



Disabled Facilities Grants: Changing the means test

Context

Disabled Facilities Grants (DFGs) are means-tested grants for disabled people to help towards the costs of making their home accessible. They are administered by local authorities.

There are currently long waiting times for DFGs, which vary by local authority (InfoBase Cymru, 2019). Recent work has recommended that removing the means test could help to reduce waiting times (Wales Audit Office, 2018; Public Accounts Committee, 2018).

In response to this, in the last Senedd term, the Minister for Housing and Local Government asked the Centre to consider the implications of removing the means test for small and medium grants. Our work sought to identify appropriate definitions of small and medium grants and explore the financial, legal, social, and implementation-related implications of making this change. To do so, we conducted data analysis using the latest publicly available data on StatsWales, analysis of legislation related to DFGs, and conversations with practitioners in England and Wales.

The resulting report led the Minister to issue a written statement stating the Government's intention to amend the guidance (Welsh Government, 2021).

Defining small and medium DFGs

We tested two possible definitions of small and medium grants with practitioners in Wales:

- By type of works (as per Housing Adaptations Service Standards, Welsh Government, 2019).
- Up to a financial limit (e.g. up to £6,000)

The Housing Adaptations Service Standards definition was preferred by practitioners we spoke to over one that applied a financial limit, mainly because adaptations vary in cost between local authorities.

Legal implications

The means test for DFGs is required by legislation (with certain exemptions, such as people on particular benefits), with details of how this test must be conducted set out in regulations. Removing the means test would require new legislation.

However, local authorities can and do already carry out adaptations without requiring a means test using powers granted under the Regulatory Reform Order (2002). The Welsh Government could issue updated non-statutory guidance to local authorities recommending the removal of the means test for small and medium adaptations. This is the simplest route to making changes, but because it is up to each local authority how they use the RRO, support on offer can vary across Wales. This already means that disabled people are treated differently depending on where they live (Wales Audit Office, 2018; Public Accounts Committee, 2018). In addition, given the implications of removing the means test (discussed below), issuing guidance alone may be insufficient to

effect change.

Financial implications

Capital costs

We analysed data on DFGs in 2018-19 to identify what the increase in the capital cost of works would have been had the means test for small and medium works been removed. Assuming that means testing had only been applied to large adaptations, only 269 cases would have been subject to a means test. Capital costs for local authorities would have been £238,216 higher. These costs vary by local authority. Eight local authorities would see no increases in capital costs. Fourteen would see an increase, ranging from £2,770 in Flintshire to £47,516 in Cardiff. In six of these local authorities, these increased capital costs would be under £10,000.

Administrative costs

The costs of an officer's time spent administering the means test are not included in the above figures and are not systematically collected.

This cost varies by local authority depending on the grade of the officer conducting the means test, how long applicants take to find the relevant documents, and how many cases officers need to chase up when they have not received documentation, but practitioners we spoke to estimated these costs to be between £6-10,000 a year per local authority. This is roughly equivalent to the amount of additional capital spend most local authorities would have needed to cover if means testing had been removed for small and medium works in 2018-19.

	Small	Medium	Large
No. of cases	1507	2214	269
Total cost of works	£731,675	£12,424,235	£4,837,976
Average cost of works	£485	£5,611	£17,985
Number means tested	24	1,569	201
Number assessed as needing to contribute	5	165	39
Total contributions	£2,711	£235,505	£187,647
Total contributions (small and medium)	£238,216		
Average contribution	£542	£1,427	£4,811
Grant aid	£728,964	£12,188,730	£4,650,329
Average grant	£483.72	£5,505	£17,287

Table 2: DFGs categorised by type, cost, and contributions 2018-19

Impact on other grants

Removing the means test for small and medium adaptations could also have financial implications for other grants. DFGs are not the only source of support available for housing adaptations in Wales. Physical Adaptations Grants (PAG), ENABLE, Rapid Response Adaptations Programme (RRAP), Integrated Care Fund (ICF), and funding from social landlords all provide financial support. Some councils do not use DFGs at all, instead using these other funding schemes. The potential impact of changes to the means test for DFGs on other sources of funding is therefore likely to vary between authorities, depending on how they use the different schemes.

Increase in applications

If removing the means test led to more people receiving grants, this could also have financial implications. This could take the form of fewer drop-outs (those who apply for DFGs but drop out of the process once they find out that there is a means test, or if the means test finds that they need to make a contribution). Practitioners in Wales and England estimate that between 10-30% of applicants drop out each year because of the means test.

Removing the means test could also lead to increased applications from people who otherwise would not have applied for a grant. Data on this unmet need are not available, but most local authorities in England that have made changes to the means test have witnessed an increase in applications for DFGs of between 20-40%. But these changes were also made at the same time as other changes were introduced, such as new grants for specific purposes. As such it is not possible to disaggregate the impact of changing the means test from the impact of making these other changes.

In general, local authorities in Wales we spoke to also anticipated significant increases in demand following any changes.

Advertising changes

The extent to which any changes are advertised, and how, could affect whether applications increase. Practitioners we spoke to agreed that any changes to the means test should not be advertised to the public. This was because they were concerned that doing so could increase applications, but also because it made it easier for them to reverse any changes if required. Choosing not to promote any change would likely have equality implications, and therefore need careful consideration.

Social implications

Data on who applies for and receives DFGs are limited to age. In 2018-19, those aged 66 and over made up the majority of applicants for DFGs. Those most likely to be required to contribute have earnings or pensions.

It is difficult to provide a detailed assessment, based on available data, of who would be affected and how by the removal of the means test for small and medium works, or who is currently deterred from applying because of the means test. But it is possible to say that:

- The change is unlikely to affect whether or not an applicant decides to take up new or additional employment.
- For a very small number of cases, it could affect decisions about capital – e.g., whether to draw down pension savings.
- Low-income households already on means-tested benefit entitlements would not benefit because they are already not means tested for DFGs.
- Low-medium income households with mortgages would benefit if they are currently assessed to be able to afford a loan but are unable to afford it in practice.
- Households with the highest incomes would benefit because they would previously have been assessed to be

able to afford adaptations without financial aid.

- No household would be disadvantaged, unless other changes are made that affect large adaptations, or if the change led to an increase in applications and associated additional delays.

Implementation implications

Budget constraints

It was generally expected that the proposed changes to the means test would lead to increased applications and therefore would put additional strain on councils' budgets. The UK Government increased capital funding for adaptations significantly in 2016-17, so English councils had additional budget to spend. English local authorities that had changed the means test had generally been able to do so because they were previously underspending on their DFG allocation. In Wales, practitioners told us that they did not have additional budget available to increase spend on adaptations and that they would need additional funding to meet additional applications. If applications increased but local authorities were not able to meet the need, this could result in requests for adaptations being deferred and therefore increase waiting times.

Health and social care benefits

However, evidence shows that investing in housing adaptations is a preventative measure to increase independence and enable people to stay in their homes for longer rather than needing costly residential care or lengthy hospital stays (Watson et al., 2019; Golding-Day and Whitehead, 2020; Mackintosh et al., 2018: 54-59; Care and Repair Cymru, 2019). This means that any increase in spend on adaptations will reduce costs elsewhere, ultimately easing pressure on local government and NHS budgets.

Occupational Therapist and contractor capacity

If applications increased, most Welsh local authorities expected to need additional officers to administer DFGs, even after accounting for any time saved by not having to conduct the means test. Most agreed that their Occupational Therapists (OTs) were already stretched and that more OTs would be needed to carry out more assessments. OT capacity is an issue that has previously been raised as contributing to long waiting times for adaptations in Wales (Equality and Human Rights Commission, 2018). Some local authorities and other agencies have trained officers as trusted assessors, meaning that it is not just OTs who are qualified to assess the works required in a property. Different approaches to using OTs could therefore mitigate any additional pressure on local authorities as a result of increased applications, though this may have financial implications.

There were mixed views about whether there would be sufficient contractors able to carry out works if applications increased, but some felt that savings could be made to DFGs (both financially and time-wise) by making improvements to the way contractors are commissioned.

Waiting times

Local authorities in Wales are assessed on waiting times for DFGs. Practitioners in Wales told us that long waiting times were a combination of lack of capacity among OTs and contractors, delays in other departments or agencies making decisions (e.g. on planning), and time spent administering the means test (including waiting to receive documentation). They also stated that waiting times have increased significantly because of the pandemic, with many adaptations on hold during lockdown and backlogs created as a result. Changes to the means test are expected to reduce waiting times if any increase in applications can be met and if capacity issues with OTs and contractors

are improved. Changing the means test alone, however, is unlikely to reduce waiting times.

Recommendations

Based on the findings from this report, the following should be considered:

- **Adaptations should continue to be classified by type of works** (as per the Housing Adaptations Service Standards), rather than imposing a financial limit.
- **Issuing new guidance advising local authorities to use the RRO to remove the means test for small and medium adaptations could usefully be accompanied by measures to encourage compliance** and mitigate any negative impact on waiting times.

Issuing new guidance on the RRO would be quicker than changing the legislation on DFGs, though legislative change could follow at a later stage if Ministers wanted to mandate the change across Wales and guarantee a consistent approach.

New guidance would need to be accompanied by measures to encourage compliance and to ensure that removing the means test does not lead to increased waiting times for DFGs.

Local authorities are concerned that removing the means test will lead to an increase in applications, and that they will be unable to manage. Additional funds could be made available for a defined period – an ‘implementation phase’ – to increase the likelihood that local authorities will implement the change, to ensure that local authorities have the capacity to respond, and to ensure that waiting times do not increase. Within the implementation phase and beyond, improved and systematic data collection would help to assess the implications of removing the means test. This monitoring should be done on a regional basis given the links between the need for housing adaptations and the need for wider health and care support.

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Find out more

For the full report see Taylor-Collins, E., Bristow, D., Morgan, G., and Carter, I. (2021). **Disabled Facilities Grants: Changing the means test**. Cardiff: Wales Centre for Public Policy.

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