



Report of Director of Environment and Neighbourhoods

To: Executive Board

Date: 23rd January 2008

Subject: Disabled Facilities Grants
Capital Scheme Number 98040/000/000

Electoral Wards Affected:

ALL

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

Executive Summary

Executive board are requested to inject £750k and authorise scheme expenditure of £750k as outlined within this report, to meet the additional demand for mandatory Disabled Facilities Grants for private sector and registered social landlord disabled residents in Leeds during 2007/8.

1.0 Purpose of this Report

1.1 Continuing high levels of demand for mandatory grant assistance necessitates that further funding is made available to meet demand in the last 3 months of the financial year and this report seeks approval of a further injection and authority to spend of £750k transferred to DFGs from the capital programme contingency fund.

2.0 Background Information

2.1 The Council administers Disabled Facilities Grants (DFGs) which were introduced in 1990. Subject to a means test, there is 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 normal facilities of home, and care for others where this is relevant. Disabled Facilities Grants are available to private home owners, private rented sector tenants and tenants of Registered Social Landlords.

2.2 In recent years there has been considerable interest in reviewing and seeking ways to improve procedures. The Government published research in November 2004 (ODPM Good Practice Guide). It supported research by Bristol University which published proposals for an overhaul of the programme in a 2005 report. It also published a further Government report in October 2005 (ODPM-Reviewing the DFG Programme), and issued a consultation paper in January 2007 setting out their proposals to improve programme delivery, including increased entitlement in some cases.

2.3 The key point in these consultation documents has been to modernise and simplify the DFG system so that it meets a number of key strategic objectives :

- i) Disabled people to be at the heart of the service.
- ii) Grant is able to provide financial support to satisfy increasing need.
- iii) The system should be affordable, equitable and flexible to meet diverse needs.
- iv) The service should be integrated with other elements of social care.
- v) The system should be properly and strategically planned to increase accessibility to housing stock.
- vii) The help available should be widely publicised and easily accessible.

2.4 In Leeds, DFG activity has been the subject of Scrutiny reports over the last 5 years which have embraced these principles, with a particular focus on improving delivery time measured against Government performance targets. Process improvements and new organisational arrangements have been introduced both within Environment and Neighbourhoods and Social Services which have improved efficiency and effectiveness and further improvements continue to be made. As a result, a significantly higher number of homes are adapted annually and this trend is set to continue in to future years. It has been emphasised throughout this time and acknowledged by Government that a particular consequence of such improved efficiency and throughput would be an increased financial pressure on capital expenditure.

2.5 The capital programme approved £2.5m expenditure on DFGs in February 2007. Subsequently Executive Board gave approval for an additional injection of £2m into the programme and authority to spend up to £4.5m on Disabled Facilities Grants for 2007/08. Since this further injection demand has remained high , such that the current level of funding will be insufficient to meet mandatory obligations in the current financial year without a further injection into the capital programme.

3.0 Main Issues

3.1 The demand for mandatory financial assistance towards the cost of adaptations to the homes of disabled residents has seen significant growth in recent years. Furthermore, improvements in service delivery and process improvements to meet Government targets for delivery have also seen a significant improvement, such that the throughput of schemes and related expenditure have risen dramatically. As recently as 2004/5, the programme was £2.13m, increasing to £3.67m in the last financial year and a programme of £5.25m is now required for 2007/08.

3.2 New enquiries for DFGs have exceeded 300 per quarter. The average weekly value of new grant approvals has increased significantly such that the current value is £121k per week with the estimated year end position predicted to show a commitment of between £3.5-£4m of approved schemes not yet paid to be taken into the new financial year before any new approvals have been issued.

3.3 Over recent years the value of carry over commitments has been reasonably stable, but a significant increase noted in 2006/07 and 2007/08 is likely to be repeated in 2008/09. The reasons for this being :-

- Improved efficiency and delivery time per scheme.
- Improved/Increased fast tracking of referrals which has cleared some backlog.
- Increase in RSL tenants applications compared with landlord applications which has increased the level of such grant payments.
- Increased average unit cost of schemes and grant payments due in part to contractor charges plus revised means test arrangements.
- Increasing awareness of the availability of DFG assistance such that there is no indication of a slowing down of referrals.

3.4 Government subsidy to support DFG programmes comes to the local authority as a specified capital grant which may be claimed to cover 60% of expenditure subject to a maximum limit. In 2007/08 Leeds is receiving subsidy of £1.569m which equates to a

programme of £2.62m. The current programme spend for 2007/08 is now estimated at £5.25m.

- 3.5 At the request of Executive Board a cross party letter of representation has been sent to Government Office requesting that the full subsidy claim of £3.6m (60% of a programme of £6m) be provided for 2008/9 but the allocation will not be known until early February .

4.0 Programme

- 4.1 Expenditure will be managed within the revised figure of £5.25m, whilst minimizing the impact on contractors, clients and the Council in terms of performance targets on service delivery, but there will be significant budgetary pressures in 2008/9 and beyond if the current level of demand continues.
- 4.2 **Phased Release of Referrals** – In an effort to control the volume of units of work issued and related costs, the Agency has implemented the phased release of work to contractors. Once an application has progressed through the initial means test, survey and financial authorization, they are then “queued up” within their designated target delivery time, prior to being released to a contractor. The completed referrals are sorted periodically based on their completion date. This approach results in the careful management of cases, with delivery at or very close to the target date set by Government.

5.0 Capital Funding and Cash Flow

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2007 £000's	FORECAST			
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	0.0					
FURN & EQPT (5)	0.0					
DESIGN FEES (6)	0.0					
OTHER COSTS (7)	4500.0		4500.0			
TOTALS	4500.0	0.0	4500.0	0.0	0.0	0.0

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2007 £000's	FORECAST			
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	0.0					
FURN & EQPT (5)	0.0					
DESIGN FEES (6)	0.0					
OTHER COSTS (7)	750.0		750.0			
TOTALS	750.0	0.0	750.0	0.0	0.0	0.0

Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2007 £000's	FORECAST			
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010 on £000's
LCC Funding	3681.0		3681.0			
Government Grant	1569.0		1569.0			
Total Funding	5250.0	0.0	5250.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0

6.0 REVENUE EFFECTS

There are no revenue effects on this scheme.

7.0 RISK ASSESSMENTS

- 7.1 The following initiatives have been implemented in an effort to deliver adaptations for the elderly and disabled in a more cost effective and efficient manner. Most of these initiatives also assist in the overall budgetary control and the general administration of contractors through the Agency's delivery of adaptations.

- 7.2 Framework Contractors** – In March 2007, the Agency appointed five contractors to deliver the agency service. Following a lengthy procurement process carried out by the corporate procurement unit, the five were selected from 15 contractors who had expressed an interest in delivering adaptations for the elderly and disabled for a 3 year term. The contractors were in part selected on their experience, efficiencies and approach to this specialist area of work.
- 7.3 Standard Specification and Costs** – Approximately 70% of the Agency's throughput of work is shower installations. In light of this, a fixed price was developed to assist in the administration of the Agency's day to day service, their budgetary projections and estimations and to assist in improving the efficiency of the contractors final accounting process.
- 7.4 Social Services Prioritisation** – Following discussions with Social Services, the priority allocation of DFG applications has been reviewed. In doing so, a larger percentage of referrals will appropriately be allocated to the 'Low' priority band. This will in turn ease pressure on the budget spend and allow a longer time frame for the completion of the adaptation, whilst still meeting Government targets for meeting peoples' needs.
- 7.5** The overall result of the changes described above is that the Council can control the rate of expenditure, whilst minimizing any negative impact for customers.

8.0 CONCLUSION

- 8.1** It is recognised that the entitlement of disabled residents to mandatory grant assistance is an obligation that the council must meet.
- 8.2** The anticipated spend in the current year shows the significant additional investment being made in this area of work. Officers are confident that expenditure can be kept to the £5.25m estimate for 2007/08.
- 8.3** In preparing for 2008/09, DCLG has been advised in our submission for subsidy support that the likely programme could be £6m, requiring a subsidy of £3.6m and a local contribution from LCC of £2.4m. The outcome of the bid will be known in February 2008, at which time a further review of commitments and expenditure will have to be undertaken.
- 8.4** The arrangements introduced to slow down performance whilst demand remains high have an inevitable long term implication for future budgets and this has been clearly stated in formal representations to the Government in recent consultation exercises.

9.0 RECOMMENDATIONS

The Executive Board is requested to :

1. Inject £750k into the Capital Programme from the Capital Programme contingency fund.
2. Authorise Scheme Expenditure to the amount of £750k
3. Instruct officers to report back in future on the progress of the scheme