

HOUSING, HEALTH AND SOCIAL INCLUSION PANEL – 21 SEPTEMBER 2005

THE FUTURE OF CENTRAL CONTROL

1 INTRODUCTION

- 1.1 A Best Value Review of the Council's Lifeline and Central Control service was carried out during 2002/2003 and the results were initially reported to the Housing Health and Social Inclusion Panel in June 2003. The Review Panel concluded that further work should be done on the future viability of the service before any final decisions should be taken.
- 1.2 The additional work required was primarily surrounding the issue of whether forthcoming government legislation (the Power to Promote Wellbeing) around the operation of Local Government businesses would help in securing the long term viability of the business. Further work has also been carried out to assess the impact of a possible externalisation of the service and this report highlights the results of this work.

2. BACKGROUND

- 2.1 The Council's Central Control service acts as a call/contact centre providing a response and assistance to customers for 24 hours per day, 365 days per year. Customers include the following categories:-
- Tenants and the sheltered Housing Managers of the Council's 26 sheltered housing schemes.
 - Tenants and Sheltered Housing Managers of sheltered housing schemes operated by Registered Social Landlords and other voluntary organisations that have opted to use the Council's service.
 - Lifeline (community alarms) customers (Both Council and private sector).
 - Out of hours calls on behalf of the Council (i.e. tenants and residents who need to make contact with the Council as a result of an emergency).
 - Out of hour's calls from other organisations that have opted to use the Council's service.
 - Staff safety monitoring for both NFDC employees and other organisations that have opted to use the service.
- 2.2 Following a Best Value review of the service during 2002/2003 a number of issues were identified that required action if the future long term sustainability of the service were to be secured. At that time a report to the Housing Health and Social Inclusion Panel concluded that no action should be taken until the future rules and requirements surrounding the business's ability to expand under government legislation were clearer.

- 2.3 The issue of local government businesses and their ability to expand is now clear and the Council could, if it wished, create an arms length company to manage the Central Control business. This would allow the business to compete in the external market place and expand.
- 2.4 However, at the time of the Best Value Review it was identified that expansion could only effectively take place if two further issues were tackled. These were the need to update the equipment on a regular basis and the need to increase staffing levels to meet the standards suggested by the Association of Social Alarm Providers (ASAP) and to overcome health and safety issues relating to lone working. Both areas identified the need for substantial investment to resolve the issues.
- 2.5 These issues were covered in some detail in the report to the Housing Review Panel. A copy of the executive summary of the Best Value report is attached at Appendix 1 and a copy of the resolution agreed by the Review Panel at that time detailed at Appendix 2.

3. OPTIONS FOR THE FUTURE OF CENTRAL CONTROL

- 3.1 The option of investing in the future of central control and dealing with the two issues mentioned in paragraph 2.4 have been costed and reported previously in the Best Value Review Report. The total cost of upgrading equipment is anticipated to be £87,000 and the costs of increasing staffing levels to meet the requirements of ASAP and to overcome the issue of lone working is estimated to be £161,680 pa. Measured over a 7 year period a projected cumulative surplus of £116,410 under current working arrangements would turn into a projected loss of £1,261,350 as a result of the investment required and the ongoing staffing costs (see Appendix 2, Options 2 and 3).
- 3.2 The current Central Control business unit makes a surplus. The outturn figures for 2004/2005 showed a surplus of £25,000. A similar surplus is expected for 2005/2006. Clearly the investment needs mentioned in paragraph 3.1 would turn the existing surplus into a substantial deficit unless significant additional business could be attracted and won. There is some doubt about the ability of the business to gain new business due to the highly competitive nature of the market.
- 3.3 As a result of the above, the option of closing the business and buying the monitoring service elsewhere has been considered. The Council would need to purchase the monitoring of sheltered housing and lifelines and make arrangements for the provision of an out of hours service generally. All external clients that Central Control currently provide a service to would need to make their own arrangements for buying a monitoring service to meet their own requirements.
- 3.4 Approaches have been made to two providers to gain an indication of the likely charges should the Council elect to close Central Control and place the sheltered housing and lifeline business elsewhere. At this stage no investigations have been undertaken in respect of the out of hours' service requirements although it is anticipated that, however the service is provided in the future, there would not be any increase over and above what the current out of hours service costs the Council. There may be an opportunity to investigate the option of the current CCTV control room acting as the point of contact for the Council's out of hours service in the future.

- 3.5 Both external providers would offer to take New Forest's sheltered housing and lifeline monitoring at significant reductions to the current costs of monitoring. Over a period of 7 years a surplus of between £215,190 and £422,040 (dependent on the operator chosen as shown in Appendix 2, options 1a and 1b), is projected to accrue to the Council if this mode of operation was adopted. A comparison of costs between purchasing the monitoring service and providing it internally is provided in the 2 tables below:

1, Purchased Service v Central Control Costs with investment (7 years)

	£000
Cost/(Surplus) with Cheapest External Provider	(422)
Cost of retaining Central Control service	<u>1,261</u>
Net cost of retention	<u>1,683</u>

2, Purchased Service v Central Control Costs without investment (7 years)

	£000
Cost/(Surplus) with Cheapest External Provider	(422)
Cost/(Surplus) of retaining Central Control service	<u>(116)</u>
Net cost of retention	<u>306</u>

- 3.6 The tables above show that purchasing monitoring from an external provider would reduce costs compared to retaining and investing into a retained central control service by £1.683m over 7 years and still compare favourably with the current cost of the central control service (i.e. without investment costs)
- 3.7 The option of remaining as we are and not replacing equipment or increasing staffing levels has been considered. Whilst the equipment replacement could be delayed it is obvious that it has a limited life in terms of efficiency and effectiveness. It is difficult to assess how long it could remain effective but it would not be unreasonable to assume that a maximum of 5 years use could be gained from the existing equipment (The equipment would then be over 10 years old). This however, does not take account of any reductions in service that may result from failures or defects in the current equipment. There would be a real risk that many external customers would take their business elsewhere once any signs of deterioration in service standards became evident. This would clearly impact upon the current and future surpluses that the business might generate.
- 3.8 Current staffing levels do give rise to concerns not only for the lone worker issue that has been raised previously but in terms of the stress and pressure that the existing staffing levels have on our existing staff. There is virtually no cover available for sickness and leave and managers rely totally on the goodwill of existing staff members to ensure the service continues to be provided. This is a situation that cannot continue indefinitely.
- 3.9 Officers do not believe the option of doing nothing is viable and therefore should not be considered. It remains, therefore, to decide whether to continue to provide the business in house or to seek to externalise. To continue to provide this service in house will require a continued investment and commitment to the future of the business. Without such a commitment externalisation is the only option for, although the provision of sheltered housing and lifeline monitoring services are discretionary, Officers do not

consider that the services can be discontinued in their entirety without immediate and detrimental impact upon service users and indeed on the Council's commitment and corporate aims in relation to social well being. One must also not forget the government's social agenda which is focused upon providing support to elderly and vulnerable people in their own homes which these services support.

- 3.10 If the Central Control service is to continue and provide an in-house monitoring service for both our tenants and lifeline customers as well as external clients there must be investment in the future in both equipment and staffing levels. The cost of this investment compared to current Central Control costs over a period of 7 years is an estimated additional amount required of £1,377,760.
- 3.11 One very important aspect of any proposed change to the Central Control service is the need to maintain the current high levels of customer satisfaction and the need to ensure that customers are comfortable with the situation that the response service may be provided by another organisation which may not be based with the New Forest district. Clearly to overcome customers' fears it would be necessary to carefully specify the service required from any external monitoring service and by effective monitoring to ensure that the standard of service actually being given did match that required.
- 3.12 The Supporting People regime is one of the main funding streams for many vulnerable people who use the service and clearly the costs of this service are relevant. It is understood that one of the future criteria for agreeing that this type of service can be funded is that clients are linked to control centres that comply with the ASAP standards. If this proposal comes to fruition it would have a serious impact upon clients who were connected to a control centre that did not comply with these standards. It should also be noted that when the service is eventually inspected under the Supporting People regime it will be expected that the service will be comparable in cost to other service providers in this area of work (i.e. Best Value is being achieved). Currently NFDC customers are paying more per connection to Central Control than external customers and this anomaly should be resolved.
- 3.13 Should a decision to close Central Control be taken this would, in the longer term, free up the existing office accommodation for other purposes. The accommodation used by Central Control was previously used as a sheltered housing dwelling at Winfrid House and there is no doubt that this former use could be re-created at minimal cost. The HRA would then receive rental income from this unit. (Approximately £3000pa).
- 3.14 If a decision to close Central Control is taken there are two possible options for the future provision of the service. These are to totally externalise the service with another provider or to consider a partnership approach.
- 3.15 To externalise the service would involve a specification being developed that would describe the service required in detail and for that specification then to be tendered to a selected group of providers who met the criteria established by the Council. This process would ensure value for money and that the Council obtained the level of service and standards required.

3.16 A further possible approach is to investigate the opportunity for a partnership approach with another selected provider. This approach could assist another provider who may be in a similar position to us and would give both organisations the opportunity to create one viable business. Attempts to investigate this option previously have led nowhere as a result of individual organisations reluctance to relinquish control over their own operations. However, recent months have indicated that there may be a greater willingness of some organisations to begin serious discussions on the opportunities that partnership working might bring. Officers are to attend a meeting in late September for initial discussions with a local authority whose Central Control service is in a similar situation to our own. This may lead to an opportunity for partnership working to ensure the survival of both services albeit with only one monitoring centre.

4. FINANCIAL IMPLICATIONS

4.1 Appendix 3 details the various costs and income that are applicable to the main options for the provision of a central control monitoring service. Section 3 has already looked at a comparison of costs over 7 years. A comparison of the annual costs of the various options is provided in the table below:

Delivery Option	Annual Income	Annual Expenditure	Annual Surplus (+) Deficit (-)
Operate as now	£349,000	£332,440	+£16,630
Remain in house but invest in equipment and staffing	£349,000	£520,620	-£171,550
Externalise (LA provider)	£215,830	£154,860	+£60,970
Externalise (Private sector provider)	£215,830	£184,410	+£31,420

(1) This comparison is based on the costs in the second year of operation. This avoids any negative impact of one off costs, which have no long term impact

4.2 An issue that also needs to be faced is how any greater surplus from externalisation should be allocated between the General Fund (benefiting council tax payers) and the HRA (benefiting sheltered housing tenants and/or the HRA in general).

4.3 The current position with the HRA following the recent Options Appraisal is that as a result of the need to increase investment in the stock to meet the Decent Homes Standard (DHS) a shortfall between income and expenditure has been identified which will lead to reductions in some services if this position is to be avoided. Therefore the opportunity for increased investment in an in-house Central Control is severely restricted and impossible without equivalent reductions in the housing service elsewhere. Conversely, any additional surplus that can be created by an externalisation of Central Control would help meet the needs of the additional investment required to meet the DHS.

4.4 Any costs or savings arising from a partnership approach are, as yet, impossible to establish. The partnership arrangement would need to be established before costs could be established.

5. STAFFING IMPLICATIONS

- 5.1 The closure of Central Control would result in 7 staff not being required (6 FTE). It is probable that since this is the provision of a “service” that the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) would not apply although legal advice will be required to check this.
- 5.2 If TUPE did not apply then existing staff would be subject to redundancy. There are currently 6 FTE operators. Of these two are shortly due to retire and are to be replaced by staff on 12 month temporary contracts. Therefore, dependant upon the actual date of closure it would be possible to limit the need for redundancy to 4 FTE employees. The costs of these redundancies would fall upon the Council, and specifically to the HRA.
- 5.3 In addition to the staff mentioned above who provide the day to day service within Central Control there are number of other staff that would be affected to a lesser extent. These are:-
- Three staff who provide additional support and cover over evenings / weekends. It is currently unclear what the implications of closure might be for these staff in terms of TUPE or the redundancy costs that would fall to the Council.
 - The Central Control Services Officer. It is anticipated that there would still be a role for someone at this level to manage the externalised service and to provide the technical knowledge and expertise to support decisions on the technology and equipment used in the Council’s sheltered schemes.
 - Some costs attributable to central control fall upon the Sheltered Housing and Central Control Services Manager and on the administrative support provided to the sheltered housing service.

6. CRIME AND DISORDER IMPLICATIONS

- 6.1 There are no crime and disorder implications as a direct result of this report.

7. ENVIRONMENTAL IMPLICATIONS

- 7.1 There are no environmental implications as a direct result of this report.

8. CONCLUSION

- 8.1 The future of Central Control has been in the balance for a number of years and this situation is unsatisfactory. A decision on the future of this service needs to be taken now.

9. HOUSING PORTFOLIO HOLDER'S COMMENTS

- 9.1 NFDC's central control at Winfrid House provides a very professional service to those vulnerable members of our district and the out of hours service. The technology and the climate in which the Control service operates have changed considerably with many private operators providing a service at a cheaper unit cost. However I consider that the local connection is paramount and as we look at ways forward we have to remember the cost of new equipment and the cost of staffing levels. A considerable financial investment would be needed to keep the service in house. My initial view is that we have two main choices - to upgrade and seek to compete in the market; or to work in partnership with other Hampshire or nearby local authorities. I do not consider a remote outsourcing acceptable at this stage given the re-assurance that comes to service users with operator local knowledge. However we have to explore the possibilities for the service and that is the main thrust of this report.

10. RECOMMENDATIONS

It is recommended:-

- 10.1 That the Cabinet consider the future of Central Control and bear in mind the financial implications detailed in this report.
- 10.2 That Officers fully investigate the opportunities for a partnership approach to providing the services and report back to Cabinet the results of these investigations as soon as possible.

For Further Information Please Contact: Background Papers:

Dave Brown
Assistant Director (Housing Services)
Tel: 023 8028 5141
E-mail dave.brown@nfdc.gov.uk

Best Value Review 2002/2003
Report to Housing Health and Social
Inclusion Panel – June 2003

HOUSING, HEALTH AND SOCIAL EXCLUSION PANEL – 25 JUNE 2003

BEST VALUE REVIEW REPORT OF THE LIFELINES AND CENTRAL CONTROL SERVICE

1 INTRODUCTION

- 1.1 This report, produced by the self-assessment team, informs members about the service itself, the process used to undertake the review and the outcomes from the review.
- 1.2 The report draws on inputs from the self-assessment team, customers, stakeholders, members and the Best Value Board.

2 EXECUTIVE SUMMARY

2.1 COSTS & EFFICIENCY IMPROVEMENTS

- 2.1.1 The overall cost of the service is currently £369,250. Income generated is currently £429,720 giving rise to an overall surplus of £60,470 for the year ended March 2003.
- 2.1.2 Changes to service delivery have been identified that could give rise to a total saving of over £100,000 after 5 years for the service as a whole. However, this would require the externalisation of part of the service.
- 2.1.3 Whilst the review has clearly been affected by the financial impact of any proposed changes to service delivery the review team have been impressed by the high standards of quality currently achieved in terms of service delivery and the high esteem by which customers hold the service. The Team has, throughout the review, taken great care to stress that any proposed changes to service delivery should not affect the quality of the service. However, the Team also believe that any changes can, if properly managed, ensure that the impact upon the customer is minimised and that quality is maintained.
- 2.1.4 The estimated cost to date of undertaking the review is £25,000 (Officer time only).

2.2 THE REVIEW – KEY ACTIVITIES

- 2.2.1 The Self-Assessment Review Team comprised the following individuals:-

Dave Brown	Assistant Director (Housing Landlord Services)
Cllr Peter Greenfield	Portfolio Holder for Housing
Sue Reynolds	Sheltered Housing and Central Control Services Manager
Jane Wheeler	Community Alarms Officer
Bronwen Priestly	Community Alarms Installer
Steve Aplin	Central Control Services Officer
Glenda Chambers	Audit Representative
Georgina Lagdon	Secretary
Peter Hopkins	Central Control Operator
Steve Smith	External Representative (Cirrus Communications)
Dottie Dabrowska	Best Value Mentor
Jean Barras	Employee Side Representative

2.2.2 At the start of the review process the Best Value Review Team established three key objectives for the best value review. These were:-

- To assess whether the business is an appropriate one for the Council to be involved in.
- To assess whether the current means of operation is the most effective in terms of the cost and quality of the service.
- To establish if there are other ways that the services can be provided more efficiently and effectively.

The Housing, Health and Social Exclusion Review Panel suggested an additional objective. This was:-

- The effects on those existing customers of any possible externalisation of the service must be considered and taken into account as part of the Best Value Review process.

2.2.3 The review process undertaken by the Self Assessment Review Team hinged around subjecting the key objectives in Lifeline and Central Control Services to the criteria of the four C's as follows:-

CHALLENGE

2.2.4 Challenge is the key element of the review process; especially considering the overall primary objective of the best value process is for continuous improvement. The two areas of service under review, that of lifeline services and central control services are primarily the provision of services to the elderly and vulnerable. In this respect, the main challenge focused upon the different ways that the services could be provided yet at the same time maintaining the high levels of customer care and customer satisfaction.

2.2.5 As the two services, although linked, are in fact independent services the challenge aspect looked at the possibilities of each service being provided in a different way.

2.2.6 The Review Team consider that the challenge aspect was thoroughly undertaken and the conclusion was that the Council were not necessarily best placed to provide the Central Control service but were effective in providing a customer focused lifeline service.

CONSULT

2.2.7 Consultation was undertaken with customers of both the lifeline and central control services together with other stakeholders.

2.2.8 The results of the consultation exercises that were undertaken clearly showed that the vast majority of customers were completely satisfied with the services being provided.

COMPARE

- 2.2.9 Comparisons of service were undertaken using local and national performance indicators with other local authorities, Registered Social Landlords and the private sector. These service comparisons not only included service standards but also the costs of providing the services. The team were conscious that any comparisons had to include quality comparisons in order that true comparisons between providers could be assessed.
- 2.2.10 The comparisons undertaken indicated that the Council's lifeline service was competitive but whilst the central control service provided an excellent quality service there were doubts regarding the future viability of this service and therefore questions were raised regarding the justification for the Council remaining a provider in this area.

COMPETE

- 2.2.11 A Competitive market exists for the provision of these services and the cost comparisons undertaken enabled a judgement to be made as to whether the services could be more effectively and efficiently undertaken by entering into competitive arrangements.
- 2.2.12 There is no doubt that either or both services could be competitively tendered and the review team feel that most benefit could be obtained by tendering the central control service.

KEY REVIEW OUTCOMES

- 2.2.13 The review has identified a number of possible future options for the service, which are, summarised below:-

Lifelines:

Do nothing and maintain the status quo. Income to the General Fund would continue at the current level.

Take active steps to maximise the business. By linking to an external control centre (not NFDC's) savings could be achieved which would allow additional investment in staffing resources and additional equipment costs. Projections have been carried out which indicate that the level of surplus could rise to over £100,000pa by 2005/2006.

Central Control

Do nothing and maintain the status quo. Income to the HRA would remain at the current level. In the course of time we may lose some of our external customers to providers who meet the ASAP standard and are able to offer more modern technology and hence higher standards of service.

Take active steps to maximise the business. This would firstly be reliant on a change in legislation, which the Government are proposing (albeit with no definite timescale yet). Investment in staffing and technology would be required which in the short term would lead to the business going into deficit. Officers believe that with the ability to get new business this deficit could be turned into a surplus in 5/6 years.

Externalise the Service. This would initially lead to a loss of income to the HRA but this would be balanced against savings in staffing costs and accommodation, etc. No detailed analysis of this option has yet been carried out. It may be possible to investigate a partnership approach with another organisation as part of the externalisation process.

- 2.2.14 The work and investigations carried out as part of the review indicates that the most favourable option would be to retain and expand the lifeline service but externalise the central control service. A direction from members is essential in view of this suggested approach. The review team do not consider that any real improvements in service can be obtained other than improvements in efficiency as a result of this best value review.

HOUSING HEALTH AND SOCIAL INCLUSION PANEL – 25 JUNE 2005

The Panel at their meeting resolved the following after due consideration of the Best Value report:-

That the self-assessment team be advised that it is the Panel's view that both Lifelines and the Central Control service should be maintained within Council ownership and control for the foreseeable future, until the Council's ability to trade commercially is clarified.

Option	Cost Over 7 Years Surplus(-) / Deficit (+)	Costs Year 2 - 7 Surplus(-) / Deficit (+)	
1a Cost Of Central Control - Chichester	- 422,040	- 365,820	lowest cost proposal - external provision
1b Cost Of Central Control - Cirrus	- 215,190	- 188,520	highest cost proposal - external provision
2 Cost Of Central Control - NFDC (no invest)	- 116,410	- 99,780	

Scenario 1a - Closure Of Central Control And Purchase Monitoring Service From Another Provider (Gloucester).

	Original Budget 2005/06	Estimated Budget Year 1	Estimated Budget Year 2	Estimated Budget Year 3	Estimated Budget Year 4	Estimated Budget Year 5	Estimated Budget Year 6	Estimated Budget Year 7	Total 7 Year Period	Year 2-7 Comparison	
Employees											
E505	Training Course	1,400	-	-	-	-	-	-	-	-	
E766	Sundry Debtors	14,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	89,810	
E780	Accountancy	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	14,980	
E862	Wardens Administration	69,160	69,160	69,160	69,160	69,160	69,160	69,160	69,160	484,120	
E864	Wardens	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	37,800	
E866	Central Control	161,680	-	-	-	-	-	-	-	-	
Total Employee Costs		254,610	89,530	89,530	89,530	89,530	89,530	89,530	89,530	626,710	537,180
Premises											
P100	Electricity	1,840	-	-	-	-	-	-	-	-	
P105	Gas	320	-	-	-	-	-	-	-	-	
P132	Council Tax	-	-	-	-	-	-	-	-	-	
P210	Cleaning Domestic	160	-	-	-	-	-	-	-	-	
Total Premises Costs		2,320	-	-	-	-	-	-	-	-	
Supplies & Services											
S002	Equipment & Tools	6,590	-	-	-	-	-	-	-	-	
S040	Hired & Contracted	16,810	-	-	-	-	-	-	-	-	
	Upgrade Warden Call System	-	-	-	-	-	-	-	-	-	
	External Monitoring Contract	-	31,950	31,950	31,950	31,950	31,950	31,950	31,950	223,650	
	Cost of Re-programming	-	4,750	-	-	-	-	-	-	4,750	
S086	Marketing	2,620	-	-	-	-	-	-	-	-	
S055	BT Telephones	9,280	-	-	-	-	-	-	-	-	
S060	Computer Equipment Purchas	6,830	-	-	-	-	-	-	-	-	
Total Supplies & Services Costs		42,130	36,700	31,950	31,950	31,950	31,950	31,950	31,950	228,400	191,700
Support Costs											
A999	Corporate Costs	33,380	33,380	33,380	33,380	33,380	33,380	33,380	33,380	233,660	
Total Support Costs		33,380	33,380	33,380	33,380	33,380	33,380	33,380	33,380	233,660	200,280
Income											
R121	Service Charges Received	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 789,810	
R146	Out Of Hours	- 44,000	-	-	-	-	-	-	-	-	
R148	Life Line Service Charges	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 721,000	
R149	Corporate Business	- 89,240	-	-	-	-	-	-	-	-	
Total Income		- 349,070	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 1,510,810	- 1,294,980
Total Expenditure		332,440	159,610	154,860	154,860	154,860	154,860	154,860	154,860	1,088,770	929,160
Total Income		- 349,070	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 1,510,810	- 1,294,980
Net Expenditure		- 16,630	- 56,220	- 60,970	- 60,970	- 60,970	- 60,970	- 60,970	- 60,970	- 422,040	- 365,820

Net Cost Over 7 Years - 422,040

Notes:

Scenario allows for zero growth on the Life Line Service and zero inflation. The figures are based on 2005/06 charges.

The Sundry Debtor charge would be reduced by a maximum of £3k but more likely £2k by externalising Central Control (advised by Derek Wright).

Scenario assumes that the Life Line income continues to be split between the closed Central Control (HB300) and the Life Line Service (GG000).

Scenario does not allow for the costs and income of converting the Control Room to a flat.

Does not allow for the estimated £138k of upgrading the warden call system.

Scenario 10 - Closure of Central Control and Purchase Monitoring Service from Another Provider (CITUS).

	Original Budget 2005/06	Estimated Budget Year 1	Estimated Budget Year 2	Estimated Budget Year 3	Estimated Budget Year 4	Estimated Budget Year 5	Estimated Budget Year 6	Estimated Budget Year 7	Total 7 Year Period	Year 2-7 Comparison
Employees										
E505 Training Course	1,400	-	-	-	-	-	-	-	-	-
E766 Sundry Debtors	14,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	89,810	76,980
E780 Accountancy	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	14,980	12,840
E862 Wardens Administration	69,160	69,160	69,160	69,160	69,160	69,160	69,160	69,160	484,120	414,960
E864 Wardens	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	37,800	32,400
E866 Central Control	161,680	-	-	-	-	-	-	-	-	-
Total Employee Costs	254,610	89,530	89,530	89,530	89,530	89,530	89,530	89,530	626,710	537,180
Premises										
P100 Electricity	1,840	-	-	-	-	-	-	-	-	-
P105 Gas	320	-	-	-	-	-	-	-	-	-
P132 Council Tax	-	-	-	-	-	-	-	-	-	-
P210 Cleaning Domestic	160	-	-	-	-	-	-	-	-	-
Total Premises Costs	2,320	-	-	-	-	-	-	-	-	-
Supplies & Services										
S002 Equipment & Tools	6,590	-	-	-	-	-	-	-	-	-
S040 Hired & Contracted	16,810	-	-	-	-	-	-	-	-	-
Upgrade Warden Call System	-	-	-	-	-	-	-	-	-	-
External Monitoring Contract	-	61,500	61,500	61,500	61,500	61,500	61,500	61,500	430,500	369,000
Cost of Re-programming	-	4,750	-	-	-	-	-	-	4,750	-
S086 Marketing	2,620	-	-	-	-	-	-	-	-	-
S055 BT Telephones	9,280	-	-	-	-	-	-	-	-	-
S060 Computer Equipment Purchase	6,830	-	-	-	-	-	-	-	-	-
Total Supplies & Services Costs	42,130	66,250	61,500	61,500	61,500	61,500	61,500	61,500	435,250	369,000
Support Costs										
A999 Corporate Costs	33,380	33,380	33,380	33,380	33,380	33,380	33,380	33,380	233,660	200,280
Total Support Costs	33,380	33,380	33,380	33,380	33,380	33,380	33,380	33,380	233,660	200,280
Income										
R121 Service Charges Received	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 789,810	- 676,980
R146 Out Of Hours	- 44,000	-	-	-	-	-	-	-	-	-
R148 Life Line Service Charges	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 721,000	- 618,000
R149 Corporate Business	- 89,240	-	-	-	-	-	-	-	-	-
Total Income	- 349,070	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 1,510,810	- 1,294,980
Total Expenditure	332,440	189,160	184,410	184,410	184,410	184,410	184,410	184,410	1,295,620	1,106,460
Total Income	- 349,070	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 215,830	- 1,510,810	- 1,294,980
Net Expenditure	- 16,630	- 26,670	- 31,420	- 31,420	- 31,420	- 31,420	- 31,420	- 31,420	- 215,190	- 188,520

Net Cost Over 7 Years - 215,190

Notes:

Scenario allows for zero growth on the Life Line Service and zero inflation. The figures are based on 2005/06 charges.

The Sundry Debtor charge would be reduced by a maximum of £3k but more likely £2k by externalising Central Control (advised by Derek Wright).

Scenario assumes that the Life Line income continues to be split between the closed Central Control (HB300) and the Life Line Service (GG000).

Scenario does not allow for the costs and income of converting the Control Room to a flat.

Does not allow for the estimated £138k of upgrading the warden call system.

Scenario 2 - Central Control - No Investment Option

	Original Budget 2005/06	Estimated Budget Year 1	Estimated Budget Year 2	Estimated Budget Year 3	Estimated Budget Year 4	Estimated Budget Year 5	Estimated Budget Year 6	Estimated Budget Year 7	Total 7 Year Period	Year 2-7 Comparison
Employees										
E505 Training Course	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	9,800	8,400
E766 Sundry Debtors	14,830	14,830	14,830	14,830	14,830	14,830	14,830	14,830	103,810	88,980
E780 Accountancy	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	14,980	12,840
E862 Wardens Administration	69,160	69,160	69,160	69,160	69,160	69,160	69,160	69,160	484,120	414,960
E864 Wardens	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	37,800	32,400
E866 Central Control	161,680	161,680	161,680	161,680	161,680	161,680	161,680	161,680	1,131,760	970,080
Total Employee Costs	254,610	254,610	254,610	254,610	254,610	254,610	254,610	254,610	1,782,270	1,527,660
Premises										
P100 Electricity	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	12,880	11,040
P105 Gas	320	320	320	320	320	320	320	320	2,240	1,920
P132 Council Tax	-	-	-	-	-	-	-	-	-	-
P210 Cleaning Domestic	160	160	160	160	160	160	160	160	1,120	960
Total Premises Costs	2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	16,240	13,920
Supplies & Services										
S002 Equipment & Tools	6,590	6,590	6,590	6,590	6,590	6,590	6,590	6,590	46,130	39,540
S040 Hired & Contracted	16,810	16,810	16,810	16,810	16,810	16,810	16,810	16,810	117,670	100,860
S086 Marketing	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	18,340	15,720
S055 BT Telephones	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	64,960	55,680
S060 Computer Equipment Purchase	6,830	6,830	6,830	6,830	6,830	6,830	6,830	6,830	47,810	40,980
Total Supplies & Services Costs	42,130	42,130	42,130	42,130	42,130	42,130	42,130	42,130	294,910	252,780
Support Costs										
A999 Corporate Costs	33,380	33,380	33,380	33,380	33,380	33,380	33,380	33,380	233,660	200,280
Total Support Costs	33,380	33,380	33,380	33,380	33,380	33,380	33,380	33,380	233,660	200,280
Income										
R121 Service Charges Received	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 789,810	- 676,980
R146 Out Of Hours	- 44,000	- 44,000	- 44,000	- 44,000	- 44,000	- 44,000	- 44,000	- 44,000	- 308,000	- 264,000
R148 Life Line Service Charges	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 721,000	- 618,000
R149 Corporate Business	- 89,240	- 89,240	- 89,240	- 89,240	- 89,240	- 89,240	- 89,240	- 89,240	- 624,680	- 535,440
Total Income	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 2,443,490	- 2,094,420
Total Expenditure	332,440	332,440	332,440	332,440	332,440	332,440	332,440	332,440	2,327,080	1,994,640
Total Income	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 2,443,490	- 2,094,420
Net Expenditure	- 16,630	- 16,630	- 16,630	- 16,630	- 16,630	- 16,630	- 16,630	- 16,630	- 116,410	- 99,780

Net Cost Over 7 Years - 116,410

Notes:

Scenario allows for zero growth on the Life Line Service and zero inflation. The figures are based on 2005/06 charges.

All other costs remain static for the 7 years.

Assumes no need to upgrade Warden Call System.

Scenario 3 - Central Control - Investment Option (ASAP Standards)

	Original Budget 2005/06	Estimated Budget Year 1	Estimated Budget Year 2	Estimated Budget Year 3	Estimated Budget Year 4	Estimated Budget Year 5	Estimated Budget Year 6	Estimated Budget Year 7	Total 7 Year Period	Year 2-7 Comparison	
Employees											
E505	Training Course	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	9,800	8,400
E766	Sundry Debtors	14,830	14,830	14,830	14,830	14,830	14,830	14,830	14,830	103,810	88,980
E780	Accountancy	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	14,980	12,840
E862	Wardens Administration	69,160	69,160	69,160	69,160	69,160	69,160	69,160	69,160	484,120	414,960
E864	Wardens	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	37,800	32,400
E866	Central Control Double Manning	161,680	323,360	323,360	323,360	323,360	323,360	323,360	323,360	2,263,520	1,940,160
Total Employee Costs		254,610	416,290	416,290	416,290	416,290	416,290	416,290	416,290	2,914,030	2,497,740
Premises											
P100	Electricity	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	12,880	11,040
P105	Gas	320	320	320	320	320	320	320	320	2,240	1,920
P132	Council Tax	-	-	-	-	-	-	-	-	-	-
P210	Cleaning Domestic	160	160	160	160	160	160	160	160	1,120	960
Total Premises Costs		2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	16,240	13,920
Supplies & Services											
S002	Equipment & Tools	6,590	6,590	6,590	6,590	6,590	6,590	6,590	6,590	46,130	39,540
S040	Hired & Contracted	16,810	16,810	16,810	16,810	16,810	16,810	16,810	16,810	117,670	100,860
	Purchase & Servicing PNC4	-	75,000	25,000	25,000	25,000	25,000	25,000	25,000	225,000	150,000
	Purchase & Servicing Voice R'dr	-	12,000	1,500	1,500	1,500	1,500	1,500	1,500	21,000	9,000
S086	Marketing	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	18,340	15,720
S055	BT Telephones	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	64,960	55,680
S060	Computer Equipment Purchase	6,830	6,830	6,830	6,830	6,830	6,830	6,830	6,830	47,810	40,980
Total Supplies & Services Costs		42,130	129,130	68,630	68,630	68,630	68,630	68,630	68,630	540,910	411,780
Support Costs											
A999	Corporate Costs	33,380	33,380	33,380	33,380	33,380	33,380	33,380	33,380	233,660	200,280
Total Support Costs		33,380	33,380	33,380	33,380	33,380	33,380	33,380	33,380	233,660	200,280
Income											
R121	Service Charges Received	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 112,830	- 789,810	- 676,980
R146	Out Of Hours	- 44,000	- 44,000	- 44,000	- 44,000	- 44,000	- 44,000	- 44,000	- 44,000	- 308,000	- 264,000
R148	Life Line Service Charges	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 103,000	- 721,000	- 618,000
R149	Corporate Business	- 89,240	- 89,240	- 89,240	- 89,240	- 89,240	- 89,240	- 89,240	- 89,240	- 624,680	- 535,440
Total Income		- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 2,443,490	- 2,094,420
Total Expenditure		332,440	581,120	520,620	520,620	520,620	520,620	520,620	520,620	3,704,840	3,123,720
Total Income		- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 349,070	- 2,443,490	- 2,094,420
Net Expenditure		- 16,630	232,050	171,550	171,550	171,550	171,550	171,550	171,550	1,261,350	1,029,300

Net Cost Over 7 Years **1,261,350**

Notes:

Scenario allows for zero growth on the Life Line Service and zero inflation. The figures are based on 2005/06 charges.

Allows for the purchase of a new Voice Recorder and PNC4 and the servicing of this equipment.

Allows for double manning of the Central Control room in order to meet ASAP Standards.

Does not allow for any additional income generated by meeting ASAP Standards.

Assumes no need to upgrade Warden Call System.