



Cabinet

Tuesday, 12 July 2022

Current and Future Pressures in Disabled Facilities Grant Delivery

Report of the Director – Neighbourhoods

Cabinet Portfolio Holder for Planning and Housing, Councillor R Upton

1. Purpose of report

- 1.1. This report outlines both the demand and financial pressures on the Disabled Facilities Grant (DFG) budget for 2022/23 and the following years and sets out a number of recommendations to mitigate the situation.
- 1.2. Rushcliffe Borough Council has historically received the lowest private sector DFG allocation funded through the Better Care Fund (BCF) across Nottinghamshire counties. This headline allocation is derived by way of Government formula.
- 1.3. In 2021/22, the Council received a BCF allocation of £757k plus a carry forward of £260k, from the 2020/21 underspend, due to reduced activity during the pandemic. In 2021/22, the Council spent £956k and has committed £466k into the current financial year. Hence, as will be detailed within the Supporting Information, the Council's spend and commitment on the DFG programme exceeds its BCF budget allocation.
- 1.4. The cost pressures on the DFG budget are not anticipated to reduce for the reasons given within the Supporting Information. The report recommends several actions that the Council can take to manage the budget pressures moving forward.

2. Recommendation

It is RECOMMENDED that Cabinet:

- a) calls upon partner authorities in the County to explore transformational change to support a more equitable distribution of the BCF which will assist in meeting local need and align with the aspirations to progress a County deal project with pooled resources;
- b) transfers £500,000 from the Support for Registered Housing Providers (RHP) budget (funded through the receipts set-aside from Large Scale Voluntary Transfer (LSVT) of housing stock) to support DFG costs;

- c) develops and implements an operational waiting list to prioritise applications in line with budget provision;
- d) amends the current Council DFG Policy to suspend the use of discretionary DFG funding until a review of the national formula is undertaken, or the adoption of an alternative county model to administer DFG applications;
- e) ensures an assessment is undertaken to consider the likely future demand and impact on the Medium-Term Financial Strategy (MTFS) and capital resources. The MTFS to be updated for 2023/24; and
- f) makes representations to the Department for Levelling Up, Housing and Communities (DLUC) to review the Better Care Fund and national DFG formula to achieve a more equitable distribution of resources based on updated health and social care needs to achieve better health and wellbeing outcomes.

3. Reasons for Recommendation

The demands on the DFG budget are greater than the funds that Rushcliffe are allocated.

4. Supporting Information

- 4.1 Mandatory DFGs are available from local authorities and are issued subject to a means test. They fund the cost of essential adaptations to give qualifying persons access to essential facilities in and around the home. There is an upper limit on the help available of £30,000 and a discretionary limit of £20,000. Funding is channelled into the BCF, which consists of pooled resources from a number of sources, including NHS England.
- 4.2 The setup of BCF means that funding is paid directly to Nottinghamshire County Council. The legal responsibility for the provision of DFGs remains with the housing authority i.e. district/boroughs, whilst the DFG funding payment from national government is made to the top tier local authority. The allocation from national to local government is intended to contribute towards meeting local need but is not expected to meet all local needs. One of the aims of the BCF is to achieve improved integration of care and support services through the improvement of local delivery of DFGs.
- 4.3 As mentioned, the Council receives the lowest DFG allocation across all Nottinghamshire district/boroughs. DFG grants are funded through a BCF allocation. There is leeway to utilise the BCF allocation on health-related services other than DFG. However, this is the full amount of funds available to support DFGs.
- 4.4 The third column of Table 1 sets out the BCF allocation to the district/boroughs in Nottinghamshire for 2021/22. The Council received a £757k allocation which is more than £200k lower than the next lowest allocation, and nearly half of the highest allocation in the County. The second

column shows the 2020/21 underspends by district/boroughs. Grant delivery and expenditure was impacted in 2020/21 due to pandemic restrictions and all district/boroughs were permitted to carry forward underspend to supplement 2021/22 budgets. Again, the underspend carried forward at Rushcliffe Borough Council was considerably lower than that of neighbouring district/boroughs creating a greater disparity of overall budgets.

Table 1: BCF Budget allocation 2021/22 and 2020/21 underspend carried forward.

	2020/21 underspend c/f (£'000s)	2021/22 allocation (£'000s)	Total 2021/22 budget (£'000s)
Ashfield	397	1,047	1,444
Bassetlaw	816	1,325	2,141
Broxtowe	506	984	1,490
Gedling	423	1,189	1,612
Mansfield	1,002	1,426	2,428
Newark & Sherwood	900	1,159	2,059
Rushcliffe	260	757	1,017

- 4.5 In 2021/22 the Council benefitted from being able to carry forward the underspend. Table 2 below breaks down the 2021/22 budget. As mentioned, the BCF can cover other health related expenditures with the approval of the BCF Board. Pre-pandemic, the Borough coped with DFG demands within its budget. However, the last year (2021/22) has seen exceptional cost and demand pressures in the Borough, and commitments and projections for 2022/23 show no easing of demand and the associated financial pressures.
- 4.6 Given the DFG budget has been historically underspent, the Council, along with other councils, has allocated funds to other health and care related activities which have been approved by the BCF Board. For example, Warm Homes on Prescription (WHOP) funds the installation of central heating systems for low-income households; and Independent Living funds equipment for the Home Alarm service. The Handy Person Adaptation Service (HPAS) provides help and support to keep individuals safe and independent in their homes by funding low costs essential adaptations and small practical jobs. This budget is top sliced by agreement from the BCF allocation to fund this service on a countywide basis. The HPAS* sum in Table 2 is retained by Nottinghamshire County Council and there is an on-going contractual agreement for this service.

Table 2: BCF allocation 2021/22 and detailed expenditure

	Original BCF allocation (£000s)	Received by RBC (£000s)	Adjusted budget ('000s)	Expenditure (over/underspend) ('000s)	Total Spend ('000s)	
					Underspend	Overspend
Mandatory DFG	597	597	751	795		44
Discretionary	57	57	100	32	(68)	

DFG						
Independent Living	17	17	40	22	(18)	
HPAS *	61					
WHOP	25	25	65	51	(14)	
In-year Total	757	696	956	900	(56)	
Underspend b/f 2020-2021		260				
Total	757	956	956	900	(156)	44

4.7 As indicated, spend had been consistently within budget up to 2020/21. There was a slight dip in spend in 2019/20 and 2020/21 due to the impact of coronavirus. A backlog has therefore developed which has to some degree manifested itself in 2021/22.

4.8 Table 3 below sets out the spend and commitments carried forward over the last four years. Any residual backlog is not the sole factor at play and other structural factors are resulting in a step change in both demand and the cost of works, which will not subside in the short term. In 2021/22 we have seen:

- A substantive and sustained increase in construction costs, both in respect of both materials and labour.
- Occupational Therapy (OT) referrals increasing significantly, and the rate of referral is continuing into the current year.
- A higher number of major extension projects ('Major Works') within the system that will be spent during 2022/23 and following years. We have projected £492k spend on Major Works in 2022/23.

Table 3: Historic spend and commitments: DFG only

	Approved (£'000s)	Spent (£'000s)	Committed c/f (£'000s)
2021/22	1,210	744	466
2020/21	778	476	302
2019/20	661	432	229
2018/19	720	581	139

4.9 The 2022/23 DFG budget is set at £853k. This includes our in-year allocation of £696k (less HPAS top slice) plus £56K underspend from 2021/22 (see Table 2) and a further £101k from historical underspends. The £853k is notionally split: £753k Mandatory and £100k Discretionary DFGs.

4.10 As shown in Table 4 below, with existing major works commitments carried forward, the anticipated in-year spend on major works and salaries of £579k leaves a £275k residual allocation of which, £273k is required for committed non major works and a balance of £2k for all other DFG works. The other factor is that Rushcliffe Borough Council has effectively utilised its underspend in meeting 2021/22 costs. This budget excludes any allocation to HPAS or Independent Living.

Table 4: Budget and estimated existing commitments 22/23

	Budget 22/23 (£'000s)
BCF allocation	696
2021/22 underspend b/f	56
Historical underspends	101
Total	853
Committed Major Works b/f	249
Additional Major Works spend in-year	100
Estimated Major works start on site	143
Salaries	86
Total	578
Remaining budget non-Major works	
In-house	2
b/f non-Major Works	273
Total	275

Actions that are being taken

- 4.11 Officers have focused on the process for early identification of families requiring major works/extensions in the affordable housing stock, to understand whether we can make better use of the Allocations Policy and/or existing stock to provide properties more suitable and less costly to adapt. Officers have also been speaking to housebuilders and Registered Providers about the potential for wheelchair adaptations to be provided on s106 sites whereby the Council will meet the over-costs. This has been agreed on a small number of sites. However, these actions above will take some time to show positive results and will not address the immediacy of the financial demands.
- 4.12 Nottinghamshire County Council and the districts and boroughs have been approached at senior officer level to explore opportunities to jointly pool resources via the BCF vehicle to address the immediate funding issues and to act as a catalyst for the future implementation of an aligned service model. Whilst currently a consensus could not be achieved it was agreed to explore the benefits of the Lighthouse service, which is a hub and spoke delivery model, adopted by the Leicestershire County Council and the seven district and borough councils across Leicestershire.
- 4.13 To help address the immediate potential budget pressure for 2022/23 officers have proposed utilising a proportion (£500,000) of the Support for Registered Housing Providers budget, funded through the receipts set-aside from LSVT of housing stock, to provide an interim cost injection. However, this is not a sustainable financial solution as Council capital resources are diminishing hence there is a need for urgent progress to be made by the Department for Levelling Up, Housing and Communities (DLUC) to review the Better Care Fund and national DFG formula to achieve a more equitable distribution of

resources based on updated health and social care needs.

5 Risks and Uncertainties

- 5.1 A significant risk is that without additional and consistent funding, the Council will need to work to its available budget, which will mean operating a prioritised waiting list. Given the demands this means that the wait for lower priority adaptations could be considerable.
- 5.2 Another risk is that the Council will not be in a financial position to offer any discretionary funding support, which will compromise some Major Works for the most complex applications.
- 5.3 The suspension of the Warm Homes on Prescription project will be mitigated via the Council's other energy and climate change activities.

6 Implications

6.1 Financial Implications

- 6.1.1 The current capital programme comprises: £753k for Mandatory and £100k for Discretionary DFGs, this is a notional split. Paragraph 4.8 demonstrates that the whole provision is fully committed. This provision is fully funded by current and historic BCF allocations.
- 6.1.2 In the past, DFG funds were split 60% grant and 40% the Council's own resources. This was changed to a cash limited allocation. Spending patterns in recent years show that expenditure was contained within the Council's allocation. However, significant spending pressures were identified in 2021/22: post-COVID recovery and other cost factors set out in paragraph 4.6.
- 6.1.3 Support for RHPs currently totals £5.180m, of which, £80k is committed for the Practical Completion of Garage Sites Ph 2, and this leaves £5.1m unallocated. Of this sum, £1.140m is the balance of capital receipts set-aside at LSVT for Affordable Housing; the balance is \$106 monies, most significant £3.870m received 2021/22 and 2022/23 for Land North of Bingham.
- 6.1.4 Use of £500k as interim support will divert funds from Affordable Housing to Disabled Adaptations and will lead to an opportunity cost, in the form of lost interest, in the region of £7.5k. This is not a long-term solution and there are funding pressures to support the delivery of the Council's Capital Programme. The use of internal borrowing short-term with the potential recourse to an external borrowing requirement will thus incur interest costs.

6.2 Legal Implications

DFGs are mandatory grants the Council is required to provide under the provisions of the Housing Grants Construction and Regeneration Act 1996 (HGCR 1996).

6.3 Equalities Implications

DFGs are available to people of all ages and in all housing tenures to contribute to the cost of adaptations and to enable people to live independently and safely at home in their communities. The main stakeholders are people with physical disabilities, learning disabilities, autistic conditions, mental health, and cognitive impairments. The provision of these grants enables the Council to meet its duties under the Council's Public Sector Equality Duty (PSED) (Equality Act 2010). An Equality Impact Assessment has been undertaken in light of the recommendations made within this report and is attached as Appendix A.

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications to the recommendations contained within this report.

7 Link to Corporate Priorities

Quality of Life	The DFG programme addresses the quality of housing stock which has an integral effect on the quality of life of householders. The provision of adaptations supports more people to live in suitable housing so they can stay independent for longer
Efficient Services	The DFG programme supports partnership working and the most effective use of resources in meeting the housing needs of residents.
Sustainable Growth	The DFG programme promotes sustainable transformation planning for health, social care, and local authorities.
The Environment	

8 Recommendation

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Background papers available for Inspection:	None
List of appendices:	Equality Impact Assessment