

**Report to:** EXECUTIVE CABINET

**Date:** 23 March 2022

**Executive Member:** Councillor Oliver Ryan – Executive Member for Finance and Economic Growth

**Reporting Officer:** Ian Saxon – Director of Place

**Subject:** REVISED GRANT LIMITS WITHIN THE HOUSING FINANCIAL ASSISTANCE POLICY 2018-2023

**Report Summary:** To agree an increase on certain discretionary grant limits within the current Housing Financial Assistance Policy 2018-2023 thereby enabling applicants to continue to obtain the assistance they need in order to maintain independence, reduce hospital admissions and to reduce further calls on other social care services.

**Recommendations:** That Executive Cabinet approve an increase in the maximum discretionary grant limits on certain forms of assistance within the existing Housing Financial Assistance Policy 2018-2023, as detailed in section 5.4 of this report.

**Corporate Plan:** The Housing Financial Assistance Policy already assists in meeting the Corporate Plan and this revision will allow it to continue particularly with:

Priority 7 – Longer and healthier lives with good mental health through better choice and reducing inequalities.

Priority 8 – Independence and activity in older age, and dignity and choice at end of life.

**Policy Implications:** Amending as set out in this report.

**Financial Implications:**  
**(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**

Budget Allocation (if investment decision)	£2,849,319
CCG or TMBC Budget Allocation	TMBC
Integrated Commission Fund Section – S75, Aligned, In-collaboration	Aligned
Decision Body – SCB, Executive Cabinet, CCG Governing Body	Executive Cabinet
Value for Money Implications – e.g. Savings Deliverable, Expenditure Avoidance, Benchmark Comparisons	Expenditure Avoidance

**Additional Comments**

The current Tameside allocation from Ministry for Housing Communities and Local Government and Department of Social Care for adaptations during 2021-22 is £2,849,319.

The cost of building related works has increased across the building and construction sector resulting in higher adaptation costs, which are now exceeding the original grant limits set out in the policy. The grant limits therefore need to rise in line with rising

costs to ensure users can access such grants and thus avoid potentially higher care costs that would potentially exceed the cost of the adaptation required.

The rationale for the higher limits is to account for current and potential future inflationary rises to 2023 when this policy is due for review.

**Legal Implications:  
(Authorised by the Borough  
Solicitor)**

The Regulatory Reform (Housing Assistance)(England and Wales) Order 2002 has provided Council's with power to address housing issues by the provision of discretionary powers to provide assistance in any form for the purpose of improving living conditions.

The Council's use of this discretionary power is set out in the council's Housing Financial Assistance Policy 2018-2023.

As the changes to the grant limits has been brought about by an increase in the costs of the work it is timely that the policy itself is due for review in 12 months' time which will enable toe grant limits to be monitored and reviewed.

**Risk Management:**

Outlined in Section 7 of the report.

**Background Information:**

The background papers relating to this report can be inspected by contacting Jim Davies, Housing Adaptations Manager



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## 1. INTRODUCTION

- 1.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (the RRO) gives local authorities a general power to introduce policies for Private Sector Housing, to provide assistance to individuals with renewals, repairs and adaptations in their homes through grants or loans.
- 1.2 The aim of such general powers is to allow a local authority to fund essential home repairs to reduce injury and accidents, and to ensure homes are adequately heated. It also allows the local authority to expand the scope of adaptations available under the Disabled Facilities Grant (DFG) legislation using discretionary assistance. Assistance can be given directly to the individual or through a third party such as a local authority or other partner.
- 1.3 In 2008, Government set in place a number of changes to the administration of mandatory DFG and its use. These changes included the relaxation and removal of the ring-fence element in 2010, allowing the use of DFG monies in a more flexible manner and as part of wider strategic projects within social care, to keep people safe and well at home and to reduce bureaucracy in the grant's administration.
- 1.4 In reducing bureaucracy, local authorities are able to use the RRO to create assistance schemes that help people meet their needs without undergoing a full DFG process.
- 1.5 In order to take full advantage of the relaxed RRO, a local authority must comply with a number of conditions:
  - There must be a formally adopted policy in place, which sets out how the authority intends to use its powers;
  - Any policies must be readily available to the public.
- 1.6 The main provisions applied to any assistance delivered instead of a full mandatory DFG, are:
  - Home owners are owner occupiers;
  - That a full mandatory DFG is still available to the individual should it be requested;
  - Each case must be considered on its own merits and a clear mechanism for applying discretion is made available in all circumstances; and
  - That any scheme must meet identified need.
- 1.7 Assistance can be given as:
  - A grant - a sum of money for a specific purpose, with few or no conditions attached and no repayment required;
  - A repayment loan – interest bearing or 0% repaid in instalments over a period of time;
  - A charge on the property – interest bearing or 0% to be repaid on the sale, transfer or disposal of the property; and
  - A combination of these.

## 2. TAMESIDE MBC REGULATORY REFORM ORDER

- 2.1 In 2019, Executive Cabinet approved the Housing Financial Assistance Policy 2018-2023 (the new Policy) (see **Appendix 1**) that replaced the previous Policy adopted in 2003. The new Policy increased the number and type of discretionary grants available to disabled and vulnerable residents.
- 2.2 The new Policy was proposed following a large increase in government funding for adaptations that had begun in 2016-17 and to take advantage of the relaxation of the rules in the way funding could be used brought in from 2008. The high level of funding has continued into this financial year.
- 2.3 The introduction of the new Policy and new discretionary grants and grant limits meant more

applicants should be successful with their applications for assistance and fewer people should need to rely on Adult Services for help with care. It is important to understand that adaptations cannot always remove completely the need for care but can reduce the need and help with the way in which that care is targeted to others.

- 2.4 Legislation exempts children (and their parents) from the test of resources up to the maximum limit of £30,000. If the cost of work is above this figure, the parents if homeowners, can apply for a discretionary grant up to £10,000 which is subject to a test of resources.
- 2.5 A significant aspect of the new Policy was to remove the need for some applicants to undergo a test of resources (means test) if the cost of the works could be met within a set grant limit of £5,000. The report approved at Board in March 2019 explained the reasoning behind the new grant arrangements (see **Appendix 2**). All these grants under the new Policy are discretionary grants.
- 2.6 The grant limits in the new Policy were set at figures that were expected to see the Policy through to the end of its 5-year lifespan at which point they would be reviewed.
- 2.7 A complete review of the new Policy is due to begin in late 2022 with a view to implementation during 2023. The review will take into account, amongst other items, the success, or not, of the current grant regime and the level of funding from the Government available at the time of the review.

### **3 SUMMARY OF THE SUCCESS OF THE HOUSING FINANCIAL ASSISTANCE POLICY 2018-2023**

- 3.1 The test of resources, more commonly known as the means tests, used for mandatory DFG has not been revised by the Government since 2010. As benefit and even low income levels have changed in this period, applicants would fall foul of the pre-set limits within the process and then fail the test of resources (means test).
- 3.2 Since approval of the Policy in 2019, the new discretionary grants have allowed many people to benefit from much needed adaptations because they no longer fail the means test. Many have also benefitted from other forms of assistance including minor works to facilitate Hospital Discharge. The removal of the need to undergo a means test has enabled many people to reduce their reliance on Adult Social Care.
- 3.3 Prior to approval of the new Policy in 2019, an exercise was undertaken to determine the impact of introducing a non-means tested grant. Part of the reasoning was to reduce the time taken and the paperwork required to carry out the means test thereby saving time and resources. In addition, the number of people who actually failed the means test was not significant however; the legislation required such a test to be conducted in the absence of an alternative grant available in any approved Policy. Of those that did fail the means test, they would continue to request assistance from Adult Services to provide the care they require.
- 3.4 By removing the need to carry out a means test, the amount of officer time spent collecting information and determining eligibility has reduced considerably allowing them to focus more on delivery and other cases. Delivery of adaptations had improved, as had the numbers of completed adaptations until the Covid-19 pandemic took hold in early 2020.
- 3.5 The number of grants approved and completed in 2020-21 for adaptations was 224 of which 147 (over 50%) were of such value they did not undergo a means test. 64 were approved under the £5,000 grant limit whilst the remainder were approved for lifting and hoisting equipment.
- 3.6 A means test would still be required for those people who require a DFG where the cost of works exceeds the limit in the Policy. A means test is also required for those applications that fall within

the remit of the conditions of the specific grant as noted in the Policy.

#### **4 EFFECTS OF THE COVID-19 PANDEMIC AND BREXIT**

- 4.1 The outbreak of the Covid-19 pandemic had an immediate and adverse effect on referrals received, processing of adaptations, the contractors delivering adaptations and the supply of materials for adaptations. Material costs rose dramatically during the first 12 months due to demand caused by the number of projects underway in the DIY market and the slowdown in the production of many essential building materials. Compounding this issue was a rise in costs of the supply of materials from within the UK and from abroad due to excessive demand and import costs. The effect of Brexit was already having a creeping effect on material prices but the pandemic exacerbated this when manufacturing was hit across the globe. Shipping costs have also increased dramatically over the last 12 months adding to pressures on contractors.
- 4.2 In August 2021, Board supported an Executive Decision for a rate rise for contractors in the Adaptations Contract (see **Appendix 3**). The increase, 10%, was much higher than the council would normally have considered for such works but was necessary to cover the increased costs faced by contractors delivering adaptations and in order to retain contractors to deliver adaptations.
- 4.3 The most significant impact on works has been on applications for discretionary grant where the limit is set at £5,000. A large number of bathroom adaptations (amongst others) are approved using this discretionary grant. The effect of the rate rise now means that costs are likely to exceed £5,000 with the unfortunate result that applicants will, by default, be required to apply for a Disabled Facilities Grant and thereby undergo a means test. Due to factors the Council is not able to influence, including the benefit limits fixed in the means test, the situation is reverted to that prior to the introduction of the new Policy: many applicants are now likely to fail the means test at the point of application.
- 4.4 Minor adaptations are another area of works where the increase in costs is having a detrimental effect. Currently Minor Adaptations are provided free of charge at the point of delivery by the local authority. There is no application form required and there is no means test required. Some costs are now becoming such that it is no longer possible to provide Minor Adaptations resulting in the resident making an application for a discretionary grant. By raising the limit on Minor Works, it means the purpose of the grant remains the same and it does not place additional burden on staff having to send out and process application forms.
- 4.5 In addition, applications for discretionary grant assistance for other purposes within the Policy are also at risk. In these grants, the offer of assistance is not necessarily for adaptations and there is a cap on amount of assistance available. If the costs exceed this limit, the applicant must find the balance or is no longer eligible.

#### **5 PROPOSAL TO REVISE SOME DISCRETIONARY GRANT LIMITS**

- 5.1 The Regulatory Reform Order (Housing Assistance)(England and Wales) 2002 that came into effect in 2003 requires a local authority to have an approved assistance policy in place under Article 3 in order to provide forms of assistance to residents within their boundary. ODPM Circular 05/2003 lays out how to formulate an assistance policy.
- 5.2 The Circular allows for revision and changes to the Policy without the need to undergo a formal re-adoption process. Any significant changes to the Policy, i.e. removal of or introduction of additional grants, changes to grant criteria will require the Policy to be re-adopted. The changes proposed do not need to be detrimental in order to require re-adoption.
- 5.3 The proposed changes to the current Policy do not change any criteria, are not significant or detrimental to the Policy or to those applicants who may wish to apply for assistance. The

changes to the grant limits will not materially change the grant offer; rather it will maintain the status quo for all applicants, returning the Policy to its original intention when adopted in 2019.

- 5.4 The proposal to increase the grant limits will affect the following discretionary grants:
- |                            |  |
|----------------------------|--|
| • Minor Adaptations        | current limit £1,000 – raise to £1,500 |
| • Grant for Adaptation     | current limit £5,000 – raise to £7,000 |
| • Tenant relocation grant  | current limit £2,000 – raise to £2,500 |
| • Hospital Discharge Grant | current limit £6,000 – raise to £7,000 |
| • Stay Put Scheme          | current limit £6,000 – raise to £7,000 |
| • Home Repair Assistance   | current limit £6,000 – raise to £7,000 |
| • Safety Net Assistance    | current limit £6,000 – raise to £7,000 |
- 5.5 The new grant limits have been determined for the following reasons
- Minor Adaptations are a non-means tested grant with no application forms and the increase here will prevent many smaller adaptations from becoming formal applications taking longer to process and affect staff resource.
  - The Grant for Adaptations was introduced with the new Policy and this change in the limit will allow the rate rise to be accommodated along with a rise in costs for any non-contracted items. The change in grant level will prevent disabled people being subject to and failing a means test with the resulting fall back onto council services.
  - The increase in other grant limits will allow them to keep pace with the rate rise agreed previously.
  - To increase the limit on those grants where failing the means test can have serious implications for the applicant and on council services.
  - It is not clear at this time what will happen with regard to future material costs and supplies, and as such, the new grant limits should be able to absorb any future increases.
  - The new grant limits should be able to assist contractors to continue to work with the council and assist with retention of staff.
  - By increasing the grant limits to the new levels, the Policy will continue through to its review and renewal in 2023 allowing it to absorb any further request for an increase in building costs in the Adaptations Contract without having to request further increases.
- 5.6 There is no proposal at this time to change the discretionary grant amount of £10,000 for Unforeseen Works, Shortfall Assistance Contribution Assistance. These top-up grants provide additional financial assistance for works carried out as part of a Disabled Facilities Grant (DFG) where £30,000 is not sufficient. These grants are rarely used.
- 5.7 There is no proposal at this time to change the discretionary grant for Relocation Assistance for Home Owners, which will remain at £30,000. Applicants can still apply for a separate DFG to assist with adaptations under the terms of the Policy. This grant is rarely used.
- 5.8 A broader review of all the assistance and levels of grant will be carried out as part of the formal review and re-adoption of the Policy during 2023.
- 5.9 It should be borne in mind that these are maximum grant limits and not all works recommended will meet this limit. Works are priced to meet the assessed needs or the requirements of the individual grant applicant, not the grant limit.

## **6 FINANCIAL IMPLICATIONS**

- 6.1 The current allocation of funds to Tameside from Ministry for Housing Communities and Local Government, and Department of Social Care for adaptations during 2021-22 is £2,849,319. This level of funding has been rising year on year since 2015-16. The amount identified to the programme for the delivery of adaptations under the Policy is £2,000,000 for 2021-22. There is more than enough capacity within the Tameside allocation to cover any increase in expenditure.

- 6.2 Since the increase in the yearly allocation of funding began, the amount spent on Adaptations has consistently been less than the allocation due to a variety of factors: capacity in OT Services, number of referrals, capacity in Housing Adaptations team, etc.
- 6.3 The changes to the Policy will not result in any new increase in expenditure over the £90,000 and £150,000 per year identified in the approved report for the rate rise in the Adaptations Framework. This is because the changes will only affect the type of grant approved and not the number of grants approved; the amount will be in line with the contracted rates and the recent approved rate increase.
- 6.4 There is a requirement for homeowners to agree to the General Consent Order 2008 when applying for a DFG. A charge is registered against the property on the local charges register for the required amount. This allows the Council to recover some or the entire grant that exceeds £5000 up to a maximum of £10,000 should the property be disposed within 10 years following grant completion and where the applicant does not meet pre-set exemption criteria.
- 6.5 Grant conditions are also attached to the non-adaptations grants (Home Repair Assistance, Stay Put Assistance and Safety Net Assistance). A charge is registered on the local charges register for the full amount of grant. This allows the Council to recover the full cost of the grant should the property be disposed within 10 years. Details of all grant conditions are included within the Policy at **Appendix 1**.
- 6.6 The non-adaptation grants use repaid Housing Capital Grant from now defunct schemes and have no impact on the funding from central government or the council's capital budget.

## **7 RISKS**

- 7.1 The main and crucial risk to not agreeing to raise grant limits is the potential for applicants to fail the statutory means test. The discretionary Grant for Adaptation is the grant most affected by the contractor rate rise due to the number of grants applied for and approved during the year. The actual number of grants approved is dependent upon the number of people referred to Housing Adaptations Service by Adult Services. In 2020-21, 64 such grants were approved and 67 have been approved to end of December 2021. Other forms of discretionary grant are also at risk.
- 7.2 If, for example, the current discretionary grant limit remains at £5,000, the grant process will automatically revert to the mandatory DFG process when the cost of works exceeds this amount. The effect of this is many more applicants will be required to undergo a means test. The Government set limits at which income and certain benefits begin to affect the means test is out of date and, aside from benefit changes, has remained generally the same for the last 10 years. Therefore as lower incomes rise applicants can find themselves breaching the income threshold of £15,275 (current) at which the means test is then applied. The test considers any income over the pre-set limit as disposable income and it uses this figure to determine if the applicant could afford to borrow the money using a commercial loan. The out of date multipliers within the means test calculates the level of borrowing the applicant could achieve irrespective of the works and costs.
- 7.3 If the means test determines a contribution, this can range from a few hundred pounds to the whole cost of the works. There are very few cases where the applicant is in a position to fund any contribution with the tendency for the applicant to withdraw from the process and to continue to struggle without the adaptations. The applicant will therefore continue to receive support, or request additional support, from Adult Services thereby draining valuable resources. Care costs and other interventions can quickly exceed the cost of an adaptation. In a very recent case, the applicant for a DFG had a nil assessed contribution but the cost of providing care for 4 weeks was over £20,000 compared with the cost of a ceiling track hoist and ramped access at £8,000.

7.4 The Housing Financial Assistance Policy 2018-2023 has greatly reduced the number of people failing the test of resources allowing them to receive adaptations greatly improving their independence and reducing care costs.

## **8 RECOMMENDATION**

8.1 As set out at the front of the report.