

NORTH LANARKSHIRE COUNCIL

REPORT

AGENDA ITEM No. 4

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE	Subject: REVIEW OF LAUNDRY CHARGES WITHIN TOWER BLOCKS
From: HEAD OF HOUSING AND SOCIAL WORK RESOURCES	
Date: 21 OCTOBER 2009	Ref: RP/UC/AN

1. Purpose of Report

The purpose of this report is to look at options for increasing the current charges for laundry facilities within tower blocks.

2. Background Information

- 2.1. There are currently 36 tower blocks in North Lanarkshire with shared laundry facilities.
- 2.2. Current charges are £0.60 per wash and £0.30 per dry, which is substantially below the current market rate of at least £5.00 for complete wash and dry cycles.
- 2.3. The Housing Revenue Account currently subsidises the laundry service within tower blocks by £180,000. This has resulted from the limitations associated with increasing charges on coin operated machines.
- 2.4. However, a replacement programme will be completed this financial year which will replace coin operated machines with machines incorporating new smart card payment technology. This will provide an opportunity to increase charges and address the current shortfall in funding.

3. Proposals / Considerations

- 3.1 Whilst removal of this facility would save the council £180,000 due to the impact on current users, closure would not be a viable option.
- 3.2 To fully recover the cost of the service, based on current usage and costs, charges would increase to £1.12 for a wash and £1.12 for a dry, which would be a substantial increase in charges which could have a detrimental impact on usage. To lessen the impact a graduated approach is preferred.
- 3.3 The proposal is set out in the table below which is that a 15p (wash) and 25p (dry) increase be applied for three years would move towards a break even position in a four year period of time. In year 4 a 15p increase to both washing and drying cycles of approximately 14% would then allow for all costs to be recovered, assuming that these increase by an inflation rate of 2.5% and usage levels remain the same.

Year	Proposed Increase Wash		New Charge Proposed		Costs Inflated by 2.5%	Income	Estimated Loss / (Profit)	Potential Savings
	Wash	Dry	Wash	Dry				
Year 1	£0.15	£0.25	£0.75	£0.55	£288,000	£164,000	£124,000	£56,000
Year 2	£0.15	£0.25	£0.90	£0.80	£295,000	£218,000	£77,000	£102,000
Year 3	£0.15	£0.25	£1.05	£1.05	£303,000	£272,000	£31,000	£149,000
Year 4	£0.15	£0.15	£1.20	£1.20	£310,000	£310,000	Break-even	£180,000

4. Recommendations

It is recommended that Committee:

- i) approve a graduated approach to the increase of laundry charges as shown at section 3.3;
- ii) approve a 15p increase for washes and 25p for a drying cycle to the charges which will be effective from when the necessary arrangements are put in place and will increased annually thereafter;
- iii) remit this report to the Policy and Resources Committee for consideration.



Ronnie Paul
Head of Housing and Social Work Resources
30 September 2009

Enc.

For further information on this report, please contact Aileen Nakhaei, Housing and Social Work Services Service Manager Finance on telephone 01698 332788.