusions**

- 9.1 The level of demand for DFGs is exceeding the current level of funding provision.
- 9.2 Immediate measures are needed to control spending and to ensure that statutory commitments are maintained.
- 9.3 The scope for any reallocation of additional capital funding from within the Council should be examined and a range of measures to seek increased funding from Government and other sources be explored.

**Briefing Paper to Members**  
**Funding of Mandatory Disabled Facilities Grants in South Derbyshire**

We are currently facing a crisis in the provision of mandatory disabled facilities grants, with a significant mismatch in the availability of funding to meet rising levels of demand. There are a number of factors contributing to the situation, which includes demographic changes, improved speed of service delivery and inadequate baseline funding from government. The following document seeks to outline the situation with reference to the main pressures of funding and demand.

**Government Funding of DFG**

Funding for DFG is ring fenced and allocated annually. Authorities can claim 60% of their expenditure on DFG up to the limit of their allocation. DCLG allocates the total budget to each region according to a needs based formula derived from the English House Condition Survey which provides evidence of the number of disabled people on low incomes living in unsuitable and unadapted property. An allowance is made for regional differences in the cost of providing a range of adaptations.

The Government Offices then allocate these funds to individual authorities in their region having regard to the authority's bid for funds recorded in their annual housing statistical return (HIP-HSSA) and an independent needs indicator (the number of people in receipt of Disabled Living Allowance or Attendance Allowance).

This year the government has increased funding by 5% in the East Midlands although allocations to individual authorities varies significantly and many, like South Derbyshire still face a substantial shortfall against demand.

This suggests that either Council's are not asking for enough money through their annual statistical return and/or the local needs information is not an accurate reflection of true demand. Alternatively, it may simply mean that there is no longer adequate funding from central government to accommodate every authorities needs.

The ODPM commissioned a review of the Disabled Facilities Grant programme from the University of Bristol and a report was published in October 2005. The report noted that there was a high and rising demand for major adaptations with 45% of Councils in England reporting that they had inadequate levels of funding.

The following table (table 1) shows how funding has been allocated for the East Midland region over the last three years and the percentage of their request for funds which it met. The funding per head of population is also shown for 2007/08.

Table 1.

Derbyshire Authority	2005/06		2006/7		2007/8		
	Allocation £K	%age of bid	Allocation £K	%age of bid	Allocation £K	%age of bid	£ per head of populati on
A.Valley	246	40%	377	66%	301	77%	5.0
Bolsover	180	86%	180	100%	166	100%	2.4
Ch'field	208	87%	291	100%	340	95%	1.8
D.Dales	129	98%	129	97%	124	96%	2.9
Erewash	204	68%	235	78%	256	66%	2.1
H.Peak	132	100%	138	100%	145	100%	1.5
NE Derbys	80	100%	82	100%	85	100%	0.8
S.Derbys	132	52%	157	75%	183	76%	1.8

NB the allocation for South Derbyshire is one of the lowest per head of population, where the allocation of funding from government does not meet 100% of the funding requested by the authority (i.e allocations for NE Derbyshire and High Peak are lower but reflect 100% of the funding they have requested).

Table 2. shows how much additional funding Derbyshire Authorities have added to supplement their DFG allocation in 2006/07.

Table 2.

Derbyshire Authority	2005/06		2006/07	
	Allocation £K	Top up £K	Allocation £K	Top up £K
A.Valley	246	164	377	252
Bolsover	180	142	180	220
Ch'field	208	131	291	194
D.Dales	129	86	129	129
Erewash	204	476	235	476
H.Peak	132	242	138	292
NE Derbys	80	236	82	155
S.Derbys	132	218	157	293

### Factors Affecting Demand on Budget

The main factors affecting demand on budget, are

- Demographic changes
- Inflationary increases in building work and associated costs
- Statutory changes to eligibility

these factors may vary in significance from one authority to another but are generally accepted as the main external pressures affecting demand.



## Demographic Changes

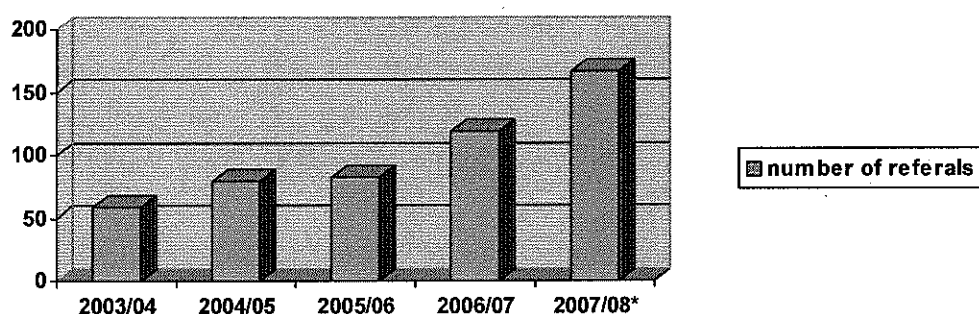
In the next 20 years, the number of people aged 85 years and over is expected to rise by two thirds, compared to a 10% growth in the overall population. Disability is most prevalent in the older age groups and the demographic trend relating to older people clearly has a significant impact on the current and future demand for adaptations. In Derbyshire, figures from Derbyshire County Council's policy and research department show that over the next five years there will be an increase of 8.5% in the total number of people aged over 65 years and an increase in people aged 85 years + of 20.4% for men and 10.3% for women.

In addition to the underlying demographic trend, there are other contributing factors locally, such as the isolated rural nature of parts of South Derbyshire district which can make independent living more challenging and increase the need for a comprehensive package of adaptations. The coal fields heritage of the area is also significant and has left a legacy of ex pit workers suffering high levels of ill health and disability.

The increase in demand for adaptations in South Derbyshire can be seen in the following table (table 3), which shows the annual level of referrals for adaptations received from Social Services over the last five years.

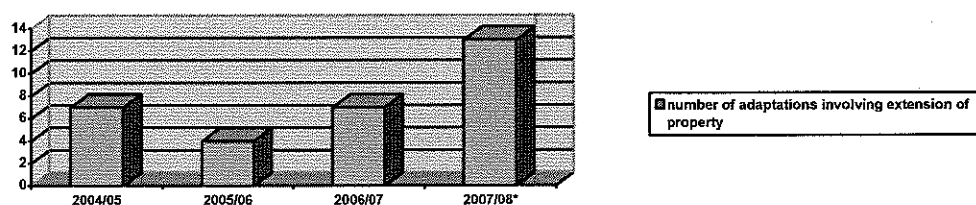
**Table 3**

\* extrapolated from first quarter activity



There are also slight changes in the pattern of demand, particularly with regard to larger adaptations requiring an extension to the dwelling. This may be arising from an increase in demand for complex adaptations for disabled children and from BME groups making provision for older relatives to be cared for within an extended family group.

**Table 4**



## Rise in Cost of Building Work

The practical delivery of adaptations is inevitably subject to market forces and inflationary increases in the cost of adaptations mean that councils must receive a minimum increase in budget allocation year on year to even stand still. Local arrangements with builders have helped to minimise price increases in South Derbyshire although we estimate the cost of providing a level access shower for example, has risen by 8% since 2004/05.

## **Statutory Changes to Eligibility**

Statutory changes to eligibility can affect both the demand and cost of adaptations and create yet further pressure on limited budgets, particularly when the changes are not reflected in a corresponding increase in budget allocation. For example in 2001, the mandatory maximum grant limit was extended from £20K to £25K and more recently in Dec 2005, the requirement to mean test families with disabled children was removed. In January 2006, two cases of families with disabled children (previously means tested as having a high contribution) had re applied for grant and by July 2006 there were a further 8 cases awaiting approval, amounting to approximately £140K.

The DCLG has recently issued a consultation document on the proposed changes to the disabled facilities grant programme following up findings and recommendations from the Bristol Report. Whilst the proposals are well intentioned to secure a positive improvement for disabled people, they represent a potential source of additional pressure on budgets if they should proceed without a realistic uplift in funding. The proposals include;

- To raise the maximum grant limit from £25K to £30K immediately with a view to increasing it to £50K in future
- Widen the scope of eligible works to include access to gardens
- Widen the remit of the grant to include the needs of other members of the family in addition to the disabled person.

The consultation document also includes proposals intended to alleviate pressure on budgets;

- Changes to legislation to allow authorities to reclaim grant over £5K, where the house is sold within 10 years
- Provision of stairlifts through community equipment services
- Increasing flexibility of funding i.e. removal of ring fencing and use of individualised budgets.

However, these proposals are unlikely to go far enough to address the substantial shortfall in budget to meet demand. A collective response to the proposals from the Derbyshire Authorities and Derbyshire County Council has been submitted to DCLG.

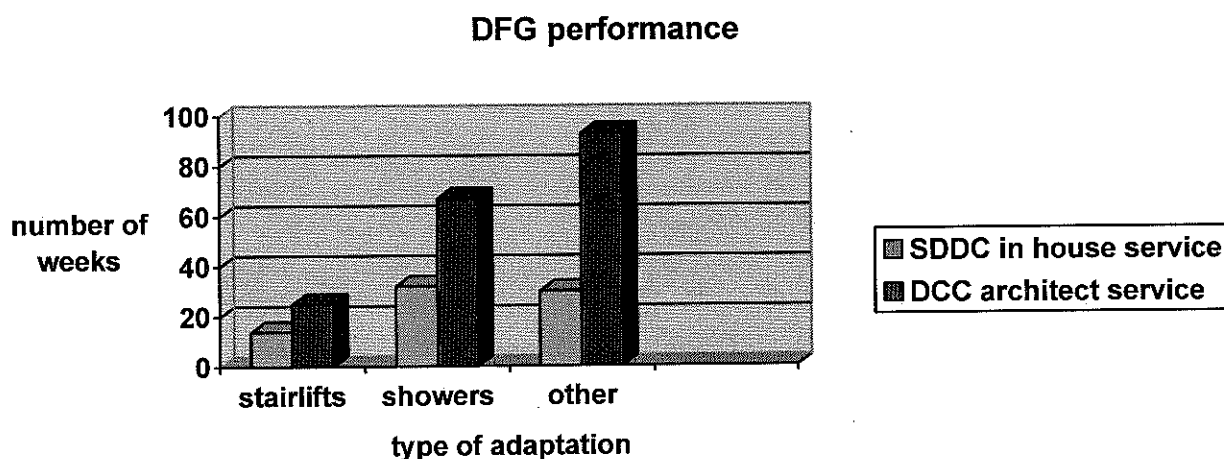
## **Service Delivery and Best Practice**

The mismatch between funding availability and demand is made particularly acute by the mandatory nature of these grants. Councils must approve any full and proper application for grant within 6 months of receipt and work must be completed (and paid) within 12 months of approval. The obvious strategy for any council struggling with limited or inadequate budget is to slow the whole process down to fit within the maximum permitted times, thus minimising annual spend and giving rise to typical waiting times of 18 months or more. As a further consequence, authorities are extremely reluctant to publicise the availability of grant funding for adaptations and run the risk of excluding a vulnerable, hard to reach group who may be unaware of the help available to them.

The ODPM (updated by DCLG January 2006) published 'Delivering Adaptations, a Good Practice Guide' which, in addition to a wealth of good practice guidance on all aspects of service delivery, included some very exacting recommended timescales for delivery of high, medium and low priority cases.

In South Derbyshire there is a strong commitment at both member and officer level to offer the best possible service to disabled residents. In 2005 the existing services was reviewed and a decision taken to opt out of the long standing agency agreement with Derbyshire County Council, who provided countywide architect services and consistently failed to achieve the DCLG recommended timescales.

South Derbyshire set up an 'in house' disabled adaptation service, which went live in February 2006. The aim was to deliver good quality disabled adaptations equitably across both the public and private sectors, in line with DCLG good practice guidance and in particular, within the recommended timescales. Table 5 below, shows how local service delivery has been improved using the in house service for 2006/07.



### Current Position

An unfortunate consequence of improved service delivery is that pressure on budget is further increased and the Council has to make up any shortfall through the use of capital receipts and other funding sources.

The current position for South Derbyshire (2007/08) is summarised below:

Budget 07/08: **£405K** (derived from £305K ring fenced allocation + £100K extra council funding)

position at 13<sup>th</sup> April 2007:

**£483K** shortfall in budget provision to meet existing cases already referred by social services and pending approval.

We can assume that Social Services will continue to refer cases and those received in the next 12 weeks could also be completed by the end of the year. This equates to a further £243K, which may be approved and paid by March 2008.

**The total budget shortfall = £483K + £243K = £726K**

This is the large sum that will be required this year in order to continue service delivery at the current rate.

### Conclusion

It is clear that the government recognises the importance of disabled adaptations and through recent reviews is fully aware of the difficulties and shortfalls nationally in service delivery at current and projected levels of demand.

Efforts in South Derbyshire to provide a comprehensive service in line with good practice clearly shows that delivery within recommended timescales is impossible at current levels of budget allocation and existing demand. The Councils options are to find immediate and substantial sums to fund the shortfall or introduce lengthy delays and waiting lists and operate outside of recommended good practice. Neither option is sustainable in the long term.

The proposals set out in the latest consultation document from DCLG do not offer solutions of sufficient scale to meet current and projected levels of funding shortfall in South Derbyshire which are likely to remain around £700 - £800K per annum.

Denise Blyde  
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June 2007