

Meeting of Executive Members for Housing and **2nd June 2008**
Adult Social Services and Advisory Panel

Report of the Housing Standard and Adaptations Manager

Review of Grants Policy

Proposed Changes to the Grants And Assistance Policy – Energy Efficiency Grants and the Disabled Facilities Grant Programme

Summary

1. The purpose of the report is to brief the Executive Member and outline the proposed changes to the Grants and Assistance Policy regarding the:
 - a) **Energy Efficiency Grant** –amending the eligibility criteria to take account of the national changes to the priorities group and
 - b) **Disabled Facilities Grants Programme** –to provide a brief summary of the Governments proposals to improving programme delivery, giving the York context and to request that a letter is sent to Government Office regarding the impact on the funding arrangements

Background

2. It was not the intention to bring any amendments forward regarding changes to the Grants and Assistance Policy until after the private sector stock condition survey has been completed and the new aims outlined in the new Private Sector Renewal Strategy had been confirmed. However, changes to national policy need to be reported and implemented. It will still be our intention to bring a further report resulting from the above work outlining any policy changes required due to an alterations or amendments to the council's aims.

Energy Efficiency Grant

3. The City of York Council has for two years funded, through the Regional Housing Board allocation, an energy efficiency grant to provide insulation measures and space heating. The grant helps vulnerable households over the age of 75 who live in a dwelling with a Council Tax Band rating of A,B or C. and who are exempted from the national grants. The grant offered through the Energy Efficiency Advice Centre has been very successful providing more than 300 grants

4. The Carbon Emissions Reduction Target (CERT) which came into effect on 1 April 2008 and which will run until 2011 has placed an obligation on energy suppliers to achieve targets for promoting reductions in carbon emissions in homes.
5. It is the principal driver of energy efficiency improvements in existing homes in Great Britain doubling the level of activity of its predecessor known as the Energy Efficiency Commitment (EEC). Suppliers must direct at least 40% of carbon savings to a priority group of low-income and elderly consumers, therefore the suppliers have extended the priority group to include the over 70s.
6. This will have a direct impact on the uptake of the grant currently offered by the council. Therefore, it is proposed to maximise the Regional Housing Board allocation and ensure that we are helping a large number of fuel poor households, who are not eligible under the current national criteria, become eligible for support. The full changes are outlined in the attached grants and assistance policy but the main changes are to lower the age criteria so that:
 - a) Anyone over the age of 60 who live in a council's tax property A, B or C to be eligible for a cavity wall and loft insulation grant and where the applicant is
 - b) over 70 who live in council tax property A, B or C to be eligible for heating measures to meet decent home standards.

These changes will compliment other schemes currently accessed by residents through the Energy Efficiency Advice centre.

Disabled Facilities Grant

7. The government has recently published a package of reforms to the Disabled Facilities Grant (DFG), part of the ongoing review of the programme. The DFG reforms come as part of a lengthy national review which began in 2004. It resulted in a major report, by Bristol University published in 2005, which listed a number of reforms some seen as urgent.
8. The outcome of this review is that the DFG will still remain a mandatory grant, however, there are significant key changes proposed, some with immediate effect and others which await the results of further studies. Most of the changes are statutory but some, when they are fully known, will require changes to our local policy

In particular the key changes relate to

- a) **The overall funding**, the 60:40 split, the ring fence and recycling of monies
- b) **The access to the grant**- there are specific changes to the ceiling for mandatory grant, to the Test of Resources (means test), and eligible works

Funding

9. A central point of the Bristol report was the inadequacy of funding for the DFG programme. The Government has announced a boost in funding for the programme with an increase of up to 31% in the next three years to a total of £166m in 2010/11. Most councils should be seeing some increase in central funding, however in York we have been informed that our allocation is remaining static at £375k. This is the funding we bid for but at the time of the bid we were not made aware that significant changes were to be implemented with immediate effect. In addition Government Office appear to be unaware of the significant additional funding which the council provides through its disability programme and minor adaptations budget.
10. However, it should also be noted that the government are working on the new approach for allocations from 2009/10 onwards. A letter has been sent to Government office expressing our disappointment regarding this year's allocation and requesting information as made available as soon as possible regarding the new proposals.
11. Up until now, the council have been required to match the Exchequer allocation with their own funds: 40 per cent to the government's 60 per cent. From April, 2008, this requirement no longer applies. The grant still remains mandatory, but this change will allow the council a greater flexibility, giving the council capacity to design services to fit with local delivery arrangements and individual needs', and brings together resources to respond to local need.
12. With regard to ring fencing, initially the ring fence will remain, but with the scope for the use of DFG funds to be widened to support any expenditure incurred under the Regulatory Reform Order (RRO).
13. Removal of the ring fence is to be piloted with four LAs over the next 18 months, with the results to be evaluated and shared. It is likely that from 2010/11, DFG will be paid to authorities as a non ring-fenced sum, as part of the Single Capital Pot: at first as a two-year settlement, then a three. The government sees the relaxation of the ring fence as creating sufficient flexibility to enable schemes such as stair lifts to be loaned and recycled.
14. A discretionary consent is also being proposed which will enable the council to place a charge on adapted properties of owner occupiers, where the cost of the DFG exceeded £5,000. The charge will be limited to a maximum of £10,000 and is only to be effective if the property is sold within ten years. Adaptations for children are not exempted. We await further information on this subject as it will need a change in our policy to implement.

Access to grant

15. The maximum amount for mandatory grant is to be raised from £25,000 to £30,000, responding to the increasing numbers of complex cases and cost of works. An exact date has yet to be given but it is thought to be implemented.

sometime in May. This will have impact on the DFGs budget. Following the removal of means testing to families with disabled children we have seen a significant increase in the number of larger schemes to meet the long term and complex needs of disabled children. Currently we approve between 6-8 DFGs/year above the grant maximum of £25K given that is a growing area of work I would estimate approximately another £30-50K of expenditure

16. A major criticism of the DFG is that the means test is overly complex, penalising some groups of applicants and even excluding others from assistance. The proposed changes, date still to be fixed, will enable applicants claiming certain benefits to be passported through to DFG. In addition, Working Tax Credit and Child Tax Credit will no longer be counted as income for the purposes of the Test of Resources (ToR).
17. Further work on the ToR is promised within the coming year to bring it into line or link with other means tests.
18. The Bristol report drew attention the restrictions on eligibility which could limit help access to the garden being one where current legislation is unclear. There will now be a specific entitlement to grant for this, where 'reasonable and practicable'. We are proposing to carry out some work on a sub regional basis to give further guidance to councils as to what this could include and will be updating members with regard to the change in this policy.

Consultation

19. There has been limited consultation undertaken to produce this report. Consultation has taken place with our partners the Energy Efficiency Advice Centre and through the Private Sector Renewal Policy Steering Group.

Options

20. The options available to the Executive Member are:
 - 1) **Option 1.** To revise the existing policy in line with this interim review including the:
 - a. change the eligibility criteria for of the energy efficiency grant.
 - b. to accept the briefing regarding the proposed changes to the DFG and to continue to support the adaptation programme.
 - 2) **Option 2** - Maintain the current policy with no revisions
 - 3) **Option 3** to amend the above proposals

Analysis

21. Option 1 enables the councils to provide a grants and assistance policy which maximises our resources by ensuring that the range of grants is brought along side other grants offered through the Energy Efficiency Advice Centre.

22. Option 2 Without the changes to the energy efficiency grant the council will not be able to maximise the regional housing board allocation and potential vulnerable customers will be placed at risk

Corporate Priorities

23. This report contributes to 2 of the Council's seven direction statements and 5 corporate priorities

Seven direction statements

- (a) we will seek to place environmental sustainability at the heart of everything we do
 - Improving the energy efficiency of York's housing stock is key to achieving an environmentally sustainable city
- (b) we will be an outward looking council, working across boundaries to benefit the people of York
 - The proposed removal of the ring fence currently applied to the DFG will allow for greater flexibility and a pooling of resources to deliver key objectives of the LAA.

Corporate Priorities

- (a) Reduce the environmental impact of council activities and encourage, empower and promote others to do the same
 - Widening the eligibility criteria for grant assistance will help improve the energy efficiency of York's housing stock and reduce carbon emissions
- (b) Improve the health and lifestyles of the people who live in York
 - Actual and proposed changes to the DFG will further contribute to preventing falls and hospital admissions
 - The extension of DFG to include access to the garden should promote increased physical and social activity
 - Proposed widening of grant eligibility will help more fuel poor households
 - Damp, cold housing is associated with an increase in mental health problems and contributes to respiratory disease
- (c) Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city

- Increasing the DFG maximum grant limit will allow more complex cases to be supported, such as those meeting the long term needs of disabled children.
 - Home energy improvements have been shown to decrease school sickness by 80% in children with asthma or recurrent respiratory infection
 - Children’s achievement at school – homework suffers without a quiet, warm place to study
- (d) Improve the quality and availability of decent, affordable homes in the city.
- A widening of eligibility for grant will serve to improve the overall condition and accessibility of York’s housing stock
 - Actual and proposed changes to the DFG will help meet the aspirations of older people who wish to remain independent in their own home for longer
- (e) Improve the actual and perceived condition and appearance of the city’s streets and housing estates and publicly accessible spaces
- Well maintained homes are central to creating safe, and thriving neighbourhoods

Implications

Financial

24. **Option 1:** The change to the eligibility criteria for the energy efficiency grant, which may increase the demand for the grant, will be met within the existing energy efficiency grant budget.
25. The removal of the 60:40 requirement for the DFG funding will give flexibility to how CYC allocates capital funding. The 08/09 capital programme was approved before the announcement of the DFG changes, therefore it includes a 40% contribution which is funded by RTB receipts. There is now the option to review the level of this contribution, if necessary, as we would not lose any government grant. The funding and level of any CYC contribution in future years will be reviewed during the annual CRAM process and any CYC funding, additional to the RHB grant received, would be allocated during the CRAM process when assessed alongside other bids for capital funding.
26. The future removal of the ringfence for the DFG allocation will further increase the flexibility for the use of the funding.
27. If implemented, the option to place charges on adapted properties of owner occupiers (para 13) should be investigated as this could bring resources back in to the Council to be used to fund future adaptations.

28. **Option 2:** There would be no change to the existing energy efficiency grant budget
29. The changes to the DFG funding arrangements would be the same as those outlined in option 1.
30. **Option 3:** The financial implications of any alternative amendments to the proposals would need to be assessed.

There are no **Human Resources, Equalities, Crime and Disorder, Property or Information Technology** implications in this report.

Legal

31. It is a legal obligation for the council to review its grants and assistance policy.

Risk Management

32. In compliance with the Council's risk management strategy there are no risks associated with Option's 1 or 2 of this report. The main risk that has been identified in this report is not maximising the funding available to the residents of York
33. The risks associated with the recommendation of this report are assessed at a net level of below 16

Recommendations

38. That the Executive Member notes the content of the report and that a letter was drafted to Government Office expressing our concern over the budget allocation and approves the:

Revision to the existing policy in line with this interim review including the:

- a) change the eligibility criteria for of the energy efficiency grant.
- b) To accept the briefing regarding the proposed changes to the DFG and noting both the short term and long term impact of the changes on the delivery of the disabled facilities grant programme
- c) To endorse the council's adaptation programme across all tenures and notes the potential financial implications and to continue to support this area of work.

Reason: To assist vulnerable residents in the City.

Contact Details

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Chief Officer Responsible for the report:

Report **Date** 19th May 2008
Approved
Bill Hodson
Director of Housing and Adult Social Services

Specialist Implications Officer(s)

Finance

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Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

Consultation Paper
HQN Briefing Paper

Annexes

Amended Grants and Assistance Policy