Uprating the Disabled Facilities Grant means-test

Background

The Disabled Facilities Grant (DFG) is provided under the Housing Grants Construction and Regeneration Act 1996 (HGCRA)[i]. This requires housing authorities in England and Wales to provide a statutory mandatory grants scheme. There has always been a means-test associated with the scheme, under the Housing Renewal Grants Regulations 1996[ii] as amended. This means-test is directly derived from Housing Benefit and is largely identical.

This means-test involves a comparison, as all means-tests do.

On the one hand are the "personal allowances" and "premiums" that the customer is entitled to, which together give their "applicable amount". The personal allowances vary depending on whether those assessed are single people or members of a couple, and whether the single person or the older member of the couple is under 25, under 60, aged 60 to state pension age or over state pension age. The premiums include three for disability, particularly relevant to those requiring a DFG: the disability premium, the enhanced disability premium and the severe disability premium. There are also premiums for carers, those with dependent children or young people, and disabled children. Unique to the DFG means-test is flat-rate housing costs allowance, a sort of premium, paid to all customers regardless of actual housing costs.

On the other side of the comparison is income taken into account, which typically includes state and other pensions, earnings from work and a notional income figure from any savings or investments.

Those in receipt of a range of means-tested benefits, principally Guarantee Pension Credit and Universal Credit are "passported" through the DFG means-test and are not required to contribute to the cost of their adaptations.

Those whose income exceeds their applicable amount have to pay towards the work. The calculation of their contribution is complex, with excess income being multiplied to turn it into a lump sum contribution. The multipliers are higher for owners than for tenants, as the excess income is supposed to fund a loan to cover the cost of the works and home-owners would be able to put the works on a mortgage, a cheaper way of raising a lump sum than the unsecured loan options open to tenants.

The problem

Prior to April 2008 the personal allowances and premiums used on the "customer's side" of the calculation were regularly updated in line with Housing Benefit. However, 2008 saw the last uprating of the regulations[iii]. This has had a devastating effect. To give just one example, a couple both in receipt of a full state pension but with no other income or savings would under the current scheme have a contribution of £22446.96 towards the cost of works. As most works, whether stairlifts, level access showers, ramping, etc., cost significantly less than this in practice, people in this situation would not actually qualify for any help. By contrast, if the current Housing Benefit figures were used, their contribution would be £715.36.

This problem is particularly acute for pensioners, as those of working age who are on low incomes may be entitled to Universal Credit, and receipt of any Universal Credit is a "passporting" benefit to a full DFG with no means-test. Pensioners account for approximately two-thirds of all DFG cases[iv].

Solutions

What are the options that could address the issue?

1. Make the DFG only available to those on means-tested "passporting" benefits.

It may be that the failure to uprate the figures used in the calculation is intentional, limiting entitlement to the poorest. If done this would reduce the need for means-testing, which is intrusive and time consuming. The scheme would only be available to those who are "passported". However, the capital allocation from central government to English local authorities has risen sharply in real terms over the past decade. Policy makes seem to accept that expenditure on DFG more than "pays for itself" as it reduces the need for expensive hospital and care home admissions and enables elderly and disabled people to continue to live in their own homes. The Welsh Government has also increased expenditure on DFG in real terms.

2. Allow local housing authorities to set their own policies in relation to means-testing

Since the introduction of the Regulatory Reform Order local housing authorities have had wide powers to depart from the statutory scheme. One area in which some have done is in relation to means-testing. It is quite common for authorities to have a "no means-test if the provision is just a stairlift" policy, or to pay the first £5000 of the cost of any works regardless of the customer's assess contribution. However, discretionary schemes of this type do bring in a "postcode lottery" – what may be free in one authority may not be available at all in the neighbouring authority.

3. Uprate the figures used in the calculation to those for personal allowances and premiums in Housing Benefit

This would be a logical step. It would also be relatively straightforward. Currently those applying for a DFG have to prove that they are not a "person from abroad". This term applies to those who have limitations imposed on them as a result of their immigration status. The DFG regulations, which have not been significantly altered since 2008, deal with this elegantly. The regulations say that a "person from abroad" is whatever it currently says in the 2006 Housing Benefit Regulations[v]. So although there have been myriad legislative changes in this area there has been no need to alter the DFG regulations – they inherently reflect the Housing Benefit changes.

Next steps

Ferret Information Systems Ltd has produced its Renovator calculator for many years and it is used by the majority of housing authorities in England and Wales. *An additional alternative report is now included* that uses current Housing Benefit rates. Details of this are available in *Appendix 3*. Authorities may wish to use this to perform the means-test but can only be able to do so if they adopt a discretionary policy to that effect. Hopefully many will do so.

Representations will also be made to the Ministry of Housing, Communities and Local Government to consider uprating the scheme.

Appendix 1 A note about Northern Ireland

Northern Ireland has a grants scheme which includes DFG, operated by the Northern Irish Housing Executive. Their personal allowance and premium rates are even older than those used in England and Wales, having last been uprated in December 2006[vi]. Staff have had to use a series of "workarounds" to cope with changes that have occurred in the wider benefits system since that date. Some form of uprating/updating is well overdue.

Appendix 2 Examples

1. The example given in the text. Homeowner couple both receiving two full state pensions at £241.30 pw. No savings or other income.
Using personal allowance and premium figures in force – Contribution £22446.96
Using current Housing Benefit personal allowance and premium figures – Contribution £715.36

2. Single homeowner pensioner living alone. In receipt of state pension at £241.30 pw, occupational pension at £100 pw, Attendance Allowance at £76.70 pw (which is ignored as income and entitles the customer to a severe disability premium), savings of £40,000
Using personal allowance and premium figures in force – Contribution £11448.22
Using current Housing Benefit personal allowance and premium figures – Contribution £112.16

3. Housing association tenant pensioner couple in receipt of 2 state pensions at £241.30 pw, both in receipt of Attendance Allowance at £76.70 pw, both treated as caring for each other, occupational pension at £300 pw, savings of £20,000.
Using personal allowance and premium figures in force – Contribution £51096.19
Using current Housing Benefit personal allowance and premium figures – Contribution £1724.35

Appendix 3 Technical note

Ferret has made alterations to provide a calculation using "current Housing Benefit rates" in its Renovator and Renovator2 calculators. These are the rates in force from April 2026[vii].

What has been changed are only the personal allowance[viii] and premium rates.

The housing allowance or "grant premium" of £61.30 has not been increased, nor have the bands and multipliers used to turn any weekly excess income into a lump sum contribution to the cost of works.

There are no changes to other rules such as the tariff income from capital rule where better treatment is available to those 60 or over, the disregard of the first £6000 capital, etc.

A demonstration version of the Renovator 2 calculator, which enables the calculations shown in this paper, is available for download. Please contact: info@ferret.co.uk if you would like a copy.

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If you have any queries about the updates or use of our software, please telephone our Helpline on 029 2064 4444. Alternatively, our website at www.ferret.co.uk contains answers to FAQs, plus information about our products and solutions, training courses, news items and more.

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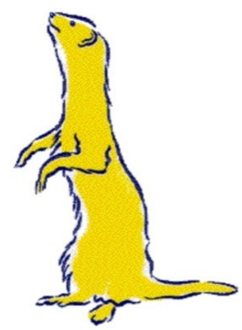

[i] https://www.legislation.gov.uk/ukpga/1996/53/contents This is an up to date consolidation.
[ii] https://www.legislation.gov.uk/uksi/1996/2890/contents/made This is only available in its original, as issued, form.
[iii] https://www.legislation.gov.uk/uksi/2008/1190/contents/made
[iv] https://www.foundations.uk.com/wp-content/uploads/2021/12/dfg-review-2018-main-report-final-nov-2018a.pdf para 4.3
[v] https://www.legislation.gov.uk/uksi/1996/2890/regulation/3/made
[vi] Housing Renewal Grants (Reduction of Grant) Regulations (Northern Ireland)
[vii] https://www.gov.uk/government/publications/benefit-and-pension-rates-2026-to-2027/proposed-benefit-and-pension-rates-2026-to-2027

[viii] The personal allowance entitlement of those aged 60 to state pension age within the DFG means-test has no direct equivalent within current Housing Benefit, so we have used the other current benefit figures of £213.10 (single) and £363.25 (couple) as rough equivalents.