

FULL COUNCIL REPORT

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Service Area	Housing / Adult Services
Exempt/Non Exempt	Non Exempt
Committee Date	8 th March 2023

To: Ladies and Gentlemen

Disabled Facility Grants (DFG) Update

1.0 SUMMARY OF THE REPORT

- 1.1 This report briefly describes the background of our Disability Facility Grants (DFG) Service and the increasing pressures on the limited available budget, with rising demands and increased costs of adaptations.
- 1.2 The report will outline the key policy changes suggested to meet the growing demands on the service in a fair and equitable way, subject to a bi-annual review.
- 1.3 The report describes the current financial impact to the grant and risks to the grant and partner agencies for extension applications being delivered as per the Service level agreements (SLA).

2.0 RECOMMENDATIONS that

- 2.1 Council approve the amendments to the renewals policy with immediate effect for any new approvals to be undertaken in line with the policy revisions.
- 2.2 Council approve no longer award DFG for extension works in order to make the grant fair and equitable to meet the increased demand of those residing in Merthyr Tydfil and work within the limited budget available.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The Disabled Facility Grant Service is a statutory service where £850,000 capital funding is attributed each financial year.
- 3.2 In February 2020, MTCBC entered into an SLA agreement with RCTCBC to administer the Disability Facility Grants (DFGs) on our behalf (with a subsequent SLA between RCTCBC and Care and Repair to carry out some administrative and technical works).
- 3.3 This has enabled the service to recover from a previous backlog of applications and ensure as applications are submitted, they are processed and where approved, works commence within the legal timeframes set to a good standard and resilience within the Grants team at RCTCBC ensure this continues to be the case.
- 3.4 The process involves the Community Occupational Therapy Service (COT) to work with people to assess their ability to undertake their activities of daily living and where appropriate provide adaptations so that individuals can be as independent as possible. These larger adaptations (Disabled Facility Grants) such as the provision of wet rooms/extensions are referred to RCTCBC for those who are owner/occupier, privately renting or Merthyr Valleys Homes (MVH) properties.
- 3.5 This arrangement is monitored with multi-agency meetings including MTCBC COTs Manager, Care and Repair, RCTCBC Grants Team and MTCBC Housing on a bi-monthly basis and statistics, waiting lists, processes are reviewed and reported on.
- 3.6 The Community Occupational Therapy Service (COTs) consistently receives on average 15-20 referrals per week (up from 4-7 pre pandemic). All referrals are triaged on receipt and are categorised as critical, substantial, moderate, or low. In terms of the Disabled Facility Grant, the majority of these relate to the provision of adaptations to bathrooms and wet rooms.
- 3.7 The pandemic, national issues in recruitment of COT staff and an inability to mobilise contractors for many works all at once, created a significant challenge in spending the grant which saw a 691k underspend in 2021/22 from the current and previous years underspends. This underspend was carried over and utilised by Merthyr valleys homes to work in partnership and deliver DFGs (over 5k) on their properties as well future proofing some stock with wet rooms to futureproof some of the over-50 stock.
- 3.8 This year in total, we are set to spend the original allocation of £850,000. The additional £691,000 with MV Homes, and an additional £196,000 of Housing with Care Fund (subject to approval – expected imminently) totalling £1,737,000 and the demand continues to rise.
- 3.9 On the 11th January 2023, it was agreed by Council to make changes to the Renewals Policy and remove the additional discretionary funding previously available for grants exceeding £36,000, to cap the maximum grant at £36,000 (a figure set by Welsh Government). Progression of the change has been implemented with immediate effect; however, there has been further identified issues with the delivery of major

works for extensions. With the financial risks to both clients and our partner agency Care & Repair with rising cost of materials, that are unforeseen until works commence on site (adding risk for clients in costs to bear) and demand far exceeding the annual budget for DFGs.

4.0 CURRENT POSITION

4.1 Despite the past few years, where we have seen significant underspends, there are now great successes in the assessment and delivery of DFGs, with a full complement of Community Occupational Therapy (COT) staff and resources to deliver the function in a timely manner and avoid underspends in a much-needed budget. However, this has gone full circle, and we now see demand far outweigh the available grant. This could be the result of the following external factors:

- created by the pandemic and people's nervousness to allow staff in to conduct assessments shortly after the pandemic now coming through at scale, not only a return to normal, but increased demand on a consistent weekly basis.
- Price increases on materials means that most DFGs cost considerably more than they did pre pandemic, allowing spend to be used up far more quickly, particularly on the large grants.
- Council approved the removal of means testing on small and medium adaptations in December 2021 (with all those who made contributions refunded from April 1st, 2021) which could have caused an increase in demand, which we are continuing to monitor.
- A full complement of COTs staff (following a lengthy time where we saw resource issues) which reflects positively on the number of assessments being taken and waiting times reducing for those assessments, subsequently translating to more DFGs coming through in quick succession.

4.2 Considering the current projections and remaining applications in the system to be processed, the budgets are likely to remain under pressure for some time or may become the status quo going forward, should the demand continue to outweigh the budgetary availability. We need to also consider our legal obligations to approve DFGs within 6 months of referral from COTs and all supporting information for the compilation of the application, and to deliver DFG's within 12 months of approval or potentially face timely and costly legal challenges. We currently have referrals going through the approval process that are likely to not have works completed until 2024-25 due to budget for 2023-24 already being allocated to referrals in preapproval stages.

4.3 Where an extension is the recommended option by COTs before works are started there are preliminary costs to complete larger works such as planning, Welsh Water, Technical surveying and additional fees to deliver the grant and management of works; a large proportion of the £36,000 grant would be already allocated/spent. Leaving the remaining cost above £36,000 being the responsibility of the client. It is also not possible to provide decisive costings to clients, making it difficult for clients to confirm that they have the financial means to afford the contribution.

- 4.4 Where a client has been able to demonstrate they can afford to contribute to works for extensions based on an estimate, there is no guarantee the works will go as planned. There are often unforeseen additional works required as part of extension works that can be costly. If this was to happen it may mean that the client has no further means to contribute anything more financially leaving the financial risk with Care & Repair or with MTCBC needing to allocate more funds to complete. A recent DFG application for an extension has amplified this problem recently with the original estimate being £50,000 to works now reaching £110,000 so far to complete from our £850,000 annual budget.
- 4.5 The current average cost of completing an extension £42,913 for works £49,350 with fees included. The average cost for small adaptations is £5,000, £5,750 including fees, average cost for medium works £10,000, £11,500 including fees. The pressure extensions have on the budget also greatly impacts wait times for those needing small/medium adaptation works. With lots of clients who require small/medium works having to potentially wait until 2024 – 25; this potentially resulting in that person's independence deteriorating further. We currently have 6 potential extensions equating to an estimated cost of £417,000 currently ring-fenced from 2023-24 budget (providing works were to be completed as planned) If these extensions did not go ahead it would mean a further 42 DFG applications for small/medium works could go ahead.
- 4.6 The only alternative option to meet the demand is to increase the DFG capital budget which would need to be around a doubling of the existing budget to meet the demand in the system, with additional revenue costs to staff the additional administration and technical works associated.

5.0 WHAT WE HAVE DONE

- 5.1 In response to the situation, we are continuing to monitor spend, demand, projections and budget, looking for innovative solutions to meet demand and help the most vulnerable in living independently, being mindful of the financial pressures the Council (and many other LAs, around price increases and varying demands and pressures on the system) are currently facing.
- 5.2 An application was submitted to the Housing with Care Fund (the regional Strategic Capital Fund) for all DFG's in excess of 36k (as per the eligibility criteria) to help with the increased costs which equated to around 110k for 2022/23. This was successfully awarded and has allowed for extensions that had started to be completed and it was further agreed to have additional funding of £86k to also progress medium works that had originally been set to be completed by MVH that had been waiting a considerable length of time due the original funding provided being spent. We could apply for further HCF funding for 2023-24 for top ups for large works such as extensions. There is no guarantee the funding would be awarded but it would also require additional monies from revenue to deliver which we have no budget for currently.
- 5.3 Regular liaison with Cwm Taf Care and Repair who also manage and deliver on similar adaptations grant on a small scale on our behalf with the ENABLE grant, to see if there is scope to maximise that pot for smaller works, to which we are moving some works into that pot to release more funds for DFGs.

- 5.4 As a strategic Housing function, we are also utilising our housing need data to inform future development to reduce the needs to retrofit RSL stock for adaptations but increase the availability through our new developments, while also reviewing the existing allocations policy to ensure adapted stock are provided to and stay with those who require those adaptations.
- 5.5 We have been monitoring the potential impact of extensions due to the additional pressures on DFG as previously stated and identified the additional concerns and issues with completing extension:
- Increasing the waiting times of those needing small/medium adaptations due to the financial impact the cost of extensions have on the budget. The impact this has on individuals of waiting extended periods of time for works.
 - The reputational cost to MTCBC, Care & Repair and RCTCBC delivering the grant due to escalating complaints for wait times, feasibility of completing works (if reasonable and practicable) and the increased project management required to complete extensions.
 - Financial risk for MTCBC and Care & Repair due to unforeseen issues with building extensions and clients not able to contribute to the final cost.
- 5.6 We have considered alternative options of being able to deliver the grant for extensions by providing the £36,000 to clients and for them to source their own contractors to complete works. This does not come without its risks; for example if the contractor didn't maintain their contractual obligations for the project; Thus, potentially placing pressure on MTCBC to have to award further funds to address and complete works. This will not help the current demand and legal timeframes to work within to complete the smaller/medium works.
- 5.7 Since the previous change to remove discretionary funds and to cap at the mandatory £36,000 all who had a referral for recommendation by COT's for an extension have been contacted and offered the opportunity to contribute to the cost of the extension. A large majority of the clients have made the decision to not proceed with the application and seek an alternate option suitable to meet their needs. Letters have been drafted to also inform clients from the very outset of their application for a DFG to set expectations of the processes and associated timescales and of the £36,000 cap so they can consider their options very early on in their application to try mitigate any future complaints.

6.0 NEXT STEPS

- 6.1 Despite the work being undertaken to futureproof existing stock, build more adapted homes, review the existing stock and policies to reflect the highest needs, the demand is far outgrowing the available budget and cannot be sustained. The cost of large grants is averaging over £49,350 including fees providing works go ahead as planned which mean less and less people can benefit from the grant and the list of those waiting continues to grow as referrals have doubled year on year:

Year	New DFG referrals
2019/20	55
2020/21	43
2021/22	76
2022/23	113
2023/24	Est forecast 168

- 6.2 In order to meet the growing demand, we need to operate fairly and equitably, in order to do this, whilst achieving the legal timeframes of the service and supporting as many people as possible we recommend ceasing the progression of any future extension works (subject to a 2 yearly review). This will allow for many more applications for smaller/medium adaptations to be carried out reducing wait times and impacts on individual clients; while also making the grant more equitable being used for many more people to remain living independently as possible in their homes and in the community. This would still allow grants up to the mandatory 36k to be approved, but anything over this would be down to the client to fund; thus also reducing the financial and reputational risk of all partner services involved.
- 6.3 We will offer the relocation grants to support people to move into homes that meet their needs while we continue to grow the adapted stock within the Borough through our development Programme and offer assistance and support to meet their needs within the budgets available.
- 6.4 Failure to do this will result in the Authority failing its obligations to deliver the grants within the legal timeframes set, which could lead to potentially costly legal challenges, unequitable support, with few large grants utilising much of the limited funds, leaving many on lengthy waiting lists and many small/medium grants being held up affecting the quality of life of many applicants waiting for relatively straightforward works.

7.0 Next Steps

- 7.1 Approval of recommendation to stop awarding DFG for extension works subject to review in 24months.
- 7.2 Liaison with stakeholders and partners to ensure the message is communicated consistently to all applicants and processed accordingly.
- 7.3 Subject to Council approval, changes will be effective immediately as part of the application process for any applications due to be processed from the 2023/24 funding allocation.

8.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Neutral/Not Applicable
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1. Merthyr Tydfil Well-being Objectives	3 of 4	0 of 4	1 of 4	
2. Sustainable Development Principles - How have you considered the five ways of working? <ul style="list-style-type: none"> • Long term • Prevention • Integration • Collaboration • Involvement 	5 of 5	0 of 5	0 of 5	
3. Protected Characteristics (including Welsh Language)	4 of 10	0 of 10	6 of 10	
4. Socio-economic Disadvantage	5 of 6	0 of 6	1 of 6	
5. Consultation and Engagement	Undertaken	Due to be Undertaken	Not Required	
	1 of 1	0 of 1	0 of 1	
6. Data and Evidence to inform the proposal	Yes		No	
	1 of 1		of 1	
7. Biodiversity and the resilience of Ecosystems	Maintained	Enhanced	Reduced	Neutral/Not Applicable
	0 of 1	0 of 1	0 of 1	1 of 1
Summary				
The main positive impacts are:	The main positive impacts are we continue to provide DFGs for those which need it, subject to the maximum grant level available, and use other options such as relocation grant and option to carry out works privately with Care and repair support to access trusted trades and contractors in a fair and equitable manner. This will also enable us to meet the legal timeframes required to process the grants from approval to works commencing and completing,			
The main negative impacts are:	The main negative impacts are, for those who are not able to have extensions needing to consider a move to alternate property to meet their needs; this can be supported through relocation grants or registering for a social housing through the common housing register.			

ALYN OWEN
DEPUTY CHIEF EXECUTIVE

COUNCILLOR GERAINT THOMAS

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Scrutiny Reports: COTs Assessment waiting times and underspend in the DFG Grants	18/10/2022	Available via the background papers link
Disability Facility Grant (DFG) Grant Update	10/11/2022	Available via the background papers link
Full Council Report Renewals Policy and DFG Update January	23/01/2023	Available via the background papers link
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.