

Resourcing the Disabled Facilities Grants Service

Report of the Housing and Environmental Health Portfolio Holder

Recommended:

- 1. That the relevant salaries in the Private Sector Housing team (as described at paragraph 2.5 of the report) be capitalised against the Better Care Fund with effect from 1 November 2023.**
- 2. That approval be given for an additional post to be created in the Private Sector Housing team to deal with the increased demand on the Disabled Facilities Grant service, with the costs of that post also being capitalised against the Better Care Fund.**
- 3. That the administration charge currently applied to relevant new Disabled Facilities Grants ceases with effect from 1 November 2023.**

SUMMARY:

- Members are asked to consider the option to capitalise relevant salaries within the Private Sector Housing team against the Better Care Fund, which will create a revenue saving and enable the recruitment of an additional member of staff to address the growing demand for Disabled Facilities Grants and other services carried out by the Private Sector Housing team.
- Members are also asked to approve the removal of the Disabled Facilities Grant administration charge which is set as an income budget of £61,000 per annum.

1 Introduction

- 1.1 The Council has a statutory duty to provide Disabled Facilities Grants to customers who meet the financial eligibility criteria to provide adaptations to enable them to remain living independently in their home.
- 1.2 There are increasing demands on this service, with customers waiting up to four months for their case to be actioned, and the increasing demand is leaving limited resources for other functions of the Private Sector Housing team.
- 1.3 There is an option to capitalise relevant salaries to the Better Care Fund grant allocation, which would create a revenue saving, and enable the recruitment of an additional full time officer in the team to address the increasing demands on the service.
- 1.4 There is currently an income budget of £61,000 per annum relating to the administration charge which is applicable to some Disabled Facilities Grant cases. That charge is deducted from the total grant that is awarded for the

customer's adaptations, and is therefore funded indirectly by the Better Care Fund. In the event that salaries are capitalised against the Better Care Fund it will no longer be possible to charge the administration fee, and that will represent an income loss to the General Fund. The administration fee would then need to be removed from the Fees & Charges Schedule.

2 Background

2.1 Better Care Fund

2.1.1 The Better Care Fund is a grant from central government which is paid directly to local authorities with social care responsibilities. In the case of Hampshire, the grant is paid directly to Hampshire County Council, and then passed to the district and borough councils under a grant agreement.

The grant is awarded for the purpose of:-

'Enabling vulnerable individuals to stay living independently within their own home, preventing them from becoming homeless or having to move unnecessarily into a less independent institutional setting

With the objective of :-

- *Facilitating timely hospital discharge*
- *Reducing admissions to residential care homes*
- *Reduce the cost of providing domiciliary care*
- *Contributing to the wider prevention agenda of housing, social care, and health*
- *authorities by facilitating improvements in individuals' wellbeing, and reducing hospital admissions.'*

2.2 Funding for Disabled Facilities Grants

2.2.1 Disabled Facilities Grants and other associated adaptation grants are funded from the BCF. Test Valley Borough Council's allocation under the BCF for 2023/24 has remained the same as the previous three years, at just over £1.3m per annum. The government has committed to retaining the current allocations of funding until at least 2025. Historically, TVBC has underspent its annual allocation, but in May 2021 the new Private Sector Housing Renewal Policy was adopted, which increased the potential to utilise more of the funding to benefit more vulnerable residents in the borough. The effects of the policy changes became evident in the 2022-23 financial year, as shown in the figures in the table below:-

Year	Allocation	Spend	Variance
2022-23	£1,375,497	£1,099,397	£276,100
2021-22	£1,375,497	£905,797	£469,700

Year	Allocation	Spend	Variance
2020-21	£1,375,497	£874,378	£501,119
2019-20	£1,212,262	£652,878	£559,384
2018-19	£1,123,443	£628,602	£494,841
2017-18	£1,140,350	£647,677	£492,673

2.2.2 Due to the ongoing underspend the council currently holds at least £3m in BCF reserves which are ring-fenced for Disabled Facilities Grants and other associated financial assistance only. The funds cannot be used for any other council function.

2.2.3 Hampshire County Council have periodically initiated discussions around the underspend of BCF across a number of local authorities in Hampshire. Those discussions have included an indication that continuous underspend could result in funds being re-distributed across other authorities in order to make better use of the funds. The conversations have also included the county council proposing potential future changes to the way the service is delivered across the county, in the past suggesting a centralised model for the delivery of the DFG services in Hampshire. The current service delivery model facilitates a range of other statutory work around housing standards, licensing HMOs and mobile home sites, tackling empty homes, energy efficiency and undertaking enforcement work. These statutory duties, along with the duty to provide DFGs, rest with the district councils. These discussions represent a potential threat to the council's services. To date, the districts in Hampshire have resisted HCC's suggestions around fundamental changes to the way DFGs are delivered in Hampshire.

2.3 Private Sector Housing Team Structure

2.3.1 The full Private Sector Housing team structure currently consists of:-

Role	No. hrs budgeted	No. of hrs in use	Vacant hours	Grade	Main duties of role
Principal Environmental Health Officer	32	32	0	10	Management of team / Energy efficiency / Housing standards / Management of DFG service, including complaints / Statistical returns / HMO licensing

Role	No. hrs budgeted	No. of hrs in use	Vacant hours	Grade	Main duties of role
Environmental Health Officer	21	21	0	8/9	Housing standards / HMO licensing
Environmental Health Officer	16	0	16	8/9	Recruitment in progress
Private Sector Housing Officer	37	37	0	7/8	DFG service, housing standards, caravan site licensing
Private Sector Housing Officer	37	37	0	7/8	DFG service, housing standards, caravan site licensing
Private Sector Housing Caseworker	37	37	0	6	DFG casework
Vacant – Private Sector Housing Officer	4	0	4*	7/8	*Potential to review this role in future if any additional budget becomes available.

All posts are currently funded from the staff budget.

2.4 Functions of the Private Sector Housing Team

2.4.1 The team as a whole are responsible for a range of private sector housing functions, including, but not limited to:-

- Processing and administration of statutory Disabled Facilities Grants and other associated grants
- HMO licensing
- Monitoring and enforcement of rented housing standards
- Caravan site licensing
- Empty Homes
- Energy efficiency, including bidding for and administering grants.
- Administration of Home Improvement Grants and Loans

2.4.2 The DFG work is a statutory function. Since 2018-19 the workload has steadily increased due to three main reasons:-

- Increase in the number of referrals received per quarter
- Increased complexity of cases

- Lower dropout rate from the referrals due to the introduction of a wider range of grants available through the Better Care Fund to those who would not have previously qualified for any assistance.

2.4.3 In 2018-19 the average number of referrals received per quarter was 42.5. In 2022-23 this had increased to 49.7. Whilst that figure alone is not a large increase, the percentage of referrals which did not proceed in 2018-19 was 50%, whereas the dropout rate has steadily decreased since the introduction of additional grants, and in 2022-23 only 30% of cases did not proceed. These two factors combined result in a 61% increase in cases being processed. This increase in workload leaves minimal resources available for the Private Sector Housing Officers to deal with other elements of their role, as set out in the above list.

2.4.4 As at 31 July 2023, there was a backlog of 41 DFG cases awaiting allocation to officers. In 2018-19 there was no monitoring of waiting lists to compare with, but since March 2022 when monitoring began, the average waiting time for a case to be allocated and progressed has increased from 77 days to 111 days. In addition, customers are experiencing delays with contractors commencing works, with the average wait increasing from approximately 6 weeks, up to 4-6 months in some cases. Whilst the appointment of additional resource in the team will not influence contractor waiting times, it would be possible to substantially reduce the initial delays when referrals are received. This in turn would minimise the overall length of time that a customer has to wait to be able to benefit from the adaptations that help them to carry out the basic day to day functions in their own home.

2.4.5 In addition to the increasing workloads relating to DFG's, there has been a significant increase in the amount of work required in terms of energy efficiency, which includes bidding for grants, promotion of grants, and monitoring of installations as a result of grants, as well as enforcing the MEES (Minimum Energy Efficiency Standards) regulations in the private rented sector. As we move towards national and local decarbonisation targets this work is likely to continue to gain momentum with increasing expectations and requirements on the council to proactively support local homeowners and landlords to reduce their carbon footprint through increasing energy efficiency.

2.4.6 Due to various factors, including the high cost of heating, and in light of the tragic death of 2-year old Awaab Ishak and the coroner's findings (that Awaab died as a result of mould spores in the family's housing association home), there has been a significant increase in reports of damp and mould issues in rented housing recently, together with requirements to report to government on how the council is responding to those complaints. With a new national focus on the importance of tackling damp and mould, and the pending Renters Reform Bill which is currently at second reading stage, there has been and will continue to be a new impetus and expectation affecting the workloads of the Private Sector Housing Team. The service requests concerning disrepair in rented properties totalled 74 in 2021/22. For 11 months of 2022/23 there had been 120 service requests concerning rented properties, representing an increase of 62%.

2.5 Staff Costs (Chargeable) for Running the DFG Service

2.5.1 For TVBC to provide the DFG service the following posts are involved and are largely chargeable against grants administered under the Housing Grants, Construction and Regeneration Act 1996. These are set out in the Housing Renewal Grants (Services and Charges) Order 1996; and include a range of tasks which are carried out by members of the PSH team as part of their work in administering DFG's.

Role – chargeable roles only	Total salary costs 2023/24 (including on-costs)	Time spent on DFG work (FTE equivalent)	Cost of chargeable service (based on 2023/24 salaries)
Private Sector Housing Officer	£47,800	0.75	£35,850
Private Sector Housing Officer	£45,815	0.75	£34,361
Private Sector Housing Officer Caseworker	£38,838	1	£38,838
Total	£132,453		£109,049

The total staff costs of the relevant posts listed above are currently covered by the staff budget.

2.6 Current DFG Administration Charge

2.6.1 On 2 November 2016, Cabinet approved the levy of a 10% administration charge on DFGs which would cover the cost of the chargeable functions set out in the Housing Renewal Grants (Services and Charges) Order 1996. The charge does not apply in the following circumstances:-

- For cases where there is an external surveyor or architect employed.
- Where the grant is awarded at the maximum amount, which would result in the funds available for the completion of works being reduced to accommodate payment of the administration fee.

- 2.6.2 The administration charge is applied to all cases other than those falling into the two categories above, and is added to the total cost of the works, and funded by the Better Care Fund as part of the overall cost of work. The income is absorbed into the general income fund and is not specifically ring fenced to Private Sector Housing functions, and therefore cannot be used to fund additional staff resource in the team.
- 2.6.3 The administration charge is set out in the Council's Fees and Charges Report, and the base budget for this income stream is set at £61,000 per annum.

3 Corporate Objectives and Priorities

- 3.1 The Council's Corporate Plan 2023-2027 includes five strategic priorities for the Council over the next four years and beyond. Two of those strategic priorities; "Sustainability" and "Inclusion" focus on the Council delivering lasting benefits for our communities, and creating opportunities that make a difference to people's lives. The proposals to improve the Disabled Facilities Grant service will result in more people being able to benefit from improvements to their homes which will improve their quality of life, and deliver lasting benefits that enable them to remain living independently in their own home.
- 3.2 The adopted Housing Strategy sets out a key objective to provide an efficient and effective Disabled Facilities Grants service and make better use of the Better Care Fund to meet local needs.
- 3.3 The provision of additional staff resource in the Private Sector Housing team will contribute towards additional capacity to focus on actions to improve energy efficiency in the private sector, as set out in the Council's Climate Emergency Action Plan.

4 Options

- 4.1 In view of the increasing demand for DFGs and the continuous backlog of cases, as evidenced in Section 5 above, a number of options regarding staff resources have been explored.

Option 1 – retain the DFG administration fee of 10% and retain current staff resources.

Option 2 – Increase the DFG administration fee to 15% in line with many other local authorities, and retain current staff resources.

Option 3 – employ an external surveyor to enable more cases to be processed.

Option 4 – Apply up to 15% top slice from the Better Care Fund on an annual basis, to increase the income available to cover staff resources.

Option 5 - Capitalise some of the existing salary costs to cover the chargeable costs of delivering the DFG service, including the salary costs of an additional Private Sector Housing Officer.

- 4.2 Members are asked to consider whether or not to agree to the recommended option (Option 5). Other options would not sufficiently address the staff resource issues, or generate any revenue savings.

5 Option Appraisal

- 5.1 **Option 1 – retain the DFG administration fee of 10% and retain current staff resources.** This does not provide any additional resource from which to increase staff capacity as the funds are not ring-fenced for the PSH team. Whilst this option secures an income for the council in the form of the administration charge, it does not resolve the current issues identified in Section 5 above regarding the backlog of DFG cases and will continue to leave the team under-resourced to deal with the increased demand in DFG work and other functions of the team.
- 5.2 **Option 2 – Increase the DFG administration fee to 15% in line with many other local authorities and retain current staff resources.** This will further increase income into the general fund but would not resolve the capacity issues affecting the PSH team. This will continue to leave the team under resourced and unable to deal with the increased demand in DFG work and other functions of the team.
- 5.3 **Option 3 – employ an external surveyor to enable more cases to be processed.** This requires a fee to be paid for the external surveyor's services, which is funded by the Better Care Fund as part of the cost of the works. In those cases we are unable to charge an administration fee, so those cases do not generate any income for the council. The role of an external surveyor is also limited to DFG work only and will not be of any benefit to the team in terms of its wider functions. We are currently using the services of an external surveyor for straightforward cases in an attempt to reduce the waiting list, and whilst this helps to reduce some of the backlog it does not resolve the long- term issues.
- 5.4 **Option 4 – Top-slice up to 15% of the Better Care Fund annual spend (ie. spend from the previous financial year) to dedicate funds to improve the capacity of the PSH team to meet demand.** Based on invoices paid at the end of the financial year 2021/22, a maximum 15% top-slice would have represented approximately £99,000 being made available to potentially spend against some of the chargeable costs of DFG work in the following financial year and could have funded an additional full time Private Sector Housing Officer post. The provision of additional staff resource would help to reduce the ongoing backlog of DFG cases and enable residents to benefit from adaptations to their home quicker, rather than waiting several months even for their case to be allocated to an officer. It would also enable more DFG's to be processed and completed, which in turn would result in higher spend of the BCF which would help to protect the council's future allocation of funding.

5.4.1 There are, however, several disadvantages with this option:-

- There would always be a degree of uncertainty regarding the amount of top-slicing available each year, which would be dependent on the level of spend over the previous financial year. This could potentially create the risk of insufficient funds being available via the top-slicing to cover the annual increase in staff costs if spend had reduced.
- It would also be difficult to plan budgets in advance of the new financial year as the total BCF spend for the previous 12 months could not be confirmed until year end, when a calculation would be required to establish the amount of top-slice funding available to allocate to staff costs.
- Due to the need to factor in the loss of the 10% administration charge which could no longer be charged if this option was taken up, it would be necessary to deduct the base budget of the administration fee (£61,000) from the top-slice funds, leaving insufficient funds to cover the salary costs of an additional member of staff.

5.5 **Option 5 – Capitalise some of the existing salary costs to cover the chargeable costs of delivering the DFG service, including the salary costs of an additional Private Sector Housing Officer.** DLUHC guidance on DFG delivery clarifies that staff costs for supporting the delivery of major adaptations can be considered as capital expenditure for direct support to clients/applicants (including advice) linked to the activities in the Services and Charges Order. Those activities include the full range of duties carried out by a Private Sector Housing Officer in the processing of DFG applications and all associated works.

5.5.1 It is therefore possible to capitalise some of the existing salary costs, whilst also capitalising the costs of an additional full time Private Sector Housing Officer post to increase resource within the team. The table below shows what this would look like for the staff budget, and the total cost of the capitalised salaries.

Staff budget	Cost (based on 2023/24 salaries)	Capitalised salaries (Better Care Fund)	Cost (based on 2023/24 salaries)	FTE
PSHO x 1 FTE	47800	PSHO x 1 FTE	45,815	1.0
		Caseworker x 1 FTE	38,838	1.0
		PSHO x 1 FTE (New)	46,390	1.0
Total	£47800	Total	£131,043	

- 5.5.2 There is a small variance in the proposed capitalised salaries of the Private Sector Housing Officer roles. This is due to the post being a career graded post at Grade 7/8, with the existing postholder on Grade 7. For budgeting purposes it is assumed that the postholder for the new role could be appointed on Grade 8.
- 5.5.3 The expenditure from the staff budget relating to the posts in question would reduce from £132,453 to £47,800, making a revenue salary saving of £84,653. When capitalising the costs of the DFG service it is no longer possible to charge the administration fee which has a base income budget of £61,000 per annum, and that loss of income to the general fund would need to be factored in and deducted from the salary savings. This would still result in net revenue savings of £23,653 per annum.
- 5.5.4 The ability to fund additional permanent staff resource in this way would prevent the need to employ temporary agency staff to cover exceptionally busy periods. The use of temporary agency staff is costly, usually at between £40-£50 per hour, and can be challenging as they are not directly employed by the council, which creates issues in terms of managing any unsatisfactory standards of work. There have been considerable issues for the PSH team in managing the last 2 contractors the council has engaged in this capacity.
- 5.5.5 Capitalising the relevant salary costs, as opposed to charging an administration charge on individual cases, may also reduce administration time as this will eliminate the need for the calculation and charging of the administration fees and associated VAT calculations on each individual case, which currently impacts on resources in Private Sector Housing, HEH Business Support, and corporate Finance teams.
- 5.5.6 In the event that TVBC's BCF allocation was reduced in future years, the amount available on a per annum basis to capitalise salaries may be insufficient. The underspend of £3m currently held in reserve would be available to top up any shortfall in funding for at least a four-year period, which would enable sufficient time to plan resources and capacity. If there was a need to reduce staffing in the PSH team as a result, this could potentially be managed through natural staff movement during that period of time.
- 5.5.7 It should also be noted that in the unlikely event that the BCF allocation is significantly reduced or is removed altogether in the longer term, there would need to be an alternative funding stream provided to the local authority in order to deliver its statutory duty, and it is therefore highly unlikely that the service would be significantly reduced. Discussions have taken place with the HR team to consider any potential risk of redundancy, with no concerns raised.
- 5.5.8 Option 5 is the recommended option.

6 Risk Management

- 6.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time."

7 Resource Implications

- 7.1 The recommended option would result in a net revenue saving of £23,000 and in addition to that saving, would also result in the recruitment of an additional officer in the Private Sector Housing team.

8 Legal Implications (Note: Of the chosen option)

- 8.1 The recommended option will assist the Council in meeting its legal obligations to provide mandatory grants set in legislation, such as Disabled Facilities Grants, and to have capacity to meet other obligations, primarily any emerging legislation around enforcement against poor housing standards.

9 Equality Issues

- 9.1 An EQIA screening has been completed and no potential for unlawful discrimination and/or low level of minor negative impact identified. A full EQIA has not been carried out.

10 Other Issues

10.1 Community Safety

- 10.2 The provision of a statutory Disabled Facilities Grant service seeks to ensure that housing in the community is safe, and suitable for a range of customer needs, and helps to ensure that residents can remain living independently in a safe environment.

10.3 Environmental Health Issues

- 10.4 Well maintained properties that are suitably adapted for use by the occupant improves the health, safety and wellbeing of residents.

10.5 Sustainability and Addressing a Changing Climate

- 10.6 The provision of additional resource in the Private Sector Housing team will enable more resources to target energy efficiency work and thereby help tackle fuel poverty and climate change.

10.7 Property Issues

10.8 None

10.9 Wards/Communities Affected

- 10.10 All wards and communities are affected as the Disabled Facilities Grant service is applicable to all who meet the eligibility criteria.

11 Conclusion and reasons for recommendation

- 11.1 Option 5 is the preferred option as it will enable existing salaries to be capitalised against the Better Care Fund, and enable the recruitment of additional resource into the Private Sector Housing team to reduce customer

waiting times. The costs of the additional resource will also be capitalised against the Better Care Fund, and the proposals will generate a revenue saving of approximately £23,000 per annum.

- 11.2 Due to the fact that this option will involve a budget virement in excess of £50,000 and the removal of the DFG administration charge which is set out in the Council's Fees and Charges, this recommendation will need to be approved by Cabinet. The loss of that income stream has been accounted for within the revenue savings generated by capitalising salaries against the Better Care Fund, and the net saving of £23,000 per annum takes that loss into account.
- 11.3 Due to the increasing workloads within the Private Sector Housing team it is recommended that the changes take effect from 1 November 2023 to enable the recruitment of an additional officer as soon as possible, with a view to assisting with the existing backlog of DFG cases, as well as the expected increase in service requests during the winter months.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	None	File Ref:	N/A
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Report to:	Cabinet	Date:	4 October 2023