



## Cabinet Report

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**Date: 17 January 2024**

**To: Cabinet**

**Report Title: Furnished Tenancy Scheme**

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision?</b>
<b>Cllr Glyn Jones</b>	<b>ALL</b>	<b>Yes</b>

### **EXECUTIVE SUMMARY**

1. Furniture poverty is a nationwide issue and plays a key role in the sustainability of a tenancy. In January 2020, the national 'Living Without' campaign reported that over 48% of under-30s are still moving into properties without *at least one* essential item of furniture. Providing furnished tenancies can help people live more comfortably, alleviate financial pressures and reduce problematic debt or high-cost lending, enabling tenants to feel more settled and invested in their homes, leading to longer, more successful tenancies. With cost-of-living pressures not expected to rebalance soon, this is particularly relevant.

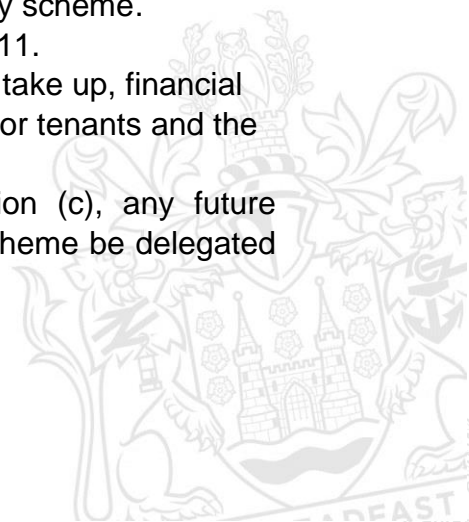
This report proposes a Furnished Tenancy scheme for City of Doncaster Council tenants to be managed by St Leger Homes of Doncaster (SLHD). The proposal has been based on a scheme with Your Homes Newcastle (YHN), although other providers will be considered in the future.

### **EXEMPT REPORT**

2. This report is not exempt.

### **RECOMMENDATIONS**

3. Cabinet are asked to;
  - a. Approve the proposal to introduce a furnished tenancy scheme.
  - b. Approve the service charges as set out in paragraph 11.
  - c. To evaluate the Scheme after 12 months to establish take up, financial viability, opportunities for expansion to a wider group or tenants and the delivery model/providers.
  - d. Following the evaluation set out in recommendation (c), any future decision to widen the proposed furnished tenancy scheme be delegated



to the Assistant Director of Strategic Housing and Sustainability in consultation with the Cabinet Member for Housing and Business.

#### **4. WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

Those tenants taking up new tenancies with SLHD from the Council's Platinum band (the highest priority banding for rehousing) will be able to take up a furniture package as part of their Tenancy Agreement if their circumstances meet the required eligibility and affordability criteria. This will help new tenants feel more settled and invested in their home and community.

Currently some tenants who have limited access to affordable credit, furnish their new homes using high-cost or in some cases, illegal lending options. This often adds to their financial pressures and unmanageable debts, resulting in failed tenancies and homelessness. For others, they are never able to furnish their home even to a basic standard.

Tenants who have access to furnished tenancy schemes are less likely to need to access other funds such as Doncaster's Local Assistance Scheme or other crisis payments, enabling these funds to have a greater reach.

#### **BACKGROUND**

5. Many social housing providers already offer furnished tenancies to their tenants and SLHD are keen to explore this as an option for new tenants. Many new tenants especially those in Platinum Banding, start a tenancy with very little or no furniture or white goods. Many rely on grants or charities and second-hand items which may not be in good or even safe working order, while others may be tempted into high interest loans or turn to illegal and unregulated money lending.
6. Charitable grants and other financial support such as Local Assistance Schemes (LAS) are under pressure due to financial constraints and increasing demand. A furnished tenancies scheme would help to alleviate this, allowing the LAS and other grants to help other financially vulnerable tenants.
  - 6.1 A Furnished Tenancy scheme would provide furniture and white goods to tenants in return for a weekly rental charge, known as a service charge. This service charge forms part of the tenants weekly rent and, subject to strict criteria, is eligible under Housing Benefit and Universal Credit. Under the proposed scheme, new tenants would be able to rent essential items from the start of their tenancy, enabling them to furnish their homes to a basic standard. Tenants will never own the items - a key stipulation of benefit regulations as well as the right to occupy a tenancy being dependent upon the charge being paid i.e. it must form part of the tenancy agreement. The scheme will offer maintenance and a 5-year replacement programme on all items. The tenant can exit the scheme and return the items at any time. If the tenant leaves the property, the furniture can be returned or the tenant can take the furniture with them provided they are moving to another SLHD tenancy.

- 6.2 Housing Benefit and DWP departments have been consulted regarding the proposed scheme and have confirmed that it adheres to the regulations and that the estimated charges are reasonable.

There are 7 Furniture packages available which provides a basic level of white goods and essential items. Details of the packs and service charges can be found in section 11 and at Appendix A.

- 6.3 As part of the research into furnished tenancies, SLHD carried out consultation with existing tenants as well as a group of potential tenants and received 181 responses. The results showed that 139 people (76%) would take or consider taking a furnished tenancy if one was offered. When surveyed on the items they most needed, the main demand was for white goods and larger furniture items, such as beds, sofas, wardrobes.

Research and consultation with tenants also considered who should be offered the scheme. In Doncaster, evidence shows that tenants in Platinum band are the cohort most financially challenged and routinely require additional help and support as well as being the group most at risk of failing in their tenancies, with a large proportion coming from homelessness or temporary accommodation. When SLHD carried out consultation, they were also the group most interested in a furnished tenancy.

- 6.4 The proposed scheme will be offered initially to new tenants from the Platinum band with some flexibility for exceptional circumstances such as those fleeing domestic abuse or affected by fire or flooding. The scheme would be evaluated after 12 months with a view to extending the scheme to a wider group of new and existing tenants.

Assessments would be essential for all tenants requesting a furnished tenancy. Checks would be completed to ensure suitability and affordability and to ensure tenants understand their commitment and how the scheme works. Tenants with higher disposable income may have other more suitable options that can be supported, such as purchasing items through a Credit Union loan or using a new partnership between St Leger Homes, Community First Credit Union and AO for the discounted purchasing of white goods.

Any assessment would incorporate an exit plan for tenants to work towards reducing or ending their furnished tenancy package i.e. if they started work, if their benefits reduced or to eventually own their own furniture and white goods. A furnished tenancy scheme should not discourage tenants from finding work or cause them financial hardship and so costs need to be kept to a minimum.

## **7. OPTIONS AND POSSIBLE PROVIDERS**

Following research and consultation, three options were considered, with Option 3 being the recommended option.

- 7.1 Option 1** – No Furnished tenancy provision is made. This would mean that the current difficulties for tenants would continue and there would be the same pressures on budgets, charities and grants, including the Local Assistance Scheme.

**7.2 Option 2** - SLHD to set up their own independent scheme and purchase items to lease to tenants. The benefits of this option would be that SLHD had control over cost and quality of items, with any savings passed on to the tenant through the service charge.

However, this option also has some considerable risks; it requires a significant up-front financial outlay to purchase the furniture items for the scheme and could take 3-5 years to recover the costs, or longer depending on take-up and economic factors. This option also requires significant staff and logistical resources as SLHD would be responsible for the entire process from purchasing items, arranging delivery and installation, maintenance and repairs, along with assessing tenants for the scheme and supporting them to set up their tenancy. If demand or take-up of the scheme was lower than anticipated, then the income from the scheme would not cover staff and set up costs. There is a risk of financial loss through this option.

**7.3 Option 3 (recommended option)** - The third option is for SLHD to use an established third-party company to lease the items to the tenant and provide delivery, installation, maintenance and replacement. The agreement would be between SLHD and the company and would form part of the Tenancy Agreement (as Benefit regulations stipulate) but neither SLHD nor the tenant would ever own the items.

SLHD would be required to place an order based on the customer choices and the provider would arrange to deliver and install the items. SLHD would ensure the tenant's payments are set up and/or benefits in place – for UC claimants a Managed Payment direct to the landlord would be made. Staff resource consisting of a 0.5 FTE officer would be required to coordinate and administrate the scheme.

Rent for the furnished items would be collected in the same way that rent payments are collected. SLHD would pay a monthly invoiced payment to the furniture provider. A Service Level Agreement would be in place to ensure high levels of service to tenants as well as timescales around delivery to minimise any impacts on void relet times. This option does not require up-front set up costs and is entirely demand led.

## **RECOMMENDED OPTION**

**8.** Option 3 is the recommended option. This preferred option means that SLHD can set up a furnished tenancy scheme quickly and which complies with benefits regulations without heavy upfront investment. The model requires recruitment for a part-time post initially, which will be reviewed on an ongoing basis as demand increases. This option involves minimal impact on existing resources and performance.

Option 3 will deliver a better customer experience for tenants as the supplier is a well-established company, resulting in fast deliveries and reducing the requirement to use multiple suppliers for different items.

9. Research was conducted into other potential providers, but only a handful of companies offer the choice, scale and responsiveness in terms of delivery, maintenance and replacement that we require in order to ensure Doncaster tenants get a first-rate service and there are no adverse impacts on void relet times etc.

Discussions have taken place with Furniture Resource Centre (FRC), Your Homes Newcastle (YHN), Refurnish Doncaster and Rotherham Metropolitan Borough Council (RMBC).

FRC were less cost effective and did not provide an operating model to fit. Refurnish Doncaster have advised that they may be interested in being involved in such a scheme in the future, but not at the current time.

Rotherham Council were also consulted as they operate a scheme for their tenants, although they do not currently provide to any third parties. St Leger Homes have made a number of approaches over the last year and whilst they have expressed an interest in the concept, they have not been in a position to provide details of costs and service provision, nor are they able to indicate any timescale on when they will be.

Your Homes Newcastle (YHN) provide services to deliver the proposed model. They are well-established at providing services to third parties and are used widely across the country by many other social housing providers, including Northumberland County Council, Berneslai Homes, Gentoo Housing Association (Sunderland Council), Gateshead Council, Darlington BC, Middlesbrough MBC, and Lancaster Council. When consulted, a number of these provided SLHD with very positive feedback.

10. The proposals contained in this report are based on a partnership with YHN delivering the scheme as they are in a position to proceed, costings are reasonable and have been approved by the Department for Work and Pensions.

11. The proposed charges will be;






	Weekly Cost YHN £	Weekly SLHD Admin Charge £	Total Weekly Charge £
Pack A (up to 64 points)	13.44	2.06	15.50
Pack B (between 60 and 94 points)	19.74	2.06	21.80
Pack C (between 95 and 105 points)	22.05	2.06	24.11
Pack D (between 106 and 116 points)	24.36	2.06	26.42
Pack E (between 117 and 127 points)	26.67	2.06	28.73
Pack F (between 128 and 164 points)	34.44	2.06	36.50
Pack G (between 165 and 214 points)	44.94	2.06	47.00




Further details of what is included in each pack are shown in Appendix A.

12. The first element of the charge is the amount that will be paid to YHN by SLHD. The weekly administration charge is based on the estimated staff time to manage this scheme.

**IMPACT ON THE COUNCIL'S KEY OUTCOMES**

13.

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 <b>Tackling Climate Change</b>		✓		
<p>Comments: Your Homes Newcastle have a 100% Reduce, Recycle and Reuse model, with the aim to have as little impact on the environment as possible. There is an environmental impact in terms of carbon footprint due to items being delivered from Newcastle weekly but can be reduced by pairing our delivery days with those of Berneslai Homes.</p>				
 <b>Developing the skills to thrive in life and in work</b>	✓			
<p>Comments: Furnished Tenancies will mean vulnerable tenants are well set up in their tenancies, reducing the risk of them falling into debt and their tenancies failing. Tenants will be more settled and better able to engage with training, employment, support services and their communities.</p>				
 <b>Making Doncaster the best place to do business and create good jobs</b>				✓
<p>Comments:</p>				
 <b>Building opportunities for healthier, happier and longer lives for all</b>	✓			
<p>Comments: Furnished tenancies will provide vulnerable tenants and their families with a more sustainable tenancy and avoid problematic debt, which in turn will have an impact on the physical and mental health of the vulnerable people of Doncaster and their wider communities.</p>				
 <b>Creating safer, stronger, greener and cleaner</b>	✓			

<b>communities where everyone belongs</b>				
Comments: Tenants are more likely to remain in their home and become more involved in their communities. New items are all delivered in one delivery so lower carbon emissions from multiple deliveries.				
 <b>Nurturing a child and family-friendly borough</b>	✓			
Comments: Vulnerable families would be able to access all basic items required to set up a home, ensuring children have a good start in a healthier and more comfortable environment.				
 <b>Building Transport and digital connections fit for the future</b>				✓
Comments:				
 <b>Promoting the borough and its cultural, sporting, and heritage opportunities</b>				✓
Comments:				
<b>Fair &amp; Inclusive</b>	✓			
Comments: Furnished tenancies are open to those who need one and who are eligible. New tenants will be able to apply but furnished tenancies are not always the best option for tenants and alternative arrangements would be considered, where appropriate.				

#### 14. Legal Implications [Officer Initials: NC/ND 22/11/23]

Section 10 of the Housing Act 1985 permits local authorities to provide furniture for any social housing let by them. On the introduction of a furnished tenancy scheme, any new tenancies granted subject to the scheme would need to be created by a tenancy agreement that includes clear reference to specific terms and conditions that relate to the charges and use of the furniture. Legal Services have drafted a suitable addendum to the standard tenancy agreement to cover these issues.

The supplier of the furniture must be procured in accordance with St Leger Homes' contract standing orders.

#### **15. Financial Implications [Officer Initials: PM/JCr 22.11.23 ]**

Whilst predicted demand for the scheme is not certain, estimates based on tenant consultation, numbers of platinum band allocations and consultation with other similar size organisations have been made, up to 150 tenancies could be taken on in the 12 months and similar numbers in subsequent years.

The direct costs for the furniture will be passported in total to YHN and will be entirely dependent on the mix and number of furnished tenancies.

Based on 150 properties per year the admin charge generated will be £16k per year (based on £2.04 per week for 52 weeks for 150 properties) and will be paid to SLHD to cover the costs of 0.5FTE post.

Both elements of these charges are eligible for Housing Benefit (HB) or Universal Credit under the different legislation, for HB claimants these payments would be made directly to the tenants' rent account and for tenants on UC it is the intention that these tenants will be on managed payments direct to the landlord (CDC).

Both elements of the charge will be reviewed annually as part of the budget setting process, to be eligible for benefits the charges cannot exceed the costs.

#### **16. Human Resources Implications [Officer Initials: AA 22.11.23]**

There are no direct HR Implications in relation to the report.

#### **17. Technology Implications [Officer Initials: PW 22/11/23]**

There are no anticipated technology implications in relation to this report.

#### **18. RISKS AND ASSUMPTIONS**

There are potential risks around arrears and impact on void relet times, although these are felt to be mitigated by the proposed scheme arrangements.

With regards to arrears, a service charge will mean increased rent for anyone on a furnished tenancy scheme and therefore a risk that they could fall into additional arrears if their charge is not met by benefits.

The suggested scheme would endeavour to offset this risk by implementing a robust assessment of tenant circumstances and affordability before a furnished tenancy is offered as well as regular monitoring of any arrears and recovery of items if arrears persist.



Tenants in receipt of benefits, who are likely to be the majority or all of the tenants taking up the scheme, would be assisted to update their claim to ensure that the service charge is covered from the outset, and this would be followed by continued tenancy support to ensure a furnished tenancy continues to meet the needs of tenants.

With regards to impact on void relet times, tenants currently sign their Tenancy Agreement and move in with little or no personal effects. Under the proposed scheme, deliveries to Doncaster would take place at least weekly and so would not delay tenants signing their tenancy agreement and being able to move in.

There is a financial risk to SLHD regarding the number of furnished tenancies that are taken up. If the amount of tenancies in the scheme were lower than expected, then the amount collected in the administration element of the service charge may not fully cover the staffing cost for the scheme.

There is a perception that rented goods may be sold on or damaged but a recent report by Furniture Resource Centre (FRC) Group showed that this happened in only 3% of furnished tenancies. YHN insure all of their goods and repair and replacement costs are included in their charges. In the unlikely event the goods were stolen a crime reference number would be required for YHN, but no recharges would be imposed on SLHD or tenants.

The national campaign group 'End Furniture Poverty' are in the process of lobbying the government to implement a standardised framework for furnished tenancies. This is still in the early stages but may result in changes to furnished tenancy schemes in the future.

## **19. CONSULTATION**

Research was carried out with 10 councils and housing organisations who provide a furnished tenancies scheme or offer furniture to tenants through other schemes. In addition, consultation also took place with SLHD tenants and potential tenants on the housing register. These were selected around groups of interest, such as those housed with SLHD in the last 6 months and those living in temporary accommodation, both of which would be the likely target groups for furnished tenancies. Details of this is set out in section 6.3.

Tenants were also involved in site visits to potential providers. The scheme proposals have also been presented to the Tenants and Residents Independent Panel and the St Leger Homes One Voice Forum, where it was received positively.

## **BACKGROUND PAPERS**

- 20. End Furniture Poverty: The Extent of Furniture Poverty in the UK.**

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

- 21. SLHD – St Leger Homes**

YHN – Your Homes Newcastle  
HB – Housing Benefit  
UC – Universal Credit  
FRC – Furniture Resource Centre  
LAS – Local Assistance Scheme

## **APPENDIX**

### **22. A – Furniture Packs and Service Charges**

#### **REPORT AUTHOR & CONTRIBUTORS**

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