

Appendix 4

Sheltered Housing Review – Estimated Savings

Example 1 – 40 Scheme Managers

Current Costs at 1.09.05		Proposed Costs		Saving
	£		£	£
Salaries		Salaries		
Mobile service	395,000	Primary Care Trust Out Of Hours Service	103,000	
Scheme Managers	783,000	Scheme Managers (salary range average)	860,000	
Total	1,178,000	Total	963,000	
Area managers	113,000	Area managers	113,000	
Natural wastage already achieved	213,000			
Total Salaries (as per approved budget)	1,504,000	Total Salaries	1,076,000	428,000
Other		Other		
Training	10,000	Training	6,000	
Rent Allowance	43,000	Rent Allowance	43,000	
Car Allowance	65,000	Car Allowance	60,000	
Postage	5,200	Postage	3,000	
Telephones and Pagers	40,500	Telephones and Pagers	23,000	
Subscriptions to Professional Bodies	2,800	Subscriptions to Professional Bodies	1,500	
Total Other (as per approved budget)	166,500	Total Other	136,500	30,000
Total	1,670,500	Total	1,212,500	458,000

Possible reduction in contribution from General Fund (70,000)

Total Savings (before pension and redundancy costs) 388,000

Assumptions

Income

The income from the general fund contribution is likely to decrease from £300,000 to £230,000.

There is the possibility of a reduction in service charge income as scheme costs are likely to reduce and it is not permissible, under the terms of the lease, to charge equity share holders more than the appropriate cost of their scheme.

Redundancy / Pension Costs

Due to the age and service profile of the existing staff there will be substantial redundancy and pension contribution costs.

The pension and redundancy costs range from zero to £70,000 per person depending on individual circumstance. The average cost is approximately £16,000 per person. If eighteen redundancies are considered, it is possible that costs could range from a total of £34,000 to £694,000 depending on the individuals concerned.

There is likely to be an ongoing cost to the authority of approximately £20,000 per annum for compensatory added year pension costs.

Salaries

A saving of £213,000 has already been achieved against the budget of £1,504,000 due to staff leaving / retiring throughout the year. These salaries had been included in the budget at the time of approval and 15 posts now remain vacant.

The proposed service would include approximately 5 Primary Care Trust (PCT) out of hours staff, 40 Scheme Managers and 4 Area Managers. The estimated cost of £860,000 is an average of the salary range costs and is based on the assumption that the Authority's staff will not provide any out of hours or weekend cover. The PCT have quoted a cost of £103,000 for full emergency cover from 5.00pm to 9.00am everyday, 9.00am to 5.00pm at the weekends only and ten bank holidays.

Wardens Associated Costs

It is likely that telephones costs may also decrease according to staff numbers.

Existing staff may eventually be re-housed therefore there is some potential for a saving in rent allowances within the next 2-3 years.