

**COUNCIL FUNDING OF MANDATORY DISABLED FACILITIES GRANTS  
(Report by Head of Housing)**

**1. PURPOSE OF REPORT**

- 1.1 This report informs the Cabinet of the implications of the Government's decision to cap their 60% contribution towards mandatory disabled facilities grants (DFGs).
- 1.2 It also seeks release of the remaining portion of the existing budget together with a supplementary capital estimate for 2004/05 to fund the resulting shortfall in government funding and increasing levels of demand.

**2. BACKGROUND INFORMATION**

- 2.1 The Council must award a DFG for work to achieve one or more of a set of purposes defined by statute. DFGs are awarded on the recommendation of an occupational therapist and funds aids and adaptations like ramps, stair lifts and level access showers. DFGs enable elderly and disabled people to live independently and therefore contribute towards the quality of life for vulnerable people. The Council must be satisfied that a DFG is necessary and appropriate and that to carry it out is reasonable and practicable. The Council is, therefore, expected and required to set a budget that can cope with the likely level of demand placed upon it.
- 2.2 Until the end of 2003/04, the Government reimbursed 60% of total expenditure on DFGs **without limitation**. However, for 2004/05 they have changed the arrangements and will fund 60% of DFGs **up to a limit of £332k**, £148k less than the budgeted requirement.
- 2.3 At their meeting on 4<sup>th</sup> March 2004, the Cabinet agreed to release £221k of 2004/05 budget which represented the proportion to match fund the Government's cash limited contribution. The table below illustrates the resulting position.

	<b>HDC contribution £000</b>	<b>Government contribution £000</b>	<b>Gross expenditure £000</b>
2004/05 Budget provision	320	480	800
Released by Cabinet	221	332	553
<b>Remaining</b>	<b>99</b>	<b>0</b>	

- 2.4 Demand for DFGs has been increasing, as set out below:

<b>Year</b>	<b>Number of DFGs awarded No.</b>	<b>Average grant amount £000</b>
2001-02	120	4.9
2002-03	131	5.4
2003-04	*242	5.1

\*includes 92 grant awards totalling £537k that were deferred until 2004/05 for payment

- 2.5 A total of £537k has already been committed on 92 DFGs approved last year. An additional 165 enquiries have been received. The Cambridgeshire occupational therapist service has confirmed that the Council should expect to receive approximately 20 new enquiries each month. The funding requirement of this predicted demand is as follows:

	<b>Number of cases 2004/05</b>	<b>Funding Requirement £000</b>
Already committed	92	537
Applications already in the system	165	*825
Applications expected April – December** (at 20 per month)	180	*900
<b>TOTAL</b>	<b>437</b>	<b>2,262</b>

\*estimated £5k per DFG

\*\*applications take approximately 3 months to process so those received between January and March will be funded from the following year's budget

- 2.6 As the availability of DFGs is a statutory right, the Council cannot refuse to award them if the conditions for a grant are met. Although the Council is entitled to defer the payment of a DFG for up to twelve months there has, until recently, been no need to defer payment.

### 3. IMPLICATIONS

- 3.1 Since the demand for DFGs has been increasing and nearly all of the 2004/05 DFG budget has already been committed, Cabinet are requested to consider the options at Annex A, the results of which are summarised below:

	<b>HDC spend £000</b>	<b>Gross spend £000</b>	<b>Number of cases delayed more than 12 months</b>	<b>Full year Revenue Impact £000</b>
<b>Currently released</b>	221	553	70	-4.9
<b>Release full budget</b>	320	652	51	0.0
<b>Make up Government reduction</b>	468	800	21	+7.4
<b>All applications delayed 12 months</b>	573	905	nil	+12.6
<b>No delays</b>	1,930	2,262	nil	+80.5

### 4. CONCLUSIONS

- 4.1 The combination of increased demand for DFGs and the Government's cash limiting of its contribution towards the mandatory grant fund have resulted in the need for Cabinet to consider a supplementary capital estimate for 2004/05 and subsequent years.
- 4.2 Any delay in providing DFGs would have a detrimental impact on the quality of life of disabled or elderly people.

- 4.3 To maintain the current level of service, a gross DFG budget of £2,262k would be required. This would enable the Council to fund the backlog of DFG applications in addition to those that will be received during the year. This would result in a full year revenue impact of £80.5k.
- 4.4 To enable the Council to pay DFGs within the permissible twelve-month waiting period, a gross DFG budget of £905k would be required. This would result in a full year revenue impact of £12.6k.
- 4.5 The table below shows the increase in capital investment and revenue impact for different service levels that could be provided (delays in applicants receiving adaptations to their homes).

Delay in Completion of Adaptation  Months	Extra Cost	
	Capital  £000	Full Year Revenue Impact  £000
0	1,610	80.5
3	1,310	65.5
6	1,010	50.5
9	710	35.5
12	253	12.6

- 4.6 The assumptions on future demand this year are based on advice from the occupational therapist service. If demand exceeds these assumptions a further report will be presented in October. The experience in the next few months and any other relevant data that can be obtained will be used to estimate the necessary budget for future years which will form part of the MTP review in the autumn.

## 5. RECOMMENDATION

- 5.1 It is recommended that Cabinet determine the service standard to be provided, by reference to the table at paragraph 4.5, and approve the applicable supplementary capital estimate together with the release of the remaining portion of the existing budget.

## BACKGROUND INFORMATION

- Housing Strategy 2004-2007
- Letter from Head of Housing at Government Office for the Eastern Region dated 16 February 2004

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## ANNEX A

	HDC NET CAPITAL		GROSS CAPITAL		OUTCOME		HDC REVENUE IMPACT	
	Net spend	Variation from budget of £320k	HDC Net Spend plus Exchequer subsidy of £332k	Variation from planned spend of £800k	Predicted applications that cannot be paid in 2004-05 <sup>1</sup>	Estimated no. of cases that will be delayed more than 12 months <sup>2</sup>	04/05	Full year
Option	£000	£000	£000	£000	No.	No.	£000	£000
1. HDC contribution reduced to maintain 40/60 split between Government and HDC	221	- 99	553	- 247	342	70	-2.4	-4.9
2. HDC contribution maintained at planned level of £320k	320	0	652	- 148	322	51	0	0
3. Total DFG spend maintained at planned level of £800k	468	+148	800	0	293	21	+3.7	+7.4
4. Budget increased to ensure delay of only 12 months required	573	+253	905	+105	272	Nil	+6.3	+12.6
5. Budget increased to ensure no delays required.	1,930	+1,610	2,262	+1,462	Nil	Nil	+40.2	+80.5

<sup>1</sup> Assumes £5k grant where case not yet costed

<sup>2</sup> Assumes 3 months to process grant enquiry to valid application