



# Reviewing the Disabled Facilities Grant Programme

## Introduction

The Disabled Facilities Grant (DFG) was introduced in 1990. Subject to a means test, it gives a mandatory right to any disabled person for grant support to a current limit of £25,000 for the purpose of altering their dwelling so that they are able to gain access to and use all the normal facilities of home, and to care for others where this is relevant.

The DFG is administered by housing authorities, usually in close co-operation with social services because community occupational therapists are needed to assess and recommend what adaptations are required. Each housing authority receives a ring-fenced allocation from Government which may be used to fund 60% of any DFG. This ring-fenced budget may be used for adaptations in all tenures except council housing.

During 2003-4 housing authorities awarded over 37,000 DFGs to disabled people to a total value of £202 million.<sup>1</sup> However, the ring-fenced budget of the DFG is only part of the system for funding adaptations. During 2003-4, 19% of adaptations were wholly funded from this source (although these tend to be higher cost adaptations). Social services and social landlords between them fund most adaptations under £1,000. Council housing departments fund all major adaptations to their stock from capital or the housing revenue account. Many housing associations use their own resources (with occasional help from the Housing Corporation) to fund adaptations for their tenants. Social services departments may also contribute to adaptations over the DFG grant limit and in some other ways.

<sup>1</sup> The expenditure figure, based on local authority records, includes mandatory grant payments and any discretionary payments that housing authorities may make above the £25,000 grant limit for individual cases.

## The Research

In January 2004 the Government announced there would be an inter-departmental review of DFG involving the Office of the Deputy Prime Minister (ODPM), the Department of Health (DOH) and the Department for Education and Skills (DfES). A Review Group including representatives of key stakeholders was established to oversee the review and this group commissioned an independent study from Bristol University to review and make recommendations for change. This summary presents the key findings and recommendations of the commissioned study. Its conclusions and recommendations are those of the authors and do not necessarily represent the views or proposals of the Government.

The review is the result of growing concern regarding: the DFG means test, particularly its impact on children and working age adults; increasing demand and long waiting lists; and observed inequity between housing tenures. The research brief was to consider these key items together with the coherence of the DOH/ODPM approach to adaptations; the operation of the ring-fenced ODPM budget and issues affecting administration of DFG at local levels.

The research entailed widespread consultation with professionals and service users. The research methods adopted were:

- A review of published evidence and literature.
- An in-depth study of one authority, as a pilot for the national survey.
- Workshops and interviews to discover stakeholder views and ideas for change.
- A national survey of a random structured sample of 10% of local authorities (housing and associated social service authorities) to establish factual information on policies and spending.
- Second stage workshops and interviews to discover stakeholder views on possible proposed financial and other options.
- The modelling of a range of options for change, to discover the financial implications of any proposals.

## Findings

From this work, the research team arrived at the following conclusions about the current DFG system.

### IMPORTANCE OF DFG

- Adaptations provided through the DFG are consistently effective. They produce significant health gains and prevent accidents and admission to residential care. Research has shown major improvements in quality of life and independence for DFG recipients. Disabled children and their siblings benefit in development, education and social contact. Carers suffer less stress and have reduced likelihood of back injury.
- The DFG is therefore contributing to a raft of Government policies, including social inclusion, community care, hospital discharge, accident prevention, quality of life, support for carers, inclusive education and the reduction of child poverty.

### STRENGTHS OF THE CURRENT SYSTEM

- The existence of a mandatory, equality-based grant and the backing of this with a ring-fenced budget.
- At local level, the co-operation that has built up between housing and occupational therapy staff, problem-solving approaches by professionals and builders, and the work of Home Improvement Agencies and Disabled Persons Housing Services. Where social services have adequate systems and budgets for support when the limits of the DFG are reached, this is a crucial additional strength.
- Existing structures have allowed the development of much good innovative practice. Examples include the use of relocation grants (with DFG as necessary); fast-track systems for work under £4,000; close working with Integrated Community Equipment Stores (ICES); use of modular buildings that can then be re-cycled; disability housing registers, and the use of Houseproud and similar schemes for homeowners, which offer practical help, sourcing of tradespeople and information on funding options, such as equity based loans as an alternative to DFG.

### PROBLEMS OF THE CURRENT SYSTEM

- The Test of Resources, in limiting who is eligible for help, excludes some people in great need especially among families with disabled children and adults of

working age. For these people it bears no relation to real outgoings and requires a level of contribution that for many represents an unsustainable burden.

- The maximum grant limit of the DFG is not sufficient in most areas to provide an extension, the adaptation most likely to be needed by those who are most seriously disabled. The uncertain arrangements for funding adaptations above this limit mean that it is these most seriously disabled people who are most likely to be left in need or to wait the longest.
- Older people entitled to adaptations are being screened out by some social services authorities through inappropriate use of the guidance on Fair Access to Care Services.
- The needs of disabled children and their siblings or other family members, or of people with seriously challenging behaviour, are not covered with unequivocal clarity in the provisions of the mandatory DFG.
- In 2003-4, 47% of all housing authorities had insufficient capital to meet valid DFG applications and the median shortfall was 44% of the annual spend.
- There is, in some areas, a serious shortage of community occupational therapists to carry out DFG assessments.
- Delays, with serious consequences, may be caused by the wait for occupational therapist assessment (average 97 working days). They may also be caused when the local authority capital budget for adaptations is already fully committed; when applicants are unable to raise their contributions as assessed by the test of resources; when the maximum grant is too low to meet the cost of the work needed, or by a shortage of builders to carry out the work.
- There are inequalities between tenures. Private tenants are in a weak position; tenants of housing associations suffer from divided responsibility and fudging; council tenants cannot share in the DFG ring-fenced allocation.
- Information to service users and potential service users is mostly extremely poor, for fear of discovering need that cannot be met.

- The effectiveness of Home Improvement Agencies, who are involved in the delivery of nearly half of all DFGs, is continually threatened by uncertainty about core funding and the squeeze on fee income.
- There is a grave shortage of housing stock suitable for re-housing as an alternative to adaptation for disabled households in any tenure. For families, a wait of three years or more would be likely in 70% of all authorities.
- The question of unpredictable risk, which makes budgeting for the occasional very-high cost adaptation impossible for relatively small authorities or agencies, is an endemic problem that needs a national solution.
- Only some senior social services managers and probably even fewer NHS senior managers are engaged in policy or strategy on adaptation issues, despite its implications for them.
- Under-investment in DFGs is leading to a waste of public resources. The Audit Commission has calculated that one year's delay in providing an adaptation to an older person costs up to £4,000 in extra home-care hours. When residential or hospital care is needed because of a lack of adaptations, the costs within three years are eight times higher than the cost of the adaptation and continue to rise.

## CAUSES OF THE PROBLEMS

- The root cause of most DFG problems are to do with strategy and, stemming from strategy, funding. There has been no adaptations strategy across government departments that considers costs and benefits and links the issue to other housing, health and social care policies, in order to achieve best use of resources. There is also no mechanism for producing such a strategy. In particular, there is no link between the ODPM and the parts of the Department of Health that deal with hospitals and Primary Care Trusts – yet this is where links are needed because of the preventative and therapeutic nature of housing adaptations.
- The lack of a strategy at a national level means lack of regional and local strategy. There have been no structures or systems to facilitate implementation of national policy and creation of strategies at the appropriate local levels from the region downwards (including the health and housing association

hierarchies). Information essential to policy evaluation is not collected. There are no performance targets or incentives for senior managers.

- The policy on the funding of housing association adaptations requires further development due to the increasing level of transfers of local authority stock to housing associations. The impact of these transfers has not been fully considered in terms of its increased burden on local authority resources for DFGs.
- Tackling issues of discourse, to shift the thinking from ‘welfare’ to ‘investment’, is part of the strategic challenge.

## Recommendations

The research team developed a range of recommendations for change that fall into two categories: immediate recommendations in relation to DFG; and important strategic and broader topics that need to be addressed at national, regional and local levels.

### IMMEDIATE RECOMMENDATIONS FOR DFG

1. The Mandatory DFG to be retained.
2. The ring-fenced budget to be retained, but with greater flexibility so that it may be used for matters beyond the mandatory items for example, towards relocation costs when relocation is preferred to adaptation.
3. The mandatory grant limit to be increased to £50,000, index-linked to building costs. This change is vital for the small number of most seriously disabled people, including children, to speed up the adaptation process, ensure appropriate adaptations, improve life chances and prevent less productive ongoing health and social care costs. It will require an estimated increase of 7.4% (£12.9 million) in the annual DFG budget. The increase in total public expenditure will be less because work over the current limit is often eventually funded through social services and housing, in ways costly in officer time and delay. Raising the limit will lead to more efficient use of public resources.
4. Means testing for adaptations for children to be ended. This is estimated to cost an extra £11.6 million per annum, which is an increase of 6.7% to the total DFG expenditure. It will remove the disincentive to work for parents, end the delay that is harmful to children’s life chances, and produce significant savings through improving the health of parents and children and preventing accidents. About £1 million per year will also be saved in the cost of means testing alone.
5. The practice of applying the test of resources to cases where the cost of works is less than £4,000 should be reviewed. On pragmatic grounds there is a strong case for exempting all such cases from means testing: it represents poor value for money. This change would cost an estimated £23.1 million per annum (13.3% budget increase). However, if it is not possible to move to this position directly then as a first step all those on means-tested benefits should be exempt from the test of resources. This change alone will not affect the contributions of many applicants but will produce savings through avoiding the administrative costs of means testing.
6. Replace the existing test of resources with one broadly based on Fairer Charging for Care Services (FCCS) principles. This would disregard earned income and take actual housing costs into account, but be modified to incorporate a minimum allowance for housing costs. This change is estimated to add £51.0 million to the DFG budget (29.4% increase). The modification to the treatment of housing costs is necessary to ensure that no one is disadvantaged by the change. Without the modification many of those with low housing costs – typically older people – would find their contributions increased. There was no support through the consultation for changes that would make it harder for older people to access services. Changing to a modified FCCS system is important because it will remove the current disincentives to work and more adequately reflect disposable incomes. While it initially requires additional outlay it will have beneficial effects as disabled people of working age and their partners are able to maximise their earning capacity. Enabling these households to get the adaptations they need will also produce savings in health and social care costs.
7. The capital limits used in the test of resources should be increased to £50,000. This change will be of particular benefit to older households. It is a recognition that household savings may have to last for a retirement period lasting 30 years, and have to cover a wide range of expenses. This change is in line with other Government policies of not penalising those on moderate means because they have saved.

8. Where an insurance or court decision after the DFG includes a settlement for the cost of adaptation, an appropriate sum to be repaid to the DFG budget. The key factor with adaptations is speed of implementation. This provision will allow swift provision even if a court case is underway, but will ensure that funding available to the local authority is maximised.
9. For extensions only, a tapering charge in the event of sale to be placed on the property for a maximum of five years. This proposal will allow some adaptation capital to be recycled.
10. The scope of the mandatory DFG to be extended to include:
  - wider needs of children
  - space for family life
  - clear right of access to garden
  - provisions to allow someone to work from home.
11. Eligibility for assistance to be extended to cover more explicitly those with challenging behaviour and some other groups.
12. Stairlifts to be redesignated as equipment, so that they may be loaned and recycled. Responsibility for their supply and servicing to be carefully transferred to the Integrated Community Equipment Stores funded by social services and the NHS. The extent to which resources are transferred to, or the cost of this change is taken on wholly by, the Department of Health will be subject to negotiation. There are clear and direct health benefits from the fitting of stairlifts, such as the prevention of accidents, pain reduction, and improved well being. This might be seen as a wise large-scale invest-to-save health project, which will produce real savings in demand on acute services, and better outcomes for service-users.
13. Housing associations to use their own resources to fund minor adaptations that are not funded by social services.
14. VAT to be abolished on all works of adaptation, including the fees of Home Improvement Agencies.

## Strategic and other key issues

### NATIONAL

15. A new approach to adaptations will configure them not as welfare provision, but as an opportunity for investment that will benefit simultaneously the individual and the State. Adaptations to be redesignated in a way that will more easily suggest the change in approach and secure investment. 'Environmental Technology' (ET) is one possibility.
16. An interdepartmental strategic working group to be established by December 2005, possibly within the framework of the Improving Life Chances implementation group, the Office for Disability Issues, to plan a national strategy for adaptations, including the DFG, within the new approach. Its tasks will include:
  - Devising suitable measures applicable to senior regional and local authority managers for service planning and delivery of adaptation and related policies at regional and local levels.
  - Ensuring that planning for adaptations is linked to policies of new build and renovation at national, regional and local levels.
  - Tackling the problem of funding major adaptations in housing associations and producing a solution.
  - Devising a way of creating a level playing field in the funding of adaptations for council tenants.
  - Considering improvements to the core funding of Home Improvement Agencies.
  - Clarifying with Directors of Social Services authorities the mandatory nature of the Disabled Facilities Grant.
  - Addressing the question of the use of community occupational therapy skills in a situation of national shortage, and making appropriate recommendations.
  - Examining mechanisms for giving greater control over the adaptations process to disabled people.

17. With the support of the Strategic group, the Department of Health to consider ways of investing in adaptations in order to achieve savings in acute and residential services.
18. Research or monitoring systems to be set in place to measure the impact of this investment in adaptations.

## REGIONAL

19. Regional Housing Boards and Government Regional Offices to be required to develop an adaptations strategy within both Regional Housing Plans and Regional Spatial Strategies.

## LOCAL

20. At appropriate local levels, depending on location, strategic groups to be established to reflect strategic thinking from the centre. Their task will be to devise a strategy to include all aspects of housing for disabled people and links to new build, domiciliary services, children's services education, hospital discharge and prevention. These groups to publish their plans for involvement of service users and to commission the discovery of need besides planning for improvements to service delivery.

## Further information

Further information is contained in the full report, *Reviewing the Disabled Facilities Grant Programme*, ISBN 1851127941, £15 available from:

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