

Trends in funding adaptations

The growth in demand for housing adaptations in recent years is a measure of the success of community care but has received no clear budget provision. Funding is complicated because of the intertwining of health, housing and social services responsibilities. Researchers from the School for Policy Studies at the University of Bristol have looked at trends in England and Wales and discovered:

- f** Requests for adaptations have been increasing at 15 per cent per year since 1990, as public awareness of community care has grown. Early hospital discharge and the introduction of EU regulations regarding lifting have also increased demand.
- f** The introduction of the Disabled Facilities Grant (DFG) in 1990 has not led to significant growth in spending on adaptations in England. Expenditure in 1994 was only 3 per cent above the 1989 levels. In Wales there was 53 per cent growth between 1989 and 1994; different arrangements there have provided a better match between needs and resources than in England.
- f** The brunt of the increased cost of adaptations has been borne, without subsidy, by local authority housing departments out of their Housing Revenue Account.
- f** Although in some areas a shortage of occupational therapists is still delaying assessment, the major cause in delay in achieving adaptations is now shortage of capital in housing and social services budgets.
- f** Parents of disabled children often have difficulty making required contributions to the cost of adaptations, due to mortgage commitment. Only 18 per cent of social service authorities currently use Section 17 funding from the Children Act to help pay for children's adaptations.
- f** The researchers conclude that:
 - There is a need to recognise that adaptations for children require long-term planning, will be on average three times more expensive than those for adults and will need budget provision.
 - The quality and nature of the assessment is the foundation on which all adaptation expenditure is based. It should therefore incorporate user views if waste is to be avoided.
 - There is a need for the different bodies involved to understand each other's position and not to act unilaterally to reduce expenditure.

Background

It is a measure of community care's success that people who might formerly have remained in or moved into residential accommodation have been able to choose instead to live in their own homes. However, the adaptation implications of this development were not clearly foreseen in the provisions of the 1990 NHS and Community Care Act and no adequate financial provision was made. Joint circulars subsequently issued by the Department of the Environment and the Department of Health have emphasised the importance of housing in making community care work, but have not addressed the problem of finance.

Adaptation finance is complicated because of the legislative history. Traditionally, council housing departments, housing associations, social services departments and even health authorities have all accepted some responsibilities and allocated some budgets. Part 2 of the 1970 Chronically Sick and Disabled Persons Act (CSDP Act) laid a specific duty on social services departments to see that adaptation needs were met, and this duty remains. In the 1989 Local Government and Housing Act, Part viii, however, some of this responsibility was subcontracted to housing authorities, which were required to supply mandatory Disabled Facilities Grants (DFGs) to those who qualified. The 1989 Act also specified particular mandatory items, including access to bathroom facilities, and introduced the discretionary Minor Works Grant. Some changes to the rules on DFG will be made if the 1996 Housing Grants, Construction and Regeneration Bill becomes law, and Minor Works will become Home Repair Grants and be available to disabled people under 60.

Uncertainty as to what the DFG covers and who should pay for other adaptations has caused many problems and led to varying levels of provision across the country. This research examines how adaptations for disabled people of all ages and in all tenures were being financed in England and Wales between 1990-95 and whether the various funding systems were meeting needs.

Levels of demand

From 1991-94, the number of requests for adaptations received by social services departments in England and Wales increased on average by 50 per cent, or 15 per cent per year. In some authorities, the demand for expensive adaptations - particularly hoists with ceiling tracking - grew by over 200 per cent from 1992 to 1994 following the introduction of EU regulations on lifting. There is much unmet need. According to a study by Pleda, 35 per cent of those who enquire about DFGs drop out without receiving any assistance. Information from sample authorities in this research is that others who would be eligible may be put off by not knowing that services exist, by informal means testing or by information designed to discourage applicants from even enquiring. Detailed information was given on numbers who have been assessed as eligible but who are still waiting for resources to become available.

How money is spent

Small or medium range adaptations are most common, with the costs of hoists becoming increasingly significant. Adaptations relating to bathing consume a major share of available budgets. Adaptations costing over £20,000 are relatively rare, on average only one per authority per year.

Assessment

Assessment is the foundation on which the whole edifice of adaptation expenditure rests. However, pressure on occupational therapists makes ongoing assessment or even a single return visit to monitor the effectiveness of an adaptation impossible in most areas. Users interviewed for the study argued that assessment based on user priorities would reduce waste and could achieve better value for money without increasing expenditure. Some authorities (chiefly social services) are allocating budgets for consultation and advocacy, often through the support of Home Improvement Agencies. Such expenditure may improve user-satisfaction, and thereby also save on the costs of investigating complaints.

Trends in sources of funding

There are five main sources of funding: housing grants budgets (for non-council housing); Housing Revenue Account (HRA) for council housing; housing association resources (including Housing Association Grant - HAG); social services budgets; and health sources (chiefly joint finance).

Housing grants

Forty per cent of the cost of adaptations in England, and twenty-five per cent in Wales, must be found from the local housing authority's own resources: the rest is government subsidy.

Contrary to what is widely believed, the introduction of the DFG in 1990 has not led to significant growth in spending on adaptations in England. In 1994, if all DFGs and 20 per cent of Minor Works are included, expenditure was only 3 per cent above the 1989 levels when the provisions of the 1985 Housing Act were still in force. Total expenditure on completed adaptations in 1989 was £72.5 million (in 1993 prices). Two years later it was down to £57 million. Only in 1994 did it reach £74.9 million and surpass the level of 1989. Thus, although spending on the DFG (mandatory and discretionary) in England rose from £52 million in 1992 to £70.9 million in 1994, this masks a real drop in adaptation expenditure following the introduction of the 1989 Act.

Discretionary DFG in England fell by 37 per cent between 1993 and 1995; only 19 per cent of the sample authorities gave any discretionary DFG in 1994, even though this was the year in which the £20,000 limit for mandatory grant was introduced.

Adaptations have been consuming a greater share of the grant budget in England, from 7.8 per cent in 1985 to 18.7 per cent in 1994, giving the impression of increased expenditure, but as total grant budgets in that period fell from £684 million to £378 million, the net increase has been small.

The situation in Wales is strikingly different. Adaptations' share of the grant budget has gone only from 6.9 per cent to 8.1 per cent, but, as total grant budgets have risen from £84 million to £157 million, the real increase in spending has been much greater. From 1989 to 1994 adaptation expenditure grew from £8.3 to £12.7 million, an increase of 53 per cent, contrasting with the 3 per cent growth in England in the same period and coming much nearer to matching the growth in demand.

Funding arrangements for grants in Wales were made more generous because of the very poor condition of housing. Grant limits are higher, subsidy remained at 75 per cent when it was reduced to 60 per cent in England in 1993, and extra allocations have been made by the Welsh Office. It is also significant that in Wales there was no rule that 85 per cent of Special Transitional Grant should be spent in the private sector. Support from social services may have helped maximise DFG spending, both through top-ups and in support for Home Improvement Agencies.

Housing Revenue Accounts

In the four years from 1990-91 to 1993-94, average spending on adaptations per thousand council properties more than doubled, rising from £12,760 to £31,750. Councils have spent additional money providing central heating and insulation for elderly and disabled tenants as well as spending more on maintaining and repairing adaptations.

Housing association resources

Housing associations, like council housing, have a high proportion of older tenants on low incomes and spending on adaptations in this sector in terms of Housing Corporation Grant alone has more than doubled in England between 1990 and 1994. In Wales, adaptations for existing tenants are carried out through the DFG system.

Social services resources

Between 1990-95, most social services departments greatly increased their spending on occupational therapists and occupational therapy assistants in order to deal with the urgent issue of excessive waiting times for assessment. Staffing levels increased by an average of 103 per cent as authorities tried both to tackle existing waiting lists and meet the increasing demand.

Budgets for capital expenditure, however, have not generally kept pace with the many changes in legislation and there are serious problems of

underfunding for both minor adaptations and top-up for DFG. A majority of departments are spending nothing on publicity or research for fear of discovering needs they are unable to meet.

Some authorities have invested in consultation, advocacy services and support for Home Improvement Agencies with the purpose of improving the quality of the adaptation service.

Health resources

Joint finance has been used to fund occupational therapist salaries, adaptations in council stock and many imaginative projects. There is also now some direct funding by health authorities of projects to assist hospital discharge.

Relative importance of the different funding sources

Most funding for the capital costs of adaptations comes from housing budgets. In 1993-94, 86 per cent of adaptation costs in England and 87 per cent in Wales came from housing budgets. In 1994-95, this had changed to 80 per cent in England, 91 per cent in Wales. Social services budgets made up the rest, other sources being currently statistically insignificant. Funding from health sources has considerable unfulfilled potential.

Within housing budgets, the brunt of the increased cost of adaptations has been borne not by the high profile DFG, but by social housing providers and above all by Housing Revenue Accounts. In 1993-94, the Housing Corporation and council housing departments in England, representing respectively 3.8 per cent and 18.6 per cent of the housing stock, funded 7.4 per cent and 54 per cent of housing expenditure on adaptations. The percentage of council housing in Wales is slightly lower than in England, 17.7 per cent against 18.6 per cent in 1993-94, but the proportion of spending on it is still very high. Table 1 shows the figures for England and Wales in millions.

Major problems of adaptation finance

Delay

Although the wait for an occupational therapy assessment (20 weeks on average) is still a major issue in many places, including housing associations, there are many other areas where this problem is almost solved but where waiting is now caused by shortage of revenue to pay housing staff. Shortage of capital is causing delay in 42 per cent of English grant-giving departments. A cut of 56 per cent Housing Investment Programme allocation in one authority in

Table 1: Expenditure on adaptations (£ millions)

	England			Wales		
	1992-93	1993-94	1994-95	1992-93	1993-94	1994-95
Disabled Facilities Grant from Specified Capital Grant	53.1	61.4	71.0	10.0	12.0	11.8
Council housing adaptations (Housing Revenue Account)	68.0	86.0	73.5	9.0	9.8	11.3

1994 added 21 weeks to the waiting time for DFG. In many authorities it is common for applicants to die before they get the help they need.

Inequity of subsidy

An analysis of the subsidy given per 1,000 people shows that some of the wealthiest authorities in the country are receiving the most subsidy because most of their adaptations are in the private sector. Council housing departments, because they house a higher than average proportion of the nation's older, poorer people, have been facing a massive increase in demand for adaptations over the past ten years but receive no subsidy directly related to the numbers of adaptations they provide.

Test of resources

The 'test of resources' for DFG equates levels of need with levels of income, regardless of unavoidable outgoings. This can be a particular problem for applicants with mortgages.

Disabled children

Adaptations for children are most likely to be expensive, averaging £18,500 in one London borough where the average cost for adults was £4,800. Parents of disabled children were often unable to pay their assessed contributions to DFG because of mortgage commitments. Social services departments have obligations to disabled children under Section 17 of the Children Act 1989, but only 18 per cent are using this source of funding to help with adaptation costs.

Repairs budgets

In all housing sectors, the money that has been spent on the increased demand for adaptations has been taken from budgets designed to pay for repairs and improvements to the poorest quality housing. The only exception to this is Welsh grants budgets, where renovation grants were in a ringfenced budget and adequate extra finance was made available to pay for DFGs.

About the study

This research is based principally on statistical information from the Department of the Environment, the Welsh Office, the Housing Corporation and Care and Repair, England, and on questionnaire returns and interviews with officers in social services, council housing and housing grant departments in 50 local authority areas in England and Wales.

Further information

The full report, *Funding Adaptations: the need to cooperate* by Frances Heywood in collaboration with Gavin Smart, is published by The Policy Press in association with the Joseph Rowntree Foundation (price £14.95 plus £1.50 p&p).

Related Findings

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- 123** Adaptations for disability (Sept 94)
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- 147** Housing and 'floating support': a review (Jun 95)
- 148** The relationship between housing benefit and community care (Jun 95)
- 155** Community care and housing for disabled people (Sept 95)
- 168** Housing choices and community care (Feb 96)
- 183** Inter-agency working for housing, health and social care needs of people in general needs housing (Jun 96)

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- 74** Health and housing: the extent of inter-agency working (Nov 95)
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