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**CAPITAL ALLOCATION FOR DISABLED FACILITIES GRANTS**

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**REPORT OF THE CORPORATE DIRECTOR (ADULTS & HOUSING)**

**1. PURPOSE**

- 1.1 The purpose of this report is to bring the problem of the reduced allocation of Specified Capital Grant (SCG) for 2007-08 to Cabinet's attention and makes recommendations for future actions.

**2. SUMMARY**

- 2.1 The Government provides SCG to local authorities to assist them to meet their statutory duty to provide mandatory disabled facilities grants. The allocation for 2006-07 was well below the amount needed to help disabled people in Leicester effectively and the allocation for 2007-08 has been reduced from that level.
- 2.2 The report explains the various factors that lay behind the allocation.

**3. RECOMMENDATIONS**

- 3.1 It is recommended that:
- 3.1.1 Discussions take place with the East Midlands Regional Housing Board about using a less formulaic approach in the distribution of the region's DFG allocation so that the particular issues faced by Leicester are taken into account more fully, and with DCLG on the overall need to increase allocations to meet the cost of this mandatory service.
- 3.1.2 Action be taken to encourage take-up of Disability Living Allowance (DLA) and Attendance Allowance (AA) by dedicating increased resources to targeted, localised take-up campaigns.
- 3.1.3 The reasons for the current comparative performance with Nottingham and Derby be researched.
- 3.1.4 All people receiving a DFG are given assistance to claim DLA/AA where this is not already the case.

#### 4. HEADLINE FINANCIAL AND LEGAL IMPLICATIONS

##### 4.1 Financial Implications Rod Pearson x297108

The Capital Programme for 2007/08 includes £2m for Disabled Facilities Grants. It was estimated when the programme was approved that the grant allocation would be £800k as in 2006/07.

The actual grant allocation £654k, a reduction of £146k.

##### 4.2 The 2007/08 Programme includes £1.13m (3.5%) overprogramming, which will have to be found from reductions in expenditure or additional resources during the year.

The reduction in the DFG allocation means that overprogramming is now £1.276m (3.96%).

##### 4.3 Legal Implications Caroline Howard

Payment of the Disabled Facilities Grant by Leicester to qualifying applicants is mandatory subject to conditions within the Housing Grants, Construction and Regeneration Act 1996.

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|                                      |                     |
|--------------------------------------|---------------------|
| <b>Key Decision</b>                  | No                  |
| <b>Reason</b>                        | N/A                 |
| <b>Appeared in Forward Plan</b>      | N/A                 |
| <b>Executive or Council Decision</b> | Executive (Cabinet) |

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**SUPPORTING INFORMATION AND APPENDICES**

**1. BACKGROUND**

- 1.1 Since 1990 Government has paid specified capital grant (SCG) at the rate of 60% towards local authority spending on mandatory disabled facilities grants (DFG's). SCG cannot be claimed against expenditure on adaptations to council housing stock which has to be financed from other council resources such as capital receipts or the Housing Revenue Account.
- 1.2 Whilst authorities were set an SCG amount it was possible to claim above that figure although the additional grant obtained was offset by a reduction in borrowing approval. This arrangement caused difficulties for ODPM as they had to find the funding to pay this extra grant. Five years ago they sought a new way of dealing with the situation and consulted local authorities about their proposals.
- 1.3 The result was the introduction of a 'DFG Index' in 2002. Each local authority's DFG Index is based on the number of people they have claiming Disability Living Allowance (DLA) or Attendance Allowance (AA). We could see that Leicester would be adversely affected through the adoption of this methodology and our response to the consultation paper described our concerns. There was considerable lobbying undertaken at the time.
- 1.4 The system now is that the national DFG 'pot' is distributed by DCLG to the regions based on factors gleaned from the English House Condition Survey 2001 which provided evidence of the number of disabled people on low incomes living in unsuitable and unadapted properties. An allowance is made for regional differences in the costs of providing a range of adaptations.
- 1.5 The regions (the Government Office for the East Midlands) then recommend the distribution to each local authority for confirmation by Ministers. In future, this function may transfer to the Regional Housing Board.

- 1.6 Unlike the previous system the SCG allocation cannot be exceeded and 60% of expenditure on mandatory disabled facilities grants can be claimed but only up to the maximum of the allocation. If authorities cannot claim their full allocation there is some re-distribution within the region and Leicester has benefited in that way in recent years.
- 1.7 We have been in a position to take advantage of this late re-distribution, as we have consistently spent far in excess of our allocated amount.
- 1.8 During the consultation on the DFG Index we protested that the use of cost indicators was wrong from Leicester's point of view. The methodology did not take account of the types of adaptation we have to provide; nor particular characteristics of our disabled population; nor the family households that they live within; nor the types of house that we need to adapt. We also commented that the use of levels of claimed disability related benefits is far too crude an indicator of the need for adaptation funding in Leicester and that it was a drastic underestimate of the City's needs. Without the benefit of a comprehensive research project to look into this locally it is not possible to be precise as to the reasons why that might be so. However there are indications that cast doubt on the reliability and validity of the Government's approach.
- 1.9 Another problem that we have is that our average disabled facilities grant amount is more than double the national average. That problem is currently being investigated by senior officers.

## 2. DISABLED FACILITIES GRANT ALLOCATION 2007-08

- 2.1 Leicester's DFG allocation for 2007-08 is down to £654k from £800k for 2006-07, which is an 18% reduction (see Table 1 below). This is despite the fact that the national pot is up by 4.96%. The council's approved capital budget for DFGs in 2007-08 is £2m. Our DFG allocation (£654k) will support spending of some £1,090k, which is only 55% of the approved budget.
- 2.2 One benefit of having a budget higher than the level supported by our DFG allocation is that we have been able to process many smaller grants through an alternative 'discretionary' process rather than the more laborious prescribed disabled facilities grant system. This has led to some administrative savings. Now that Leicester is part of the individual budget pilot we have been granted the freedom to claim SCG against such discretionary grant spending, although again this is only up to the allocated limit.

**Table 1. Comparison of Disabled Facilities Grant allocations 2001-08**  
(Source DCLG website)

|                                 | 2001-02<br>£,000s | 2002-03<br>£,000s | 2003-04<br>£,000s | 2004-05<br>£,000s | 2005-06<br>£,000s | 2006-07<br>£,000s | 2007-08<br>£,000s |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| National total for England      | 84,800            | 88,000            | 99,000            | 101,157           | 103,300           | 120,810           | 126,799           |
| East Midlands                   | 6,638             | 6,156             | 6,454             | 6,325             | 6,899             | 8,238             | 8,647             |
| East Midlands %age of England   | 7.8%              | 7.0%              | 6.5%              | 6.3%              | 6.7%              | 6.8%              | 6.8%              |
| Derby                           | 610               | 366               | 451               | 389               | 422               | 539               | 593               |
| Nottingham                      | 512               | 380               | 481               | 437               | 472               | 472               | 754               |
| Leicester                       | 720               | 405               | 500               | 431               | 469               | 800               | 654               |
| Leicester %age of East Midlands | 10.8%             | 6.6%              | 7.7%              | 6.8%              | 6.8%              | 9.7%              | 7.6%              |

- 2.3 For 2007-08 East Midlands region has met bids in full if they are below the DFG Index amount and then capped everyone else's at the same level above DFG Index. That level is 111% as shown below in table 2. Whereas in 2006-07 they applied the cap at a percentage of the each authority's bid. In that way Leicester benefited because of the relatively high level of our bid over other East Midlands authorities.
- 2.4 However Nottingham's bids in 2005-06 and 2006-07 were below their DFG Index but they increased their bid considerably for 2007-08 which has impacted on other authorities.

**Table 2. Disabled Facilities Grant allocations against DFG Index 2006-08**  
(Source DCLG website)

|            | 2006-07<br>£,000s | 2007-08<br>£,000s | 2006-07<br>allocation<br>as % of<br>assessed<br>need (DFG<br>Index) | 2006-07<br>allocation<br>as % of<br>bid | %age<br>change in<br>2006-07<br>allocation<br>compared<br>with 2005-<br>06 | 2007-08<br>allocation<br>as % of<br>assessed<br>need<br>(DFG<br>Index) | 2007-08<br>allocation<br>as % of<br>bid | %age<br>change in<br>2007-08<br>allocation<br>compared<br>with 2006-<br>07 |
|------------|-------------------|-------------------|---|---|--|--|---|--|
| Derby      | 539               | 593               | 106%  | 66%                                     | 28%  | 111%   | 71%                                     | 10%  |
| Nottingham | 472               | 754               | 73%   | 100%                                    | 0%   | 111%   | 58%                                     | 60%  |
| Leicester  | 800               | 654               | 143%  | 67%                                     | 71%  | 111%   | 55%                                     | -18%   |

NB: 2006-07 National pot increased by 17% and East Midlands by 19.4%.  
2007-08 Both National and East Midlands pots increased by 4.96%

### 3. THE INTERFACE BETWEEN DISABLED FACILITIES GRANT AND DISABILITY LIVING ALLOWANCE/ ATTENDANCE ALLOWANCE

- 3.1 As discussed in para 1.2 above, each local authority's DFG Index is based on the number of people in receipt of either Disability Living Allowance (DLA) or Attendance Allowance (AA). It should be noted that although DLA/AA entitlement is used as an indicator of need by Government offices at the allocation stage, receipt of these benefits is not a condition of entitlement to a DFG.
- 3.2 Table 3 below shows the number of DLA claimants by Unitary Authority in the region, and includes Coventry as a non-regional comparator. Leicester's performance is below that of Nottingham and Coventry and higher than Derby.

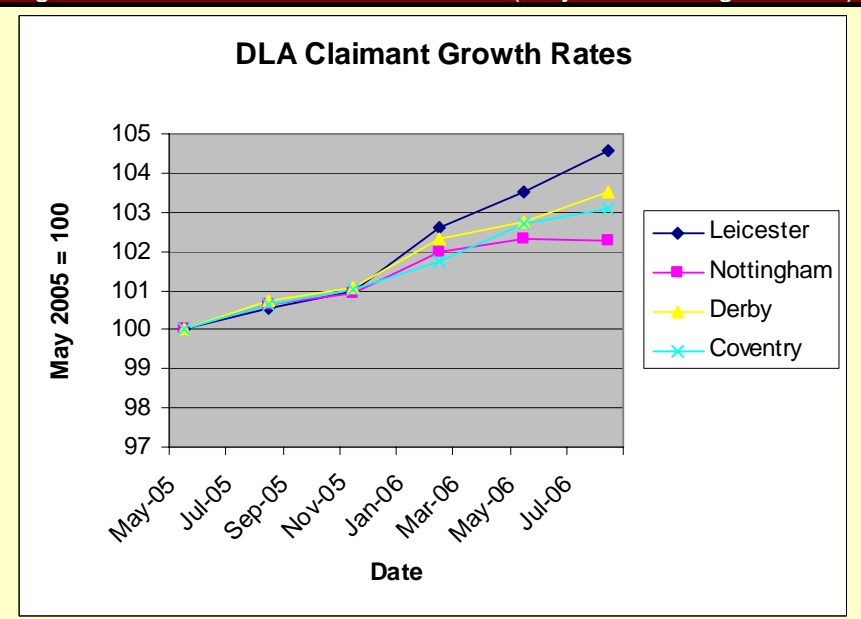
**Table 3: Disability Living Allowance Claimants by Local Authority ('000s)**

|        | Leicester | Nottingham | Derby | Coventry |
|--------|-----------|------------|-------|----------|
| Aug-06 | 15.16     | 17.65      | 12.44 | 16.47    |
| May-06 | 15.01     | 17.66      | 12.35 | 16.41    |
| Feb-06 | 14.88     | 17.60      | 12.30 | 16.26    |
| Nov-05 | 14.64     | 17.42      | 12.15 | 16.14    |
| Aug-05 | 14.58     | 17.37      | 12.11 | 16.08    |
| May-05 | 14.50     | 17.26      | 12.02 | 15.98    |

- 3.3 However, allowing for overall population size, based on 2005 mid year population estimates, the ratio of DLA claimants as at August 2006 for the three East Midlands cities is: Leicester (5.26%), Nottingham (6.33%), Derby (5.32%).

- 3.4 There is some better news to be found in the rate of growth in take-up rates in the recent period, as indicated in figure 1, below, with the number of Leicester's DLA claimants growing faster than any of the other comparator authorities in the past 15 months.

**Figure 1: DLA Claimant Growth Rates (May 2005 – August 2006)**



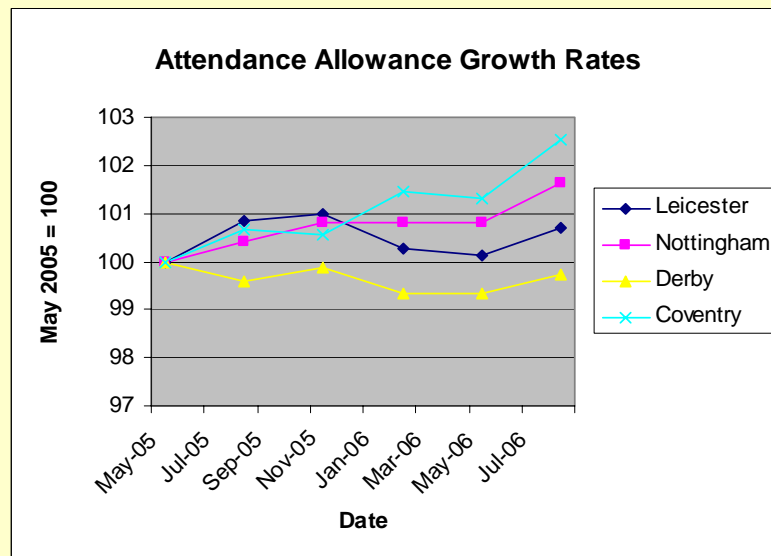
- 3.5 The DFG Index is adjusted on an annual basis to reflect changes in benefit take-up but nevertheless, it is clear that Leicester has some way to go if it is to attract a significantly higher level of DFG through the regional allocation. If the growth in DLA claimants continues on current trends in all three cities, Leicester's share of DFG across those cities would increase by only 0.36% in the next 15 months.
- 3.6 Table 4, below, details the numbers of Attendance Allowance claimants in the comparator authorities. This reveals a generally lower level of AA take-up in Leicester in absolute numbers than in both Nottingham and Derby. This may be as a result of Leicester's generally lower numbers of people aged 60 or over (a qualifying condition for AA) than is the case in those cities. Equally, it may also be due to Leicester's higher BME population, which, particularly in respect of elderly BME populations, requires greater effort to engage with in relation to the take-up of benefit entitlements. Both of these hypotheses require further exploration and have policy implications for the design of welfare rights services.

**Table 4:  
Attendance Allowance Claimants by Local Authority (000's)**

|        | Leicester | Nottingham | Derby | Coventry |
|--------|-----------|------------|-------|----------|
| Aug-06 | 7.11      | 7.43       | 7.44  | 9.26     |
| May-06 | 7.07      | 7.37       | 7.41  | 9.15     |
| Feb-06 | 7.08      | 7.37       | 7.41  | 9.16     |
| Nov-05 | 7.13      | 7.37       | 7.45  | 9.08     |
| Aug-05 | 7.12      | 7.34       | 7.43  | 9.09     |
| May-05 | 7.06      | 7.31       | 7.46  | 9.03     |

- 3.7 Figure 2, below, indicates that the growth rates across all three East midlands cities has followed a similar pattern in the past year, and it is postulated that this reflects growth in the elderly population cohort although this needs to be examined when more recent population mid year estimates are released.

**Figure 2:  
Attendance Allowance Growth Rates (May 2005 – August 2006)**



#### 4. IMPROVING THE LEVEL OF DFG ALLOCATION TO LEICESTER

4.1 There are two routes to increasing DFG in Leicester through the current arrangements:

- (i) To increase DLA and AA take-up by further researching the reasons for the current comparative performance with Nottingham and Derby and by dedicating increased resources within the Department to encourage take-up. Data is available on DLA take-up at lower super output area level, and targeted, localised take-up campaigns could be built into the business plan of the new merged Welfare Rights Service. Such an approach could have a long term benefit for the city but would not drastically improve DFG allocations in the short term.

More immediately, the Council should seek to ensure that all people receiving a DFG are given assistance to claim DLA/AA where this is not already the case. Failure to do this is resulting in us spending DFG without having the need for it recognised in the regional allocation process.

- (ii) We could further research the reasons for low DLA and AA take-up in the city and use this to build a case to Government Office for a greater slice of the regional allocation by emphasising some of the characteristics of the local population that constrain DLA/AA take-up as an indicator of need for DFG within the city (e.g. higher levels of elderly BME populations that face greater barriers to claiming benefit entitlements).

#### 5. THE DEMAND FOR ADAPTATIONS

5.1 With improvements in health care, people are now living longer, thus resulting in an increasing population of disabled people requiring assessments and adaptations. This, together with the introduction of various legislation and other Department of Health and Central Government initiatives has led to more people being cared for in the community within their own homes rather than in residential or nursing care settings.

- 5.2 Since 2003, there has been a consistent increase each year of referrals received within the department resulting in 1,448 community care assessments for disabled people undertaken by the Occupational Therapy (OT) Service in the Promoting Independence Unit (PIU) in 2006.
- 5.3 Table 5, below, details the number of major adaptations recommended by the Promoting Independence Unit following completed assessments. It highlights an increase of 75% in major adaptation recommendations since 2003.

| Table 5  |            |            |            |            |
|--|------------|------------|------------|------------|
| Number of Major Adaptations Recommended by Promoting Independence Unit |            |            |            |            |
| Tenure   | 2003       | 2004       | 2005       | 2006       |
| Owner Occupied   | 251        | 281        | 308        | 400        |
| Privately Rented   | 12         | 20         | 21         | 20         |
| Council Property   | 216        | 223        | 260        | 429        |
| Housing Association  | 49         | 75         | 66         | 74         |
| <b>TOTAL</b>   | <b>528</b> | <b>599</b> | <b>655</b> | <b>923</b> |

- 5.4 The increasing numbers of disabled people in the community, both children and adults and many with complex needs, has led to a growth in the numbers of recommended major adaptations. In order to ensure that people with the greatest needs are appropriately responded to they are allocated priority points and cases are progressed by Home Improvement Officers in order of highest priority points. This system of allocation was agreed by Members after the Local Government Review in 1997. Those with the greatest need require more complex adaptations to be undertaken. This will inevitably lead to an increase in the average DFG cost and work is being undertaken with other local authorities to consider the impact of operating the priority points system.

## 6. OTHER IMPLICATIONS

| OTHER IMPLICATIONS            | YES/NO     | Paragraph references within Supporting Information |
|-------------------------------|------------|--|
| Equal Opportunities           | <b>YES</b> | Throughout   |
| Policy                        | <b>NO</b>  |  |
| Sustainable and Environmental | <b>NO</b>  |  |
| Crime and Disorder            | <b>NO</b>  |  |
| Human Rights Act              | <b>NO</b>  |  |
| Elderly/People on Low Income  | <b>YES</b> | Throughout   |

## 7. BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

Local authority DFG allocations 2001-08 – DCLG web-site



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