

Disabled Facilities Grant – **The Package of Changes to Modernise the Programme**



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Introduction

In 2004, the Government launched a major cross departmental review of the Disabled Facilities Grant (DFG) programme. Bristol University was commissioned to carry out an independent study of the DFG programme and put forward recommendations for change.

This document sets out the Government's plans following the publication of the responses to the consultation paper – *Disabled Facilities Grant Programme: The Government's proposals to improve programme delivery*.

www.communities.gov.uk/publications/housing/disabled-programme

Lifetime Homes, Lifetime Neighbourhoods – a National Strategy for Housing in an Ageing Society contains the key changes to the DFG, set in the context of overall policy developments to address the changing needs of an ageing society. This can be viewed on the following link:

www.communities.gov.uk/housingandolderpeople

The need for change

The DFG has proved to be a highly successful programme providing adaptations to around 35,000 people each year, enabling them to continue to live independently in their own homes. Building on this success the DFG needs modernising to reflect changes since the programme commenced in 1990. Demand is constantly increasing with children and adults with disabilities waiting too long for help.

The main criticisms of the DFG programme relate to the complexity of the system, the bureaucratic nature of the process and the continued pressure on funding. This has a direct impact on the DFG applicants in terms of the speed of delivery of a DFG or in the way the local authority can tailor the service to individual needs. The programme is therefore in need of updating and improving.

We intend to meet the key recommendations of the Bristol University report in the following ways:

Immediate improvements to the DFG programme

- **Funding**

Given the existing pressures on the DFG budget and in recognition of the important role the DFG plays in maintaining the independence of disabled and older people, the DFG budget is increasing by 20 per cent, taking the annual budget up to £146 million in 2008-09. The budget increases to £156 million in 2009-10 and then to £166 million in 2010-11. Over the next three years the total funding increase is £45 million, representing an increase of 31 per cent in funding.

From April (date to be confirmed shortly) 2008

- **Maximum grant limit to be raised to £30,000**

The maximum amount of grant available for a mandatory DFG increases from £25,000 to £30,000. This will help an increasing number of people with complex cases for whom the current ceiling is not high enough to meet the full costs of the required adaptations.

This rise in grant also addresses the increased costs of carrying out the relevant works.

Increasing the ceiling will have an immediate benefit to families with children. Adaptations for children tend to be the most costly and so this change will benefit these families the most.

Responses to the consultation showed widespread support for increasing the grant to £30,000. There was also substantial support for increasing the grant to £50,000. The grant limit will be kept under review, subject to further resources.

- **Financial test of resources – improvements to the means test**

DFG applicants claiming Council Tax Benefit, Housing Benefit and Tax Credits for those on low incomes will no longer be required to provide any further financial information in addition to these benefits.

In addition those people in receipt of Working Tax Credit and Child Tax Credit will no longer have these payments counted as income in the DFG means test. Changing the means test so that Working Tax Credit and Child Tax Credit do not count as income will directly help working families on low incomes with children.

The majority of respondents to the consultation supported making changes to the DFG means test. The passporting proposal gained the most support. The changes listed above are a first step to improving the means test. The means test will be subject to further work to improve its operation.

- **Property charges**

Local authorities may already place a charge against a property for grant, but currently they are required to write to the Secretary of State for each case. This consent will provide local authorities with the discretion to impose a limited charge on the property, if it is sold within ten years.

A general consent will enable local authorities to place limited charges on adapted properties of owner occupiers, where the cost of the DFG exceeds £5,000, limited to a maximum charge of £10,000.

When appropriate a local authority may decide to place a limited charge against an adapted property, the placement of charges is at the discretion of each local authority and should be determined on a case by case basis reflecting the individual circumstances of each applicant. Local authorities are best placed to determine, where the placement of a charge may cause hardship or where due to the sensitivities of a case, the charge should be waived.

It is expected that through the introduction of charges local authorities will be able to recycle these funds in the DFG programme when the adapted property is sold (providing this occurs within ten years).

The vast majority of respondents to the consultation supported the proposal to introduce limited charges favouring the above approach of applying a charge on adaptations that exceed £5,000 but limited to a maximum charge of £10,000. Charges will last a maximum of 10 years. In all other respects local authorities will have complete discretion as to how they administer charges on adapted properties, taking into account individual circumstances. Communities and Local Government has not exempted properties adapted for children from the placement of charges. The vast majority of responses to the consultation objected to the proposal to exempt these cases.

Communities and Local Government will monitor the recycling of DFG funds following the introduction of charges.

- **Access to Garden**

Whilst the DFG can be used to fund access to gardens, the existing legislation has not been clear on the provision of works to enable access to gardens as a specific purpose for grant. The legislation has therefore now been changed making access to gardens a specific criterion for entitlement for the grant, where this is reasonable and practicable.

There was widespread support for the DFG to include provision for access to the garden and other outside areas. Some respondents to the consultation requested specific guidance on the range and the scope of the works. However, given the overall need to reduce the bureaucratic nature of the DFG programme, we have deliberately avoided a tightly prescribed set of circumstances in which access should be funded.

- **Social Housing Grant funding for adaptations to transfer to DFG**

The transfer of the element of Social Housing Grant (SHG) spent on adaptations has now been agreed with the Housing Corporation. The funding spent on adaptations within SHG amounted to £1.5 million annually. This will now form part of the overall DFG baseline.

As set out below further work will be carried out with the Housing Corporation on the issue of providing adaptations to Registered Social Landlord (RSL) owned properties.

The proposal to redistribute the Social Housing Grant element through the central DFG fund received overall support in the consultation.

- **Removal of the 60:40 funding split**

One of the main criticisms of the DFG programme is the restrictive nature of the system. Relaxing the DFG framework, whilst retaining the mandatory nature of the DFG, addresses the need for greater flexibility and freedoms in administering the programme, whilst ensuring the delivery of adaptations as a priority is retained.

Currently, 60 per cent of the funding for the DFG comes from specific Communities and Local Government grants, and local authorities are required to find the remaining 40 per cent from their own resources.

From 2008-09 the DFG funding split of 60:40 no longer applies. Local authorities will receive a DFG allocation without a specified requirement to match this funding. This increased flexibility will allow local authorities to design services which fit with local delivery arrangements and the needs of individuals. Communities and Local Government 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. We are aware that many authorities currently contribute funding towards the DFG beyond the 40 per cent level, to reflect the need they have identified. We do not expect this change to have any negative impact on this practice. Indeed, we fully expect local authorities to be able to bring together other resources more transparently and coherently.

There was widespread support from all respondents to the consultation in favour of increasing the flexibility of the DFG framework and the removal of the 60:40 funding helps address this restriction.

- **Relaxing the DFG ring fence**

From 2008-09 the scope for use of DFG funding will be widened. Initially, the ring-fence will remain, but its scope will be widened to support any local authority expenditure incurred under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO). This will enable authorities to use specific DFG funding for wider purposes, which may be more appropriate for individuals than current DFG arrangements allow. Creating greater flexibility will allow the DFG to be used for associated purposes, such as moving home, where this is a more appropriate solution, or funding could be pooled to purchase portable extensions which are suitable for re-use, through improved procurement models.

As part of the review of the DFG we set out our intention to re-designate stair lifts as equipment, in order that they could be loaned and recycled. This would provide both greater value for money and also, potentially, speed up the delivery of stair lifts. However, the relaxation of the ring fence should create sufficient flexibility to allow local authorities to loan and recycle stair lifts in the same way as the re-designation would have allowed but without the need to transfer this element of the DFG budget to the Department of Health (DH). Communities and Local Government will monitor the new arrangements to establish whether the new funding arrangements are enabling local authorities to recycle stair lifts in this way. In addition we will liaise with DH on the current Community Equipment retail model pilots.

The removal of the restrictive ring-fence on the funding will help improve delivery and reduce the bureaucracy involved in the DFG application process helping to speed up the process. This change will enable local authorities to develop a simplified system which could deliver small-scale adaptations more quickly, for example by offering a service which rapidly deals with inaccessible housing, or the need for quick discharge of people from hospital.

In recognition of the cross over of services and of the contribution the DFG makes to social care and health areas, the removal of the ring-fence will also enable DFG funding to be pooled with other larger funding sources, such as social care, telecare and community equipment.

The majority of responses to the consultation favoured the retention of the ring fence but with a widened scope. Many felt that removal of the ring fence would risk funds intended for the DFG being redirected for other purposes. Whilst it is accepted that removal of the ring fence could potentially lead to a diversion of resources, because the mandatory nature of the DFG remains, Communities and Local Government believes the risk of this happening is remote as local authorities will still have a duty to provide assistance if an assessment identifies a need. Removal of the ring fence will, however, be piloted and evaluated prior to full implementation.

Ongoing work to improve the DFG – longer term changes

- **Removal of the ring fence**

It is proposed that, from 2010-11, the DFG will be paid to local authorities as an un-ring fenced payment, through a determination under section 31 Local Government Act 2003. This in affect means that DFG funding could be pooled with resources from a number of other programmes. It will then be for local authorities to determine, against local priorities, how they best use these funds. As part of this move, local authorities will be given a two year settlement from 2009-10 (moving to three in the following spending cycle).

Removal of the DFG ring fence will be piloted in a number of different local authorities from 2008-09. The pilots will be evaluated and lessons learnt through this process, the sharing of good practice and learning obtained from the pilots will be shared with all other local authorities (LAs).

Purpose of pilots:

- Evaluate impact of unring-fenced funding on LAs delivery of the DFG
- Identify issues with including the DFG in Local Area Agreements (LAAs) and the support required by LAs to help make this a successful transition
- Provide learning/good practice for other LAs on how best to include the DFG in LAAs.

The pilot authorities are representative of different local authority types: county/district/ rural/urban/metropolitan and a London borough (LB). The pilots will start in April 2008 and run for 18 months.

The LAs participating in the pilot are:

- Cumbria County council comprising of – Allerdale, Barrow, Carlisle, Copeland, Eden and South Lakeland
- Oldham Council
- Sheffield Council
- LB Westminster

Following the evaluation of the pilots, and the outcome of the Housing Revenue Account (HRA) review, a decision will be taken on allowing all local authorities to access the Single Capital Pot for adaptations for council tenants.

Inequity of access to DFG between housing tenures:

- **Funding adaptations to local authority tenants**

The DFG framework and mandatory aspect of the grant applies across all tenures, however, the main DFG budget cannot be used for the funding of adaptations to local authority properties. The Bristol University report identified the funding of adaptations for local authority tenants as an issue.

Whilst removal of the restrictions around the ring fence will create a level playing field in the funding of DFGs for all tenures, the funding of adaptations to local authority tenants will be explored in more detail before taking this decision.

Therefore, as part of the Government's overall review of the HRA subsidy system, the funding arrangements for the provision of adaptations to local authority tenants will be examined. The results of the review will help inform how this issue is addressed.

Until the review is complete local authorities should continue to fund adaptations to their properties through the borrowing arrangements that currently exist within the HRA system. Whilst Communities and Local Government recognises that local authorities have many competing demands for funding through the HRA, given the mandatory nature of the DFG, the provision of adaptations should remain a priority.

- **Funding adaptations to Registered Social Landlord tenants**

We will also work on addressing the problem which is caused when Registered Social Landlords (RSLs) fail to live up to the expectation placed on them as social landlords that where appropriate, they provide adaptations to their tenants.

Joint guidance for RSLs on how adaptations are both funded and delivered will be issued shortly by Communities and Local Government and the Housing Corporation. We will work with Government Offices (GOs) to issue guidance at a local, regional and sub-regional level, on agreements with RSLs on finance and more strategic planning for accessible homes.

Communities and Local Government and the Housing Corporation recently wrote to RSLs and local authorities clarifying the position on SHG and current Housing Corporation guidance for RSLs in the provision of adaptations. This letter can be viewed on the link below:

www.communities.gov.uk/housing/housingmanagementcare/housingadaptations/

- **DFG means test**

The changes to the means test listed above go some way to speeding up the process and alleviating some aspects of the test but we recognise the means test requires further attention to modernise and simplify the process.

Further work will be carried out over the next year on the means test on how this can be brought into line with the means test used for linked services. Communities and Local Government, Department of Health (DH), Department for Work and Pensions (DWP)/ Office for Disability Issues (ODI) and the Department for Children, Schools and Families (DCSF) will continue to work closely on these issues.

Linked to the means test, work will also be carried out to stream line the DFG application form including the provision of easier online access, helping to reduce the bureaucratic nature of the current process and speed up the whole system of delivery of DFGs.

- **Allocation method of DFG funds**

As part of the review of the DFG the current method used for the distribution of DFG funds to local authorities will be examined.

Under the current method the central DFG budget is divided up between the regions using a formula which takes into account data from the English House Condition Survey on the number of disabled people in each region living in unsuitable housing and a regional building cost index.

Government Offices (GOs) are responsible for overseeing the allocation of DFG resources and advising Ministers on individual allocations. In order to assist the GOs in this process Communities and Local Government supplies the GOs with the local authority bid for DFG funds and a local needs indicator, which is the number of individuals in each local authority in receipt of either disability living allowance or attendance allowance. The GOs take these factors into account and balance them with relevant local data and information.

Communities and Local Government is committed to providing a two year settlement for DFG funding for local authorities for 2009-10 and 2010-11. A new method of identifying need and projecting this is therefore required if the old approach of combining bids and formula is to be replaced. Whilst relatively good data exists on older people the ability to project the future need for DFG for children with disabilities remains problematic. This aspect of allocating funds will need to be more responsive, and one possibility could be for local authorities to top slice funding in order to respond to demand when it arises either regionally or sub regionally. Options will be worked up over the coming months with a view to establishing a new approach by the end of the year in order to inform DFG allocations from 2009-10 onwards.

- **DFG and Individual Budgets**

Other improvements will continue to be worked on. The DFG is one of the six funding streams involved in the trial of the Individual Budget approach being tested in 13 Local Authority pilots. A full evaluation of this approach and what it means for the DFG will be made in due course.

- **Strategic planning for the provision of adaptations**

Communities and Local Government will issue guidance to Regional Assemblies, local authorities and RSLs on addressing the need for accessible housing and the provision of adaptations within their overall housing strategies. We are committed to undertaking further work with the relevant bodies to ensure better strategic planning and more effective partnership working occurs.

- **New rapid repairs and adaptations services**

Communities and Local Government will provide new national funding through the National Strategy for Housing in an Ageing Society for rapid repairs and minor adaptations from 2009, to enable around 125,000 more older people per year to get help with minor adaptations and repairs when they need it.

More information is provided in chapter 5 of Lifetime Homes, Lifetime Neighbourhoods on the following link:

www.communities.gov.uk/housingandolderpeople

- **Future Home Improvement Agency project**

In the DFG consultation it was proposed that the role of Home Improvement Agencies in delivering adaptations should be enhanced. This suggestion received majority support from those who expressed a view on this issue.

Communities and Local Government are commissioning Foundations, the national co-ordinating body for HIAs, to undertake the 'Future HIA project', drawing on expertise from within the sector and beyond to develop a service which will offer more and better housing options as well as more predictable and sustainable services for all potential clients.

The project recognises that the sector is extremely diverse and that no single model will be appropriate for all agencies. We want to see HIAs developing as the 'hub' around which vulnerable clients exercise their choice about their home environment. The project will establish which services might be viewed as core to a Future HIA, such as home adaptations, which should be optional and which would not be delivered by the HIA but through links to partner agencies, such as health services.

Further information on the 'Future HIA project' can be viewed in chapter 5 of Lifetime Homes, Lifetime Neighbourhoods via the following link:

www.communities.gov.uk/housingandolderpeople

- **DFG name change to Accessible Homes**

The proposal to rebadge the DFG to Accessible Homes Grant will not be taken forward at this time. Whilst this proposal gained support there was concern over rebranding costs. Taken alongside the means test and application form changes, we do not think it is an appropriate time to change the name. We intend to revisit this area, linked into work on the DFG application form and means test.