



Wales Centre for Public Policy
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Disabled Facilities Grants: Changing the means test

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Summary

- This report draws on practitioners' views and data analysis to assess the potential impacts on local authorities of removing the means test for small and medium Disabled Facilities Grants (DFGs) in Wales.
- Small and medium DFGs are classified according to type of works, and this definition is recommended over one that applies a financial limit.
- The means test for DFGs is required by legislation (with certain exemptions), with details of how this test must be conducted set out in regulations. Removing the means test would require new legislation.
- Local authorities can and do already carry out adaptations without requiring a means test using powers granted under the Regulatory Reform Order (2002). 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.
- Estimated additional capital costs of removing the means test for small and medium works in 2018-19 would have been £238,216. This ranges from £2,770 to £47,516 in individual local authorities, with increases of under £10,000 in 14 out of 22 authorities.
- There is limited evidence on the costs of administering the means test, but these vary between local authorities and are estimated to be minimal.
- Removing the means test for small and medium works could affect how other funding schemes for housing adaptations are used, but this will vary between local authorities.
- It is not possible to determine potential increases in applications following removal of the means test, but local authorities that have done so have generally seen applications increase.
- Removing the means test would help those not in receipt of benefits who would otherwise have been considered able to carry out adaptations at their own expense.
- Local authorities in Wales report that they do not currently have the resources to manage an increase in applications for DFGs. If applications increased without additional resource, waiting times would likely also increase.
- The Welsh Government could issue updated guidance on removing the means test for small and medium works, with local authorities using powers available via the RRO. Consideration should be given to how to address financial concerns and impacts should be monitored at a regional level on an ongoing basis.

Introduction

The Minister for Housing and Local Government asked the Wales Centre for Public Policy to explore the implications of removing the means test for small and medium Disabled Facilities Grants (DFGs).

In 2019 in Wales 22% of the population were disabled (StatsWales, 2019), with the disabled population projected to increase significantly by 2035 (Equality and Human Rights Commission, 2018; Wales Audit Office, 2018). DFGs are means-tested grants for owner-occupiers and tenants (private or social) who are disabled to help towards the costs of making their home accessible. They are mandatory grants funded and administered by local authorities from non-hypothecated funds.

The maximum amount that can be awarded through a DFG (£36,000) is set out in legislation (Disabled Facilities Grants (Maximum Amounts and Additional Purposes) (Wales) Order 2008), and means-testing is set out in the Housing Renewal Grants Regulations 1996. Local authorities can decide to fund adaptations using discretionary powers under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002, either as a top-up or instead of a DFG.

In 2018 the Wales Audit Office published a report on Housing Adaptations (WAO, 2018) which found that to improve timeliness in delivery of DFGs the Welsh Government should review whether DFGs should continue to be means-tested. Subsequently, the Public Accounts Committee undertook an inquiry into the issues raised by the WAO, and recommended that the Welsh Government review current approaches to the means test, among other proposed reforms (Public Accounts Committee, 2018).

In response to this, the Minister for Housing and Local Government is considering issuing new guidance on DFGs, specifically on removing the means test for small and medium grants.

Review questions and method

In commissioning this report, the Minister asked us to consider the following questions:

- How should small and medium DFGs be defined?
- What are the financial implications of removing the means test for small and medium adaptations?
- What are the legal implications?
- What are the social implications?

- What are the consequences for implementation?

To address these questions, we undertook a mixed methods study. Data analysis was conducted using the latest publicly available data on StatsWales; the methodology can be found in the Annex. This was supplemented with analysis of legislation related to DFGs and with conversations with practitioners in local authorities in England that had already made changes to the means test for DFGs, and practitioners in local authorities in Wales on any changes they had made as well as their perspectives on the proposed change.

How should small and medium DFGs be defined?

Small and medium DFGs can be defined in different ways. We tested two possible definitions of small and medium grants with practitioners in Wales:

- A** By type of works (as per Welsh Government, 2019a).
- B** Financial limit (e.g. up to £6,000)

According to the Welsh Government's Housing Adaptations Service Standards, small and medium adaptations are defined according to the type of works involved (see **Table 1**). The guidance states that while medium and large adaptations are funded through DFGs and subject to a means test, small adaptations are not. As such, the means test is already not recommended for small grants, and so any changes will mainly have implications for the means test for medium grants.

Table 1: Definitions of different types of housing adaptations

Category	Nature of work required	Example of work
<p>Small Adaptions are inexpensive items, which can be provided very quickly. They would generally fit into the description of ‘immediate falls prevention’ or ‘urgent for hospital discharge’ and can be assessed and installed within days or the same day if urgent. They can be identified by a number of health/social services/other appropriately trained staff e.g. RSL staff, Care and Repair staff.</p>	<ul style="list-style-type: none"> • Minor home modification required • Not a specialised solution • No building/planning approval required • Adjustable/flexible • Simple and intuitive • Minimal maintenance and/or servicing 	<ul style="list-style-type: none"> • Grab rails • Stair rails • Small ramps • Accessible taps • Key safes • Mop stick hand rails • Outdoor rails • External/staircase lights • Additional electrical sockets
<p>Medium Adaptations are anything which is not classed as small or large.</p>	<p>Major home modification may be required, but building/planning approval not required.</p>	<ul style="list-style-type: none"> • Walk in shower • Stair lifts • Large ramps • A combination of adaptations installed as one job
<p>Large Adaptations these are works which will require specialist assessments, statutory approvals and major adaptations to a property such as extensions and through floor lifts. An Occupational Therapist’s assessment will be required and planning permission may be needed.</p>	<ul style="list-style-type: none"> • Major home modification/structural change required • Specialised/innovative solutions required • Building/planning approval required • Fixed/permanent/long term • Complex/unfamiliar/ requires training and supervision • Solution requires expertise for installation and maintenance 	<ul style="list-style-type: none"> • Building an extension to provide a downstairs bedroom and/or bathroom • Through floor lift • Significant internal structural modifications e.g. relocate bathroom or kitchen

Source: Welsh Government (2019a: 10).

Practitioners in Welsh local authorities expressed a preference for retaining a definition based on the Housing Adaptations Service Standards. Almost all agreed that the current standards are appropriate, although their reasoning varied. Several highlighted that some medium adaptations vary in cost per authority, thereby making a standards-based definition more appropriate than a cost-based definition. One argued that a standards-based definition is preferable to a financial limit as it allows local authorities and contractors to better deal with anomalies in the adaptation process so that people are not penalised for having housing that requires more complex or unusual adaptations.

Despite this general agreement, a small number would prefer a value-based definition. One argued that the standards remain open to interpretation in terms of how to differentiate between small and medium adaptations. They suggested that a financial limit would provide a clear distinction between small and medium adaptations. However, this would not be a problem if neither small nor medium works were means tested. A financial limit could also be difficult because of the unknown cost of some adaptations at the referral stage of the process and the potential for costs to increase later in the process.

Given the preference of practitioners for adaptations to be classified by type of works (as per the Housing Adaptations Service Standards), rather than financial limit, we have applied a standards-based definition throughout this report in considering the implications of any changes.

How does the means test work?

The 1996 Housing Renewal Grants Act specifies that a means test must be applied for an application for a DFG. The details of the test are set out in regulations. Means testing is applied to the 'relevant person', who is the person the works will benefit and their household. This is not always the applicant, who will normally be the owner or the tenant. Works for under 18s are no longer means tested.

The means test assesses the income of the 'relevant person' and compares this to the 'applicable amount' – the amount broadly assumed to be the day-to-day needs of the applicant. Where the person's income is higher than the applicable amount, they are required to make a contribution to the works. The level of contribution depends on the amount of 'excess' income (i.e. income above the 'applicable amount') and an estimation of the loan that could be serviced with this 'excess'. This estimation differs for owners and tenants, on the assumption that the homeowners may be able to acquire a loan more cheaply.

One of the criticisms of this approach to the means test is that Housing Benefit rates are used to calculate the 'applicable amount', and these rates have not increased since August 2009. As the means test rests on comparing income to the 'applicable amount', increases in

earnings and other incomes over the period, although low for many, have generally led to increases in assessed 'excess' income for otherwise similar cases.

It is generally considered good practice to administer a 'preliminary means test', whereby a shorter and quicker version of the full means test is carried out to estimate whether and approximately how much an applicant might have to contribute to the adaptations. Most local authorities carry out this preliminary means test as well as the full means test. The full means test is based on the circumstances of the applicant on the date of formal application.

Some practitioners argued that the means test is outdated and complex and should be updated to reflect the current cost of living, also echoed in previous work on DFGs (Bibbings et al., 2018). This applies both to the financial calculations and the way it is administered. One local authority has a simple checklist it uses to assess potential contributions that does not require a home visit or extensive paperwork to be submitted by the applicant. Another no longer requires applicants to provide a copy of the deeds to their house as proof of ownership (which can be difficult for some applicants to source), instead using council tax data.

What are the legal implications of removing the means test?

The 1989 Local Government and Housing Act introduced mandatory Renovation and Disabled Facilities Grants, together with grants to landlords and minor works grants. The Act provided for means testing of applicants to contribute towards the costs of works. Current legislation is governed by the Housing Grants, Construction and Regeneration Act 1996, which superseded the 1989 Act.

The 1996 Housing Renewal Grants (Services and Charges) Order provides for the cost of works to include a range of fees and charges. Responsibility under the Act was transferred to Wales under The National Assembly for Wales (Transfer of Functions) Order 1999. Guidance for authorities in Wales is found in the National Assembly of Wales circular 20/2002, last revised in 2010.

How do DFGs interact with other benefits?

People who are on certain 'passporting' benefits (or whose partner is) are not means tested when they apply for DFGs, so are not required to make any contribution towards the adaptations. These passporting benefits are:

- Universal Credit
- Guarantee Pension Credit

- Housing Benefit
- Income-based Job Seeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Council Tax Reduction

Those on Working Tax Credits or Child Tax Credits are also not means tested, as long as their annual income (for the purposes of assessing their entitlement to these benefits) has been calculated as being less than £15,050. This creates the potential for a 'cliff edge' effect where a very small increase in income may require a contribution, or an increase in contributions. Currently, Universal Credit, which is replacing Working Tax Credit and Child Tax Credit, does not have an equivalent earnings limit. This means that, in otherwise identical circumstances, one applicant may have no contribution to make while another will have to make one.

Signposting applicants to councils' welfare support teams can help to make sure those eligible for other benefits do not need to make contributions for DFGs. In one local authority we spoke to, DFG applicants who are means tested and found to be eligible for passporting benefits (but not currently on those benefits) are signposted to welfare support. This can maximise benefit take-up generally but also results in those applicants being passported through the system for DFGs and so not needing to make a contribution.

For older applicants, pensions (state and private/occupational) form the greater part of incomes, although the applicable amount is higher for those over 60, which reduces the impact as it means their contributions are lower. While Guarantee Pension Credit (GPC) passports applicants to a zero contribution, the introduction of the higher New State Pension, which, at full rate, is deliberately a few pence higher than the GPC rate, makes the assessment of a contribution more likely.

Applicants aged under 60 with incomes greater than the needs assessment, and who do not receive passporting benefits, will include those taking private or occupational pensions early because of personal circumstances. Younger applicants will be less likely to have acquired any pension entitlement and their earnings are likely to be lower.

All those still working, or who have partners in work, will have their net earnings taken into account, after a small disregard. Disability benefits, including Personal Independence Payment and Disability Living Allowance are not taken into account, but do increase the applicable amount.

What legislation is required to alter the means test?

Any changes which required certain types of works to be exempt from means testing would need changes in legislation. In 2005, the means test for works for children and young people was removed by amending the means testing regulations under the Housing Renewal Grants (Amendment) (Wales) Regulations 2005. This involved changing the definition of a 'relevant person' to exclude children and young people.

It may be possible for the Welsh Government to change the means test through new regulations or guidance under 30(5)(c) of the Housing Grants, Construction and Regeneration Act 1996. This states that:

- (5) Provision may be made by regulations—
 - (a) for the determination of the amount which is to be taken to be the financial resources of any person,
 - (b) for the determination of the applicable amount referred to in subsection ... (4), and
 - (c) as to circumstances in which the financial resources of a person are to be assumed (by reason of his receiving a prescribed benefit or otherwise) not to exceed the applicable amount.

The 'or otherwise' in 30(5)(c) could be the basis of a broad power to passport (and so exempt from means testing) by regulations or guidance covering the type or cost of works. This would need to be tested with Welsh Government lawyers.

How can the Regulatory Reform Order 2002 be used to alter the means test?

Under the 2002 Regulatory Reform (Housing Assistance) (England and Wales) Order (RRO), it is possible for local authorities to introduce discretionary forms of assistance for housing adaptations as well as assistance through DFGs (which remain a mandatory statutory provision). These discretionary forms of assistance can take any form (e.g. grants or loans) and may be carried out without conditions or financial limits. This therefore enables local authorities to carry out adaptations without a means test. Those local authorities in England and Wales that have already made changes to the means test have done so through the RRO. In 2018 almost all local authorities in Wales (18 out of 22) had made use of the flexibilities available through the RRO, with some using it to deliver adaptations without requiring a means test for certain types or costs of works (Wales Audit Office, 2018: 21).

Using the RRO is the simplest way for local authorities to change the means test for adaptations, as it does not require new legislation. It also allows for local authorities to reverse those changes if needed. For example, some local authorities have made changes

to the means test through the RRO, but following increased costs they subsequently reversed any changes because their financial circumstances no longer allowed for it.

In effect, if all local authorities used the RRO in this way, this would mean that only large adaptations would be carried out via the mandatory DFG route, with all others being carried out through new discretionary forms of assistance.

In place of further legislation, the Welsh Government could issue updated non-statutory guidance to local authorities recommending the removal of the means test for small and medium adaptations through use of the RRO. However, given the implications of removing the means test (discussed in the following sections), issuing guidance may not be enough to effect change. Further measures to encourage compliance by local authorities may be needed. These measures are discussed in the conclusions. New legislation could follow at a later stage if Ministers wanted to mandate the change.

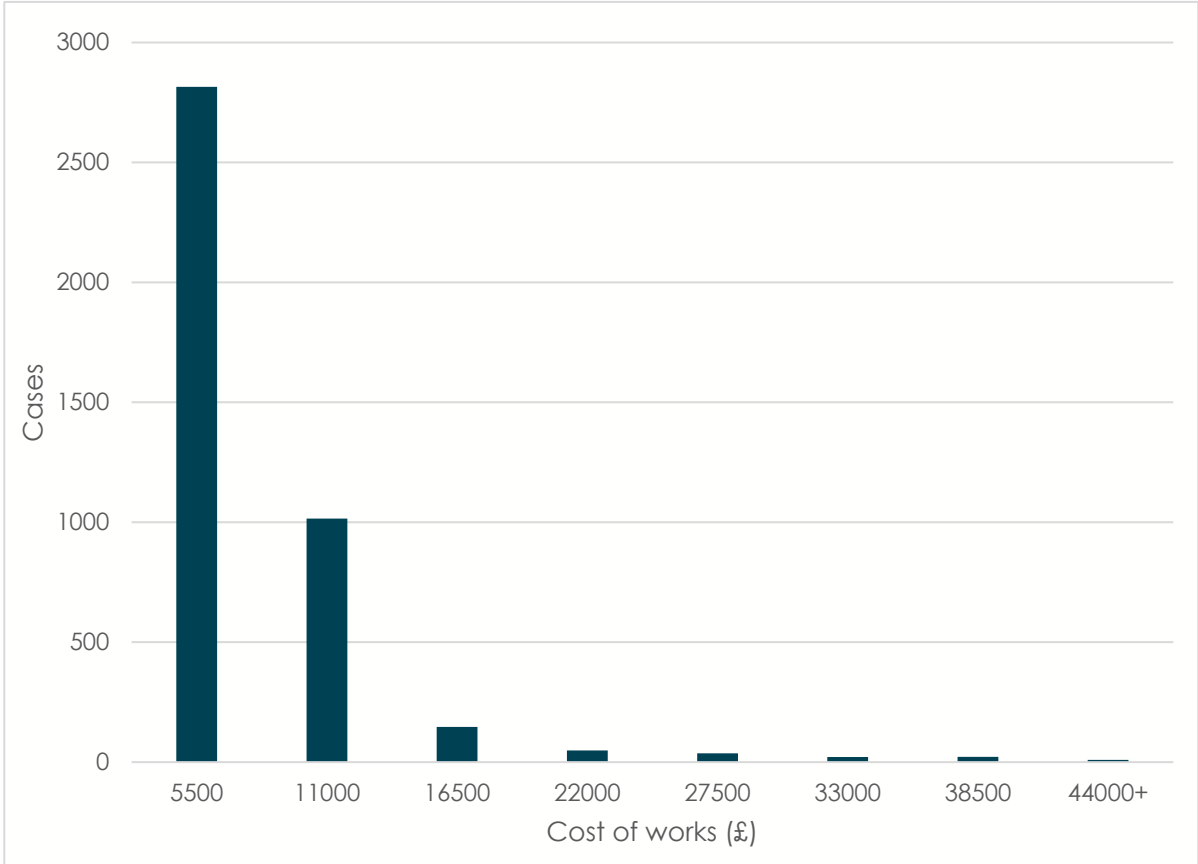
What are the financial implications of removing the means test?

Historical costs of contributions without the means test

Housing adaptations in Wales are supported in several ways. As well as DFGs, these include Physical Adaptations Grants (PAG), ENABLE, Rapid Response Adaptations Programme (RRAP), Integrated Care Fund (ICF), and funding from social landlords. Although making up only 4,115 of the adaptations in 2018-19, DFGs accounted for over half of the cost of works carried out.

The cost of works carried out under DFGs ranged from £2.50 to £109,279, averaging £4,560. As shown in **Figure 1**, the cost was concentrated below £10,000.

Figure 1: Cost of works under DFGs, 2018-19



Of these, most works were below £1,000, as Figure 2 shows.

Figure 2: Cost of works under DFGs, £0-10,000, 2018-19

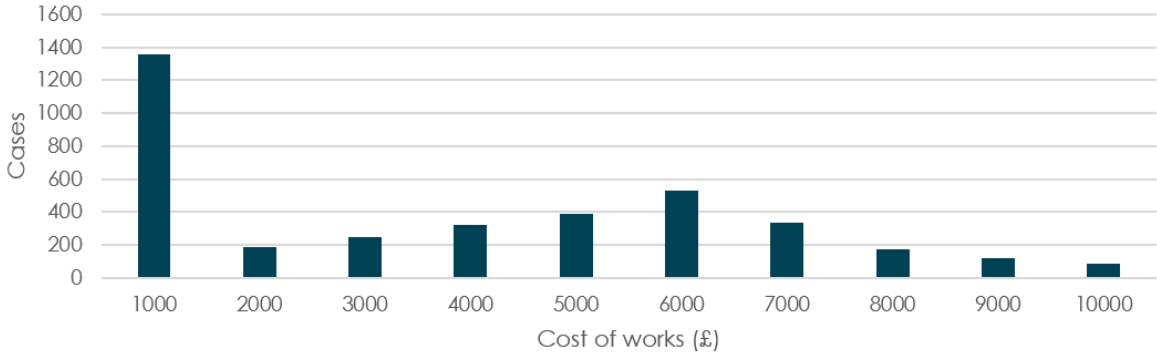


Table 2¹ categorises these works by the type of works (as set out in the Welsh Government's Housing Adaptations Service standards) and the cost of works. Although small works should be exempt from a means test, Table 2 shows that in a small number of cases these works were means tested. This shows that current guidance is not followed in every case.

¹ Data on DFGs are incomplete, and so the figures used in this and subsequent tables are based on what data are available for each particular field. As a consequence the data across tables are not necessarily comparable. This means, for instance, that the data in Table 2 do not necessarily map on to the data in Table 3.

Table 2: DFGs categorised by type, cost, and contributions 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 demonstrates what the increase in capital cost of works would have been in 2018-19 had the means test for small and medium DFGs been removed. Assuming that means testing had only been applied to large adaptations, only 269 cases would have been subject to a means test. This would have meant that some £13 million worth of adaptations would not have been subject to means testing in 2018-19. The result is that capital costs for local authorities would have been £238,216 higher.

The implications for individual local authorities vary, as Table 3 shows.

Table 3: Use of DFGs to deliver adaptations, by local authority (2018-19)²

Council	Small			Medium			Large			Other schemes used	
	Number means tested	Number needing to contribute	Total contribution (£)	Number means tested	Number needing to contribute	Total contribution (£)	Number means tested	Number needing to contribute	Total contribution (£)	Directly delivered by LA, no DFG	Not directly delivered by LA, no DFG
Blaenau Gwent	0	0	0	27	8	12,004	2	1	2,293		
Bridgend	0	0	0	0	0	0	0	0	0	0	Care & Repair 735 Enable
Caerphilly	0	0	0	33	9	5,459	0	0	0		
Cardiff	8	0	0	461	36	47,516	36	7	7,754		Care & Repair Cardiff & Vale 4308 mixed
Carmarthenshire	0	0	0	150	21	14,321	31	6	7,412		
Ceredigion	9	0	0	97	9	17,948	10	3	44,095		
Conwy	0	0	0	7	5	3,324	1	1	1100.98		
Denbighshire	0	0	0	0	0	0	0	0	0	5 Enable	Care & Repair N E Wales 576 mixed funding
Flintshire	0	0	0	27	2	2,770	1	0	0		
Gwynedd	4	0	0	4	0	0	7	1	858		

² In some cases there are missing data, which means it is not possible to attribute every case to a local authority.

Isle of Anglesey	0	0	0	2	2	3,090	2	2	2,361		
Merthyr Tydfil	0	0	0	0	0	0	0	0	0	0	Cwm Taf Care & Repair 1185 mixed
Monmouthshire	0	0	0	81	0	0	0	0	0		
Neath Port Talbot	0	0	0	180	15	36,112	27	3	6,998		
Newport	0	0	0	106	10	21,173	2	0	0		
Pembrokeshire	0	0	0	50	3	5,096	8	0	0		
Powys	2	1	2,450	34	5	18,306	1	0	0		
Rhondda Cynon Taf	0	0	0	297	32	36,611	63	10	28,335		
Swansea	0	0	0	0	0	0	0	0	0	139 Enable	
Torfaen	0	0	0	11	5	6,092	4	2	1,159		
Vale of Glamorgan	0	0	0	0	0	0	0	0	0	352 mixed (340 LA funding - other)	Care & Repair Cardiff & Vale 4308 mixed
Wrexham	0	0	0	0	0	0	0	0	0	0	Care & Repair N E Wales 576 mixed funding
Total	23	1	2,450	1,544	162	229,823	195	36	102,366		

Tables 2 and 3 show that according to the 2018-19 data, small and medium cases made up about 55% of gross contributions across all LAs while large cases (45% of all contributions), particularly above the maximum grant level, are substantial; for example, three cases in RCT have contributions totalling £85,645.

If the means test were removed for small and medium works, eight local authorities would see no increases in capital costs. For the 14 that would see an increase, this ranges 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. This needs to be put in the context of individual councils' spend on adaptations, but it suggests that different councils would see different cost implications.

It is important to note that the figures used in these calculations represent only one year's data (2018-19), and that comparable data are not available for the preceding years. This means it is not possible to place these estimates in the context of longer-term trends in cases and spend on DFGs.

Administration costs of means testing

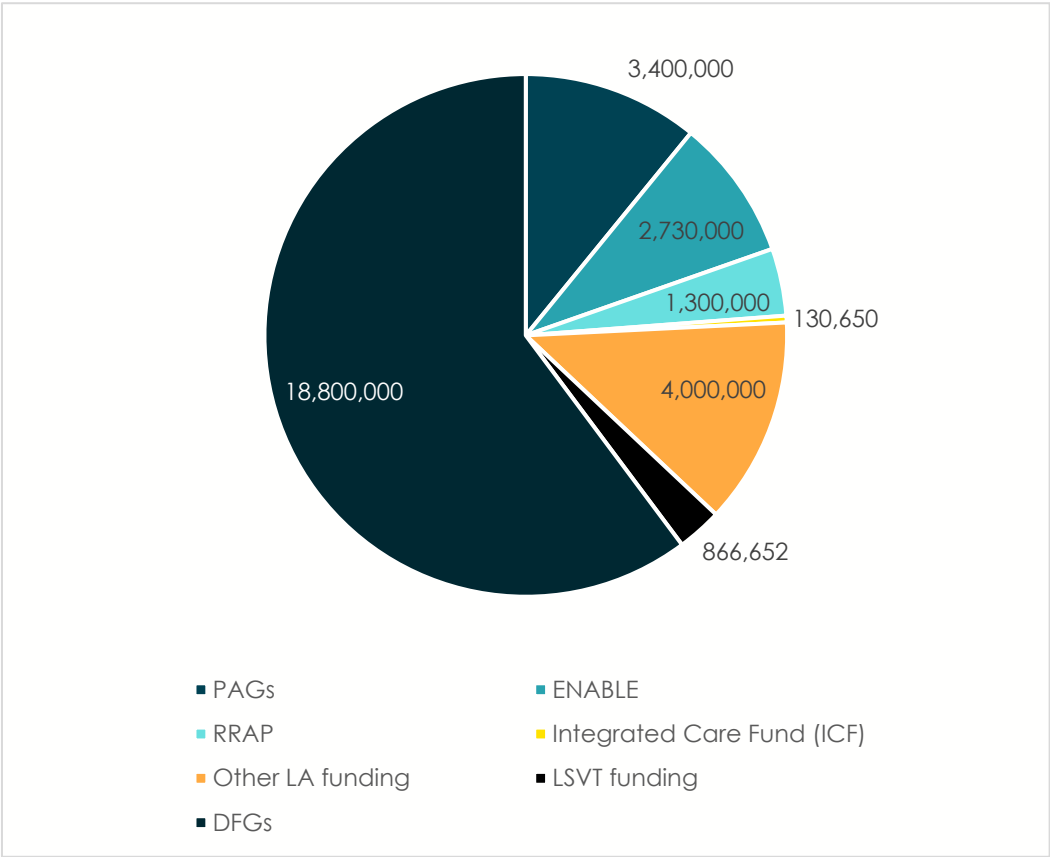
The data discussed in the previous section relate to the capital costs of changing the means test. There are additional costs to the council associated with the means test, such as the costs of an officer's time spent administering the means test, which are not included in the above figures and are not systematically collected.

Previous work has found that time taken to administer the means test contributes to delays in adaptations and is not cost-effective (Public Accounts Committee, 2018; Bibbings et al., 2015). Some practitioners were able to estimate the costs of administering the means test in their local authorities. They estimated that it can take between 1.5 and 2 hours to conduct the means test per application, sometimes spread over several weeks because they require the applicant to submit financial information, and this is not always readily accessible. The costs associated with administering the means test varies between local authorities – 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 was estimated 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. It should be noted that it was not possible to estimate how much of this time would be spent administering the means test for medium as opposed to large works, though given the small number of large works delivered each year the proportion of costs associated with administering the means test for medium works is expected to be high.

Impact of changes on other sources of funding for adaptations

In 2018-2019, funding schemes for housing adaptations from all sources including the DFG contributed to works totalling £31.6 million for 30,000 properties. The cost of works ranged from £2.50 to £109,000, averaging £1,053. This is a similar range to the cost of works for DFGs, but the average across all funding schemes is lower because most works cost below £500.

Figure 3: Funding for housing adaptations, 2018-19 (£)



There is also variance in the use of funding schemes, as Table 3 shows. Not all local authorities in Wales make use of DFGs. In 2018-19, five local authorities made no use of the DFG scheme, using other funding schemes instead.

The potential impact of changes to the means test for DFGs on how other sources of funding are used for adaptations is therefore likely to vary between authorities, depending on how they use the different schemes. Practitioners in Wales generally said they didn't expect a change would make any difference to the way they used other sources of funding. One told us that they signpost applicants to other sources of funding if they are found to need a

contribution for adaptations through DFGs, and so anticipated that this might change if the means test were changed; another said that smaller works are currently carried out by Care & Repair using RRAP funding, but that these works are subject to a £50 contribution from applicants, and so may instead be carried out through DFGs to avoid the charge.

Potential increases in applications

To assess the financial impact of removing the means test for small and medium DFGs it is important to consider the possibility of increased demand. This could take the form either 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) or increased applications from people who otherwise would not have applied for a grant.

Previous work in England has attempted to estimate the population theoretically eligible for DFGs. The English Housing Survey collects data on the accessibility of homes for disabled people, estimating that just under a million households in England in 2014-15 required adaptations but did not have them, with 21% of these stating that it was because they could not afford them (DCLG, 2015). The data do not show what types of adaptations these are or whether these people would already be eligible for DFGs without a means test (i.e. because they are on means tested benefits already), and are also based on the judgement of occupants rather than of OTs/trusted assessors. Comparable data are not collected in Wales, but even if they were, this would still not provide a strong basis for assessing projected need for the reasons outlined. The latest Welsh Housing Conditions Survey finds that there is a HHSRS Category 1 hazard present in 18% of homes in Wales, which means there is a serious and immediate risk to a person's safety (Welsh Government, 2019b), but it is not known how many of these residents are disabled.

The findings in this section are therefore based on estimates from the practitioners we spoke to and can be taken only as an indication of potential increases in demand.

Most local authorities in England that have made changes to the means test have witnessed an increase in applications for DFGs. In general, local authorities in Wales we spoke to also anticipated significant increases in demand following any changes. However, one practitioner felt that demand was unlikely to increase, and that it had not increased when their local authority removed the means test for level access showers and stairlifts (the majority of works carried out that are classified as 'medium'). They argued that these adaptations are not 'aspirational' and therefore that demand would not increase because individuals are unlikely to apply for adaptations unless they genuinely need them.

Means test as a deterrent

Some individuals drop out of the application process for DFGs because of the means test – either because they do not want to disclose financial information, or because they have a means test and do not want to or are unable to make the assessed contributions.

Practitioners in Wales and England who collect data on this estimate that between 10-30% of applicants drop out each year because of the means test. It is not known what proportion of these would be for small and medium works, though it could be assumed that the split would be similar to that for completed applications.

Assessing unmet need is not possible to do with the available data. Some practitioners argued that the means test acts as a ‘gatekeeper’ for DFGs, and that they receive many enquiries about adaptations that are not pursued once potential applicants find out that there may be a means test. However, overall they were unable to estimate how many people would apply if the means test were not there, and practitioners in Wales were concerned that this figure would be high.

Anticipated increases in applications

One way of assessing potential impact on applications is to investigate what happened in local authorities that have already made changes to the means test (using the RRO). Of those, most witnessed increased applications of between 20-40%. This is not necessarily individuals who would not otherwise have applied for adaptations, but could reflect the fact that more applications go through the system more quickly than when the means test was in place.

However, the changes made varied across local authorities: some removed the means test for certain categories of works, and others removed it up to a certain financial limit. Most made changes to the means test at the same time that they introduced a raft of other changes to the way they delivered housing adaptations (again using the RRO). These included introducing new grants for specific purposes (such as to enable hospital discharge) or specific groups (such as palliative cases), and launching marketing campaigns to increase public awareness of the availability of adaptations. This means it is not possible to disaggregate the impact of changing the means test from the impact of making these other changes, and nor are these figures placed in the context of longer-term trends. In addition, practitioners we spoke to told us they had not seen any significant increase in applications when the means test was removed for works for children and young people in 2005, though these represent a small proportion of cases.

Advertising changes

The extent to which any changes are advertised, and how, could affect whether applications increased. Some local authorities had invested in promoting the support they provide for

adaptations at the same time as they changed the means test, such as by rebranding services, advertising in local magazines and on bus shelters, and outreach work with GPs and hospitals. But none had specifically advertised the change to the means test, and all those 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.

However, previous work has recommended that DFGs should be better promoted in order to raise awareness and address public misunderstandings that support is not available (Equality and Human Rights Commission, 2018: 20; Bibbings et al., 2015: 62-63). The equality implications of any decisions not to publicise changes need careful consideration, particularly if different local authorities in Wales were to take different approaches to communicating changes made.

What are the social implications of removing the means test?

DFG applicant characteristics

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 (2,376) compared to those aged under 66 (1,312).³ The cost of works for all DFGs totalled £9,227,633 for the older applicants and £7,750,237 for those aged 18-66, with average costs of £3,884 and £5,908 respectively. Older people made 159 contributions, totalling £231,726, averaging £1,457.40. Younger applicants made 36 contributions, totalling £167,503, averaging £4,653.

Those most likely to be required to contribute have earnings or pensions. Those with higher amounts of either (or both) will be required to meet all the costs of works. Tenants (both private and social) in similar circumstances will be less likely to have to make a contribution.

Who would be affected and how?

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. Similarly, it is not possible to account for those who, under the current system, are deterred from applying for DFGs because of the means test (as discussed above). Despite this, it is possible to say that:

³ 181 dates of birth were not recorded.

- **The change is unlikely to affect whether or not an applicant decides to take up new or additional employment** (as a means tested benefit might), because DFGs are assessed using a snapshot of circumstances on a particular day.
- **For a very small number of cases, it could affect decisions about capital**, such as 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. Many have limited savings and the housing costs calculations do not necessarily take actual costs into account.
- **Households with the highest incomes would benefit** because they would previously have been assessed to be able to afford adaptations without financial aid. Some practitioners in Wales are concerned that the proposed changes would mean that those able to afford adaptations themselves would instead use public funds for these works. They felt that this was unfair and those who can afford to pay should still do so. Others felt that those able to afford it would continue to make adaptations themselves rather than via DFGs, because that would usually be quicker.
- **No household would be disadvantaged**, unless other changes are made which lead to higher contributions from those needing large works, for instance, or if the change led to an increase in applications and associated additional delays.

What are the consequences for implementation of removing the means test?

Dealing with the financial implications of increased applications

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. In England, unlike in Wales, DFG funding is ring-fenced. 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. The changes introduced were therefore designed to increase their spend on adaptations, and increases in

revenue costs have generally been met through the fees⁴ local authorities are able to charge to deliver DFGs (Mackintosh et al., 2018).

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.

However, several local authorities that changed the means test had done so to improve health outcomes and subsequently save money in health and social care. 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.

Resourcing implications

If applications increased, most Welsh local authorities expected to need additional officers to administer DFGs, including after accounting for any time saved conducting 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 have trained officers as trusted assessors, meaning that it is not just OTs who are qualified to assess the works required in a property. This has reduced the pressure on OTs, particularly if those OTs work across multiple departments and are not solely focused on housing adaptation assessments. For the same reason, recruiting OTs within adaptations teams can also ease pressure on OT capacity. Other local authorities have used independent OTs to clear waiting lists, or to take on specific types of cases in the event of unmet need. Some use agency staff for all cases, which can even out peaks and troughs in applications to keep waiting times down (Mackintosh, 2019). Trusted assessors are also employed by local authorities, health boards, Care & Repair Cymru and Registered Social Landlords, and more joined-up working between these agencies, such as sharing trusted assessor capacity, could also alleviate some of these challenges. Increased use of

⁴ These are fees local authorities can charge to help with managing adaptations. They are not passed on to the applicant but are added on to the cost of works and grant aided as a way of transferring money from capital budgets to meet revenue needs.

trusted assessors and 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 several practitioners in Wales said that there are currently insufficient contractors to carry out works needed and that any increased applications would have a detrimental effect on this. This depends partly on whether local authorities have framework contracts with contractors based on certain projected levels of need that they would have to renegotiate if applications increased; how easily they can find sufficient contractors to carry out adaptations currently; and whether contractors are commissioned directly by the council or by individuals.

Any negative impact could be mitigated by improved commissioning practices. Some felt that savings could be made to DFGs (both financially and time-wise) by making improvements to the way contractors are commissioned. The use of framework contracts was found to help ensure a good price from contractors and ensure a high quality of works carried out. At one English local authority, the average cost of a DFG used to be £12,000; after reviewing their contracts and renegotiating rates with contractors, they reduced that down to £5,000.

Waiting times

Before the pandemic, most local authorities in Wales already had long waiting times for DFGs – the time between the initial application and the works being completed. The average in Wales in 2018-19 was 207 days but this varies considerably by local authority, from an average of 126 days in Conwy to 298 days in Flintshire (InfoBase Cymru, 2019). Removing the means test has been recommended as a way to reduce waiting times, among other impacts discussed above (Wales Audit Office, 2018). 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.

Practitioners in England that had changed the means test saw a dramatic reduction in waiting times for DFGs. They attributed this to the reduction in time spent administering the means test (including waiting to receive documentation) as well as other changes they had made to delivering adaptations, such as streamlining processes and dealing with OT and contractor capacity. 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 is therefore unlikely to reduce waiting times.

Local authorities in Wales are assessed on waiting times. Some Welsh local authorities expressed concern that if small and medium works were completed under an alternative scheme, rather than via the DFG, these works would no longer be counted in this assessment. This could mean that only large adaptations – which are more complex and therefore usually take longer to complete – would be counted. One local authority in Wales had previously used the RRO to remove the means test for works under £5,000, but found that their waiting times increased (because they were only measuring waiting times for large adaptations) and therefore they reversed the changes. But if all local authorities took the same approach, this is unlikely to be a problem.

One practitioner in England suggested that waiting times for all adaptations, not just DFGs, should be submitted to government to avoid this problem. A practitioner in Wales suggested that performance indicators should measure outcomes rather than waiting times, also echoed in previous work on DFGs (Bibbings et al., 2015). Alternatively, waiting times for small, medium and large adaptations could be measured separately.

Conclusions

The evidence outlined in this paper highlights two options available to Ministers to remove the means test for small and medium adaptations: changing the legislation or issuing new guidance on the use of the RRO. Issuing new guidance on the RRO would be quicker than changing the legislation, though legislative change could follow at a later stage if Ministers wanted to mandate the change across Wales and guarantee a consistent approach.

However, our work suggests that issuing guidance will 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. If the means test for small and medium housing adaptations were removed and there was no subsequent increase in applications, changes are likely to have a limited impact on local authorities. Based on 2018-19 data Welsh local authorities could expect capital costs to increase by £238,216 in total. This varies widely between local authorities, from £2,770 to £47,516, though this should be put in the context of individual councils' spend on adaptations. Some of this may be saved by reducing the time taken to administer the means test, investing in different approaches to OTs, and improving commissioning of contractors.

If the changes led to an increase in applications, the implications could be more significant. Removing the means test would likely reduce current waiting times, but only if councils had the capacity to process additional adaptations. In general, local authorities we spoke to in Wales reported that they do not have sufficient budget or capacity to meet an increase in applications. Additional funding to cover the capital costs of any increases, as well as extra funding to recruit additional staff (including officers and OTs) may therefore be required. Although this may mean increased funding is needed for adaptations, this is likely to yield longer-term savings in health and social care as a result of people being able to stay in their homes safely and for longer.

Based on the findings from this report, the following should be considered in making decisions about removing the means test for small and medium works:

- **Adaptations should continue to be classified by type of works** (as per the Housing Adaptations Service Standards), rather than imposing a financial limit.
- **Removing 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.

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 could include more comprehensive data on: outcomes for those in receipt of support for adaptations; number of applications; drop outs in applications (and reasons for drop out); waiting times broken down by type of adaptations; and cost of works by type. In the longer term, data that can identify savings in health and social care as a result of adaptations could also be collected. 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, and would be consistent with the remit of Regional Partnership Boards.

In the case of issuing guidance, the use of the RRO would allow councils discretion in making these changes. The equality implications of this would need to be considered if it meant that disabled people continued to be treated differently in neighbouring authorities, though this is already found to be the case (Wales Audit Office, 2018; Public Accounts Committee, 2018). This is likely if compliance with the guidance varies across Wales. If this is the case, and if removing the means test was found to lead to positive outcomes and was cost-effective, the Welsh Government may want to consider introducing new legislation to mandate this change in future.

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Annex: Data analysis methodology

The figures for the cost of adaptations and of funding in this report were derived from an anonymised data set provided by the Welsh Government from reporting to them by local authorities. This data set consisted of grant aid made in 2018-2019. This included funding made under all schemes for each case, for which details were returned.

Some of the data was incomplete, causing inconsistencies when multiple factors were involved. Where local authority level data is used, some cases did not contain any attribution and other cases involved agencies which operate across local authority boundaries.

Top level funding was assessed using the complete data set provided and more detailed data was extracted for cases recorded as being Mandatory DFGs in the returns. Further extracts were made by categories of size, local authority, and means-testing status.

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