

Cost of Living Crisis

Linc

Creating the right environment for people to flourish

Overview:

What we know?

- Major Increase in Energy Costs across UK whole population
- UK Government announced measures to mitigate costs.
- Disproportionate impact on certain Linc Services, Specifically:
 - ECH
 - Nursing Homes
 - Abbeyfield Houses
 - Sheltered Housing
 - Larger sites with heated communal space
 - Those who are part of a “heat network”
 - Impact on tenants – more falling into poverty regardless of housing setting

Impact on Service Costs - Energy:

What we know?

- Major Increase in Energy Costs across Nursing, ECH, Sheltered, Abbeyfield and larger General needs block with communal power;
- For Linc this meant increase in Electricity circa 400% and gas circa 600%
 - Nursing costs increase of between £50-75pw
 - ECH cost increase between £30pw and £60pw
 - Sheltered Housing between £20-£50pw
- Significant hole in organisation budget 22/23 and knock on into 23/24 - impact on other programmes and what we do as an organisation
- Variation of service charges in January 23

What are we doing to mitigate these increase in costs?

Staffing Costs:

- Management Structure – What scope for rationalisation?
- Catering Services – Staffing Costs and Energy Use – How fundamental to ECH and Abbeyfield Models? Impact and Consequences of any reduction/removal (Retained)
- Fill the vacancies – but affordability is now an issue?

Is there any Savings in “Services”?:

What “Services”?:

- Utilities: What can we do to reduce consumption? And/or better manage the control of utilities in our services e.g. make better use of BMS where available
- Service Contracts – e.g. fire alarm, lifts, emergency lighting etc – are we (or do we) only service at statutory or regulatory minimum intervals?
- “Facility” Contracts – e.g. window cleaning, gardening etc – reduce frequency? How much might this save and contractors just charge more for fewer visits?

Service Savings:

Material savings in “services” will be limited but Tenants will need wrap around support, work ongoing on this including:

- Comms – Detailed advice and where to find help and funding support being launched by Comms Team
- Front Line staff training being implemented for Service Managers and Co-ordinators to maximise benefits uptake
- Tenant Engagement; to improve awareness of impact of energy costs and educate around what the price cap really means
- Redirection of Resources; Reviewing roles to develop greater specialisms within teams to deliver advice and maximise income for tenants

Assets:

Making best use of our assets:

- Target advice on maximising BMS systems and training staff how to use them
- Targeted component replacement programmes to those things that might reduce consumption e.g PIR Lighting systems
- Investment (New equipment etc) Targeted at PV's, Battery storage or feed in and developing a strategy for educating staff/partners on key times to do certain tasks e.g. laundry when PV's are generating electricity during daylight hours
- Other technologies for energy generation or improving energy efficiency

Cost recovery – Housing Benefit versus self payers

If SC Review implemented how much might we recover?

Review of HB entitlement across 23 most expensive sites show tenant entitlement to HB ranges from 30%-83%

Will HB Pay? January 23 increases in service charges – mostly confirmed but taken some considerably time/debate – increase in arrears by 2% points in meantime and increase in numbers of tenants in debt generally

- Self funders will need to fund total cost of increase

Future Perspective:

Retendering of energy contracts commences July – hope to see reduction in cost but not to 2022 levels

Variation of service charges planned for 23/24 if costs reduced (to reduce service charge utility costs)

Top slice of increased admin costs into Hardship Fund

Issues with Heat networks remain – partly organisational issue and partly complexity of regulation and admin around heat networks

Resources have remained focussed on income maximisation and debt management