

**END**  
**FURNITURE**  
**POVERTY**

**X**

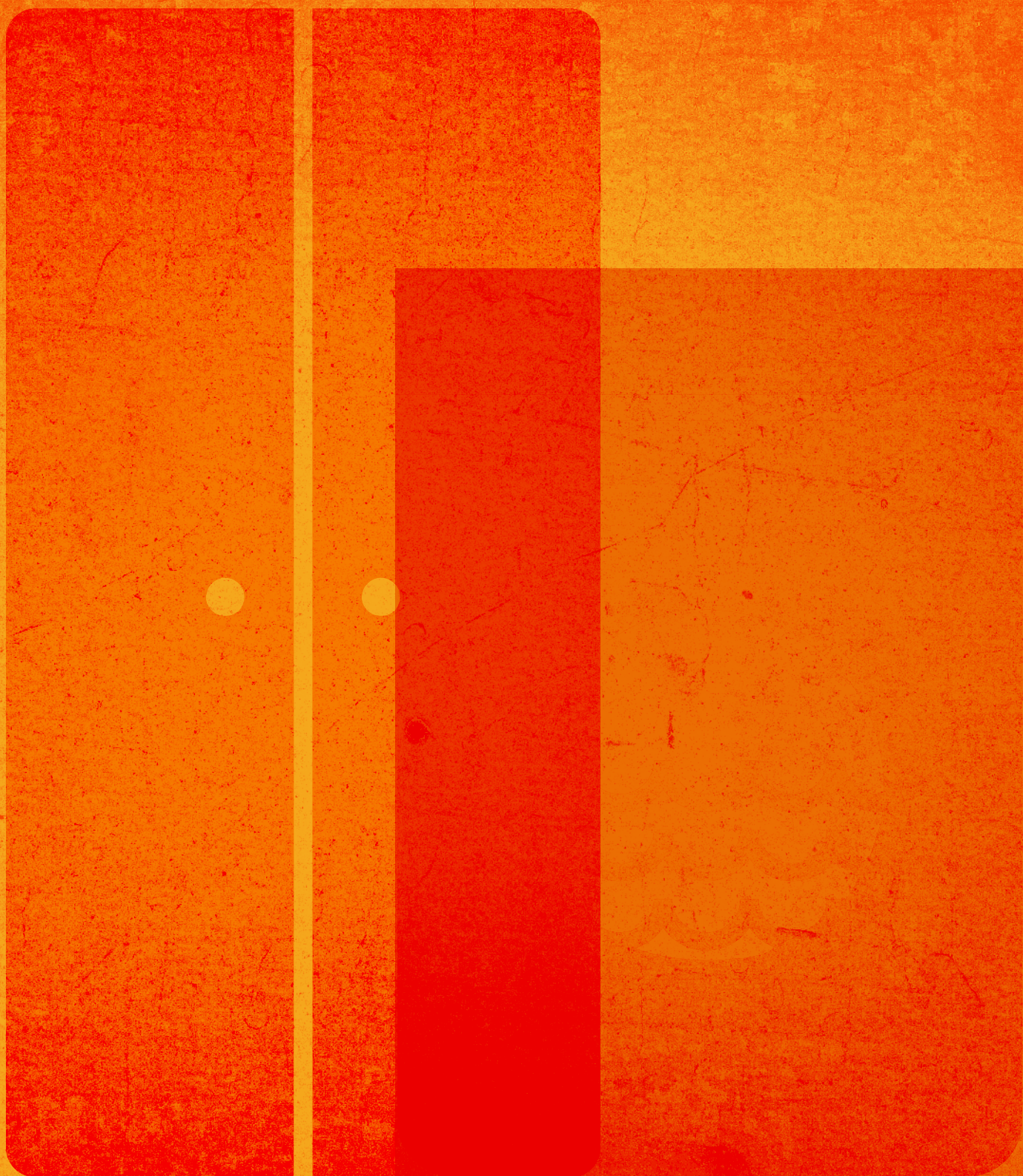
**FUSION<sup>21</sup>**



# A Blueprint for Furniture Provision in Social Housing

Claire Donovan / Ben Hardman  
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# CONTENTS

4	Foreword
5	About Us
6	Furniture Poverty
8	Furniture Provision – the Basics
10	Furniture & Furnishings – A Definition
14	Rental Models
16	Need and Affordability
20	Rent, Service Charges, and Benefits
25	Operations
29	Legal
32	Calculating Cost & Return
42	Flooring
44	Financial Modelling
50	Staffing and Stakeholders
54	Data strategy & measuring performance
57	Testing, piloting & scale
59	Cases studies
73	Customer Voice
78	Contributors
80	Secondary Research and Resources

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# FOREWORD

The Fusion21 Foundation is committed to investing in research that creates new solutions to ongoing societal challenges, and we're delighted to have funded this report, offering a blueprint for furniture provision in the social housing sector.

One of the Foundation's main objectives is to make a visible impact in the area of financial inclusion and resilience. By working with 'End Furniture Poverty', this report and its findings shine a beacon of light on the experiences of those living in social housing, where around 50% of tenants are already living in poverty and unable to afford basic furniture or white goods.

The report findings show, amongst other things, that 2% of social housing tenancies are let with furnished goods compared to almost 30% of the private rented sector which sees rented accommodation let as furnished.

This report outlines the benefits to both social landlords and tenants if more were to be done to increase the number of furnished rented properties available.

It's encouraging to see more housing associations begin to address these issues but as the cost-of-living crisis continues, more still needs to be done to help those already burdened with fuel and food poverty worries, in addition to the news of rising energy costs.

Support for communities and those in need of essential furniture items is needed more than ever. A greater number of social landlords are approaching End Furniture Poverty, highlighting the need for better guidance to help them develop business cases that create solutions and drive positive change.

We're pleased to fund this important research to support innovation within social housing and to create wider opportunities for policy advocacy – highlighting not just where but how changes could be made to help end furniture poverty.

**Jo Hannan**

Fusion21, Foundation Manager



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# ABOUT US

## About End Furniture Poverty

End Furniture Poverty is the campaigning and social research arm of FRC Group, a group of charities and 100% not-for-profit social businesses.

FRC Group has been providing furniture, both new and preloved, to people living in furniture poverty for over 30 years, and reducing and ultimately eradicating furniture poverty is FRC Group's core mission.

End Furniture Poverty was created in 2015 to raise awareness of the issue of furniture poverty; to improve our understanding of the consequences and the reality of living in furniture poverty; and to develop potential evidence based solutions to ensure that everyone has access to the essential furniture items that they need to participate in their society and lead a secure life.

## About Fusion21, and the Fusion21 Foundation

Fusion21 is a national social enterprise specialising in efficient and impactful public sector procurement and visible social value.

The Fusion21 Foundation was set up in 2015 as a registered charity, to help build brighter futures for the communities that Fusion21 operate in. Since its inception in 2015, the Foundation has given over £1.2 million in grants and has committed £2 million in social investment.

The foundation has three areas of focus: Employment and Skills; Health and Wellbeing; Financial Inclusion and Resilience.

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# FURNITURE POVERTY

There are millions of families in the UK living without essential furniture and white goods, living in furniture poverty. A decade of austerity, the economic impact of the Covid pandemic and Brexit, plus the ongoing Cost of Living crisis has meant that many people simply do not have enough money to live on, to afford the essentials required to achieve a basic standard of living, let alone a decent standard of living.

For people on low incomes, the cost of furniture and white goods means these essential items are simply unattainable. These are often the most expensive items to buy for someone on a low income and it is getting much harder. The cost of furniture, furnishings and carpet has increased by 44% since 2010, and nearly 14% between Aug 21 and Aug 22, while the cost of household appliances has risen by 26% since 2010, and 7.3% between Aug 21 and Aug 22.

## Crisis Support

Grant support for furniture and white goods is dwindling as local authority budgets face even greater cuts and as the demand for support from the grant giving sector rises exponentially. Research by End Furniture Poverty has shown that funding for Local Welfare Assistance, (LWA), has fallen by 74% between 2010/11 when the Social Fund ended, until 2020/21 when there was a rise in expenditure due to additional Covid grants from the Government.

There are now 35 local authorities in England without an operational LWA scheme and many more have withdrawn furniture and white goods from their offer, leaving over 14m people in England without access to an LWA scheme and almost one in four people unable to get any help with furniture and white goods from LWA. The picture in the devolved nations is brighter, with universal support at much higher funding levels so everyone in these countries can apply for support. For full details, see [End Furniture Poverty's latest report on LWA](#).

The cost of furniture and white goods is the biggest cause of year one debt in a new tenancy, and acquiring these items, potentially taking on high cost credit, can leave many families unable to afford their rent, leading to rental arrears. Of course, it can also leave them unable to afford food and fuel as well.

## Impact of Furniture Poverty

End Furniture Poverty's previous examination of furniture provision in social housing, No Place like Home, highlighted the devastating impact of living without essential furniture items on people's mental and physical health, and their financial and social wellbeing. It is also very expensive to live in furniture poverty, living without a cooker can add over £2,000 to your annual food bill as families have to rely on microwave meals and takeaways.

People moving from homelessness, women fleeing domestic violence, or those moving from a furnished to an unfurnished property will often have nothing, and as the cost of furniture and appliances continues to rise, furnishing a whole property can be an



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insurmountable mountain to climb.

## Furnished Tenancies

We know that the social housing sector is working incredibly hard to support tenants but there is more that can be done and furnished tenancies are an excellent place to start. Furnished tenancies in social housing can provide all of the essential furniture items and offer the peace of mind that if anything breaks, or needs replacing, it is covered – yet only 2% of social housing properties are let as furnished compared to 29% in the private rental sector.

The benefits of a furnished tenancy for the tenant are clear: they have a bed to sleep in, a fridge to store their food, and a cooker to prepare meals. But there are substantial benefits for the landlord as well, as we outline in this report.

The cost of a furniture package is eligible to be covered through the service charge element of both housing benefit, (legacy benefits), and Universal Credit, making this an ideal solution for those tenants who are in receipt of benefits.

Furnished tenancies can make tenancies more sustainable and reduce rental arrears, they can increase the appeal of hard to let properties, and they can generate an income as the service charge continues to be paid after the capital cost of the furniture is recouped, creating surpluses that can be reinvested into supporting tenants in other ways.

As inflation and energy bills continue to rise to unprecedented levels, we need to develop new ways to support the most vulnerable people in our society, many of whom are social housing tenants. Furnished tenancies should be seriously considered by all social landlords and End Furniture Poverty is here to support you at every step of the way.

## Our Blueprint

We hope with this report, with its range of sample documents and case studies, helps all social landlords to seriously consider furniture provision. And we are here to support you on every step in the journey.

**TOGETHER  
WE CAN END  
FURNITURE POVERTY.**

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# FURNITURE PROVISION - THE BASICS MODELS

In the previous section we introduced the concept of furniture poverty, the scale of this very real problem across the UK, and have described the devastating impact it can have on a person's mental, physical, social and financial wellbeing. It also points to the unique position of influence that all social landlords occupy when considering their strong social purpose, reach, financial reserves, and operational capability. Before embarking on a furniture provision social landlords must firstly be clear about why they want to offer a furniture provision to their tenants. It could be in response to a growing concern over the impact of the rise in the cost of living, a targeted homelessness prevention strategy, or a planned-works programme to improve general void standards. In reality it will be a combination of many factors, and being clear on the measures of success will help the landlord to structure the best provision for the tenants.

There are a plethora of valid financial, operational, legal, and ethical questions that must be addressed in order to get going. This first section starts with the basic principles of furniture provision and how they are applied in practice.

## Basic Delivery Models

In practice, furniture can be rented, gifted or sold to the tenant at a cost that is affordable to them, and financially viable for the social landlord.

**Rental** is the most common solution and the weekly charges can be covered by the tenant's benefit claim and paid directly to the landlord as an eligible service charge. The property can be provided with furniture and advertised as a furnished tenancy, or the furniture can be provided to the tenant through a separate furniture rental agreement. The agreement with the tenant can be fixed term or flexible, the furniture is never owned by the tenant and the landlord is responsible for the replacement of items due to age or condition, or any necessary repairs.

Social landlords often provide new and refurbished furniture at no cost to the tenant through a **gifting** scheme or hardship fund. This can be offered to all customers/properties, or delivered as part of a discretionary needs based offer. In this instance the ownership of the furniture is passed to the customer, who then takes responsibility for any refurbishment and replacement.

**Sale.** New furniture can be offered to customers as an outright purchase, and landlords can also offer refurbished furniture as part of a reuse/recycling scheme. Furniture that is rented to a tenant may also be offered for sale to the tenant at any time, at a price that reflects its market value. Of course for some tenants, any price, however low, is simply too high as they have no disposable income to meet any additional costs.





## This sounds simple, but what about in practice?

Some landlords combine rental, gifting and sale into an offer that works for the tenants and the landlord, providing rental for those on benefits, gifting to those who require just one or two items, and sale to those who have some disposable income. In addition to the direct provision of furniture, social landlords will also support their tenants in accessing local welfare grants, (where these are still available), and signposting on to local providers of refurbished furniture and reuse networks.

## What is the best offer to provide for landlords?

There is no single furniture provision solution for landlords, as this will depend on your strategic priorities, existing operations, and the needs of your customers. There are many ways in which a landlord can design and deliver a furniture offer – this report and accompanying resources equips social landlords with all of the data, insight, and evidence to navigate the process. It will help you to decide on the best solution for your tenants, and provide confidence in designing the operating models and financial structures that work for your organisation.

## What about the impact on the business?

The fundamental impact of furniture provision for social tenants is now indisputable – it has a positive effect on physical and mental health, as well as their social and financial wellbeing.

In providing furniture to tenants the landlord must also ensure that the operations are feasible for the organisation, and that the financial model delivers a viable and sustainable investment. The good news for social landlords is that providing furnishings to their tenants can be a self-financing operation with return generated through rental charges alone, and the benefit of additional improvements in tenancy performance and operational cost savings. We've included a number of case studies in this report to demonstrate how these benefits are realised in practice – see section: [Case Studies](#)

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# FURNITURE AND FURNISHINGS - A DEFINITION

Whilst there's no legal terminology around what 'furnished' means, [HMRC](#) has provided a definition. To be classed as furnished, the property must comply with the Stamp Office definition of "furnished", meaning that the tenant can move into the property without having to take with them any furniture at all.

The property should therefore contain as a minimum such items as a sofa, one or more beds, plus a dining table and chairs, a cooker, carpets, curtains and other white goods in the kitchen. If, for example, the property only contains white goods in the kitchen this would be classed as a part-furnished property.

**Collins Dictionary defines 'furniture' and "furnishings" as:**

- Furniture consists of large objects such as tables, chairs, or beds that are used in a room for sitting or lying on or for putting things on or in.
- The furnishings of a room or house are the furniture, curtains, carpets, and decorations such as pictures.

Note – in both the HMRC and dictionary definitions 'furniture' is a subset of 'furnishings'.

The social landlord will need to determine which furnishings are important to their customers, what will have the most impact, and what offer they think will be technically feasible and financially viable for the organisation.

## How can I work out what is most important?

The best way to design a furnishings offer is to ask your customers what they need. This can be established through a mix of quantitative and qualitative research techniques. You should also ensure you speak to a range of tenants from different income brackets, and with different family size and type. You may have some data to hand from past projects, alternatively there is a large body of secondary research demonstrating the value of furnishings to social housing tenants – these can be found in : [Secondary Research and Resources](#). It is recommended that social landlords offer the choice of a range of essential furniture and furnishings in line with the guidance in this report – see section : [Essential Furnishings](#)



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## What about the other support that people can access such as welfare schemes or charities?

Each local authority operates a different welfare scheme and of course some do not provide any crisis support at all. When combined with differences in local community and charitable support this can create variances in the furnishings that people can access for free or at low cost. Social landlords need to be aware of these local variations when tailoring their offer to their tenants.

For example, Furniture and white goods can be obtained through local authority 'Local Welfare Assistance' schemes however usually only one or two items are offered, and 35 local authorities in England have now closed their schemes entirely. Many others no longer offer furniture and white goods. Funding for LWA schemes continues to fall and some local authorities are now restricting the amount of support they will provide to social housing tenants due to the number of applications. Support for essential furniture is also available via the grant-giving sector, however the overwhelming demand has meant long delays to applications and an increased refusal rate.

## Essential Furnishings

Furniture poverty is defined as the inability to access, or afford to buy or maintain, any household furniture, furnishing, or appliance item that is essential to achieve a socially acceptable standard of living. The operative word here is 'essential', and we recommend that social landlords carefully consider the guidance in this report when designing their furnishing offer.

End Furniture Poverty has conducted research with the social housing sector to establish which furniture and furnishings are most valuable to a tenant and to provide a useful resource for social landlords – [Essential Items Report](#)

The following human needs are fundamental to leading a socially acceptable standard of living:

- storing fresh/frozen food
- cooking hot meals
- cleaning and drying laundry
- sitting at a table to eat meals
- sitting comfortably to rest & relax
- sleeping comfortably
- storing essential items
- having privacy
- Insulating floors and windows
- moving around the property safely and comfortably

In order to achieve this acceptable standard of living we recommend social landlords ensure that they provide the following essential items of furnishing and furniture:

- Cooker / microwave
- Washing machine
- Fridge or fridge/freezer
- Sofa / armchair
- Dining table & chairs
- Double bed / single bed / bunk bed / cot
- Chest of drawers
- Wardrobe(s)
- Carpet / Flooring
- Window coverings

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You should also ensure that you do not specify that every item will be provided as new. This means that if a furnished tenancy ends, you can reuse high quality items in other furnished tenancy packages.

There are other types of furniture and furnishings that may not be considered essential, but which are still extremely important and should also be considered as part of a furniture offer:

- Decoration
- Tumble dryer / condenser
- Toaster
- Kettle
- TV / TV table
- Coffee table
- Bedding set
- Cutlery
- Vacuum cleaner
- Ironing board
- Bedside cabinet

## So what should we offer?

The social landlord is free to decide which furnishings to provide – indeed, tenants may be signposted to welfare grants and local community and charitable support in order to augment the landlord's essential furniture scheme with the more affordable / non-essential / accessible items such as kettles and toasters.

It is typical for landlords operating furnished-tenancies to set a fixed specification, whereas a furnishing agreement can be more flexible in that it can offer a selection of essential items that the tenant can choose from to suit their needs.

## How does the landlord calculate the weekly charge?

The cost to the tenant is calculated and set by the landlord and is therefore a function of the capital and operational costs required to set up and deliver the scheme – if the furnishing provision is subcontracted, the costs will be agreed with the 3rd party provider. Costs typically range from less than £1 per week for an individual item, up to £50 per week or more for fully furnished homes and higher need households.

The landlord can offer set furniture packs designed to suit certain tenants and situations, for example a 'one-bedroom furniture pack'. Alternatively, the landlord can operate a system which allocates a number of points to each item of furniture in their offer, the tenant can then choose only the items they need up to a set number of points which relates to a charging structure. Some landlords go even further and provide the option to rent a single essential appliance – see section [Calculating Cost and Return](#)

## How will the payment be made?

Once the agreement has been signed by the tenant the furnishing charge can be added to the tenant's rent account. This will be paid through housing benefit, universal credit, or directly by the tenant. Furnished tenancy providers tell us that 80–90% of tenants renting furnishings/furniture from their social landlord will be claiming benefits.



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## How do we know if the HB/UC office will approve the claim?

Charges relating to furnishings will be assessed by housing benefit or universal credit and will be deemed eligible if they meet the guidance set out by the DWP. We go into more detail on housing benefit and universal credit in section – [Rent, Service Charges and Benefits](#)

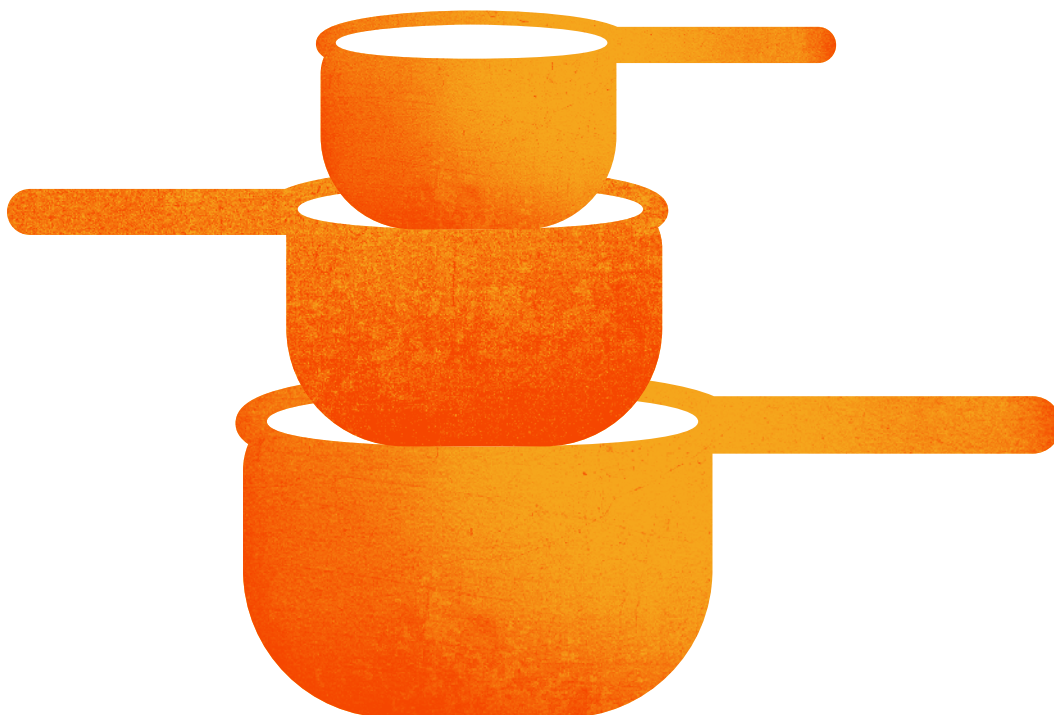
### A word of warning...

It must be noted that there is anecdotal evidence that some tenants that rent multiple non-essential items such as toasters and vacuum cleaners can remain on a rental charge for those items for upwards of 10 years. These payments are small and can go unnoticed by the tenant, landlord and housing benefit / universal credit. This could be considered as sub-optimal and arguably unethical as it replaces what could be a routine purchase for the tenant with an accrued cost of many multiples of the original value of the item.

However, again for those tenants with no disposable income, a very low charge for a package of small electrical items, coupled with the peace of mind of knowing that when these items break or come to the end of their life, they will be immediately replaced, could be justified. This can avoid tenants going into debt or living without these very basic essentials.

Landlords should offer regular affordability assessments to tenants. The social landlord must be mindful of the convenience of service chargeable items, regardless of the source of the payment (HB/UC/direct). Landlords can further mitigate this risk by only providing essential items that cannot be readily sourced by other means, depending on the tenant's circumstances.

Landlords should also consider the provision of a welcome pack for furnished tenancy tenants. This could include a range of low value basic items, such as bedding, towels, crockery, cutlery, and standard kitchen utensils such as pots and pans, to help the tenant to set up their new life and new home.



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# RENTAL MODELS

With a rental model the landlord has two options in how they set up the provision and offer it to their tenants:

1. furnished tenancy agreement
2. furniture rental agreement

The distinction between these two is subtle but very important to understand before designing your offer.

## Furnished Tenancy Agreement

A **furnished tenancy agreement** is made at the outset of a tenancy, with the furniture being an essential feature of the property and tenancy. As and when a tenant decides to terminate the tenancy the property can remain furnished for the next occupant. Alternatively, the landlord may decide to collect all of the furniture and relet the property as unfurnished.

## Furniture Rental Agreement

A furniture rental agreement is a more flexible way for landlords to provide furniture and furnishings to their tenants – in this case it is the tenant that is furnished rather than the property. In practice, a furniture rental agreement typically has a term of between 3 and 5 years, but it can also be completely flexible – with no fixed term. Of course a tenant could still terminate their tenancy at any time and therefore end the furniture rental agreement. When considering the details of the agreement, landlords should consider what offers the best benefits to the tenant, as well as to their organisation. As with furnished tenancies, most furniture rental agreements are offered to new tenants.

Whilst less common, both furnished tenancies and furniture rental agreements can be offered to existing tenants on a needs basis – enabling the landlord to adapt to their tenants changing circumstances. Assessing need for new and existing tenants is covered in section : [Need & Affordability](#)

## Cost & Return

The level of capital investment required is entirely dependent on who owns the furniture, the landlord or the furniture rental provider. The social landlord may decide that they want to own the furniture and recoup their costs through a furnished tenancy or furniture rental. In this scenario the landlord will capitalise the cost of the furniture and, in time, generate a surplus.

The landlord may decide to sub-contract the supply of the furniture to a 3rd party provider. In this scenario it is the 3rd party provider that owns the furniture and so the weekly charge is paid to them via the landlord. As there is no income generated by the landlord it is common practice to include a small fixed weekly administration charge on top of the furniture rental to cover the landlord's administration costs.

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## Why would we introduce an FT scheme?

A social landlord might decide to introduce a single furnished-tenancy specification as a means of improving the standard and consistency of their relet specification over time, albeit with different package sizes depending on the size of the family. It must be noted however, that a tenant must be deemed in need of a furnished property by the DWP to be entitled to claim the rental charge through their housing benefit or universal credit payment. By definition, every social housing tenant could qualify as they have demonstrated sufficient need by DWP standards simply by being eligible for social housing. However the number of tenants who require the support of a furnished tenancy is approximately 10% of tenants, based on the experiences of long running furnished tenancy schemes.

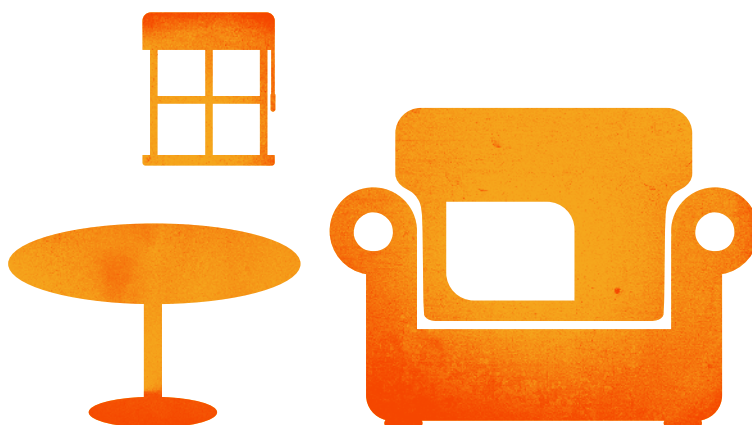
## Why would we introduce a furniture rental agreement?

Furniture rental agreements offer greater flexibility to the tenant and landlord. The agreement is made between the tenant and the provider of the furniture – which can be the social landlord or a nominated sub-contractor. With a furniture rental agreement the tenant can request to increase or decrease their package of furniture in line with their needs and what they can afford, without impacting on their main tenancy agreement.

## How do the DWP treat furnished tenancies vs furnishing rental agreements?

Furnished tenancies and furniture rental agreements can both be set up as an eligible claim under housing benefit and universal credit guidelines – there is no difference in how they are treated from an eligibility standpoint.

It is common belief that benefit claims for furnished tenancies are simpler to administer and approve due to the single furnished tenancy rental charge, with furniture rental agreements having to be itemised as a service charge separate to the main rental claim. However, the DWP guidance indicates that furniture rental charges are not required to be itemised in the benefit claim itself – we cover benefits relating to furniture provision in detail in [Rent, Service Charges and Benefits](#)



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# NEED & AFFORDABILITY

## Why do we need to assess need / affordability?

Furnished-tenancies or furniture rental agreements must be offered to tenants on a needs basis. This is an important ethical point for landlords to consider when designing their services, policies and processes. A key component of the landlord's ESG strategy will be how it treats people, especially tenants, by identifying their needs and supporting them with affordable and high quality products and services. Here's an example of one social landlord's ESG commitment:

- Environmental – how our organisation performs as a steward of our natural environment – we're focusing on getting to net zero, climate change, biodiversity, ecology and resource management
- Social – how we treat our people, concentrating on our residents' voice, support for residents in terms of employment, training and placemaking, affordability, security and building safety and quality
- Governance – how we're governed, our internal structure and financial strength, our Board and Trustees, staff well-being, Equality, Diversity and Inclusion, and our supply chain management.

## How should we assess need?

Where a need is established the landlord should complete an affordability assessment and offer the tenant a viable solution. Landlords that offer furniture and furnishings take the necessary time to fully understand the needs of their tenants, ensuring that they keep weekly charges to a minimum. This helps the tenant to budget properly, and reduces the risk of arrears, bad debt and adverse tenancy ends. A new tenant moving into a relet property is the ideal moment to assess need and affordability, however this process is equally important for existing tenants that may be experiencing a change of circumstance.

[See Stockport Homes Furniture Assessment form](#)

If, during the tenancy or furniture agreement, the landlord identifies that the tenant is no longer in need of the furniture, or it has become a barrier to the tenant seeking or maintaining employment, the landlord can take action to reduce or remove the provision/cost. To mitigate this risk an affordability and needs assessment should be conducted pre-tenancy, and continue regularly throughout the tenancy at an appropriate frequency – or minimum of once every 2 years. The landlord's policy towards furniture provision should follow all necessary guidance relating to equality, safeguarding and vulnerability.

[Stockport Homes is a great example of a well designed furnished tenancy policy – follow this link to see their policy.](#)



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## What is the risk that we're creating a poverty trap?

A common concern raised by social landlords is that tenants benefitting from furniture provision could be discouraged from seeking employment. When a tenant moves into employment their entitlement to benefits can reduce – which in turn may require the tenant to begin to cover some or all of the charges relating to furnishings.

The tenant's housing benefit or universal credit claim will be tapered when they have savings and/or earnings that exceed a certain threshold figure. Currently over one third of all households claiming universal credit are impacted by this tapering to some degree.

Using universal credit as an example – a claimant's benefit will start to be tapered when the household exceeds the administrative earning threshold (AET), which was increased in September 2022 to:

- £494 a month for a single claimant
- £782 a month for a couple

This means a single person in a social home can earn up to £494 per month without impacting their universal credit entitlement. However, for every £1 that they earn above £494 their universal credit entitlement will be reduced by £0.55 – this will impact their entire housing costs claim, including service charge elements.

This welcome increase to the AET will reduce the likelihood that a tenant will have their benefits tapered, easing the financial pressures of moving into low paid employment. Tenants will be more able to move into low paid employment without fearing the financial impact of covering the cost of essential furniture and furnishings.

With the landlord in mind, this reduces the risk of arrears, bad debt and adverse tenancy ends.

## But what are the experiences of RSL's that run FT schemes?

There is a lack of quantitative data published by the government or the social housing sector to inform the poverty trap question. However, research such as [No Place Like Home](#) has shone a light on this question and explores both sides of the argument. Notably, neither social landlords providing furniture, nor their tenants, concluded that the poverty trap argument was a valid one – especially where flexibility is designed into the provision.

As part of this research a number of social landlords that operate established furniture schemes were asked to provide their opinions.

Overwhelmingly, the guidance from the sector is to ensure that frequent affordability and need assessments are conducted to identify potential challenges, and to indicate where a tenant may benefit from an alternative solution or provision.

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Between 10% and 20% of tenants accessing a furniture scheme are likely to be employed and pay their own rent and service charges – demonstrating that tenants can move into employment and are still able to cover the cost of furniture provision. This is often because the capital outlay for a tenant of an entire furniture package is too high whereas a weekly charge is more affordable, however for some it is simply the convenience of having all the furniture provided.

In a typical year a furniture scheme will see less than 5% of tenants terminating the provision due to moving off benefits and into employment. Social landlords are advised to monitor the ongoing needs and behaviour of this group of tenants to identify any correlation between lack of furniture provision and indicators such as arrears, bad debt and adverse tenancy ends.

## How does the benefit cap affect CatD service charges?

The benefit cap is a limit on the total amount of benefit that a household can claim. Just 2% of UK households claiming benefits are impacted by the cap – although this figure is as high as 4.7% in London and as low as 0.8% in Scotland. Households that are impacted by the cap have their benefit entitlement reduced by an average of £50 per month / £12.50 per week.

If, by taking on the furnished tenancy or furniture rental agreement, the tenant increases the household benefit claim beyond the cap then the additional service charge for furnishings may need to be paid for by the tenant or the charge may need to be removed altogether and therefore the furniture removed too. In this instance the landlord should capture the impact in the affordability assessment and expect to be offering a greater degree of money advice, broader support and signposting.

By introducing annual needs and affordability assessments the landlord is able to identify changes of circumstance which could affect the tenants benefit entitlement and/or their ability to cover the rental costs themselves.

## How will social housing rent increases impact benefit headroom?

Since 2020, and following a rent settlement agreed in 2017, the maximum amount by which social housing providers can increase rent has been capped at CPI plus 1%.

With a current inflation rate of more than 10%, the government is intervening as the potential rent increase, set in September 2022, could reach 11.1% or more.

The government's preferred option for a new social housing rent increase cap is 5%, as set out in a new consultation launched on 31st August 2022. The consultation, launched by the Department for Levelling Up, Housing and Communities (DLUHC), put forward the 5% ceiling as the preference because it would "strike an appropriate balance" between protecting tenants from huge rent hikes and social landlords' budgets.

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## What does this mean for landlords and tenants?

Without a planned increase to the benefits cap, the additional 5% rent increase will further reduce the headroom in a typical household's benefit claim, and will push some claimants beyond the cap. Landlords should engage with tenants as early as possible to assess affordability and need, reduce their expenditure and increase their income where possible. With reference to furniture provision, the landlord should encourage the tenant to keep their furniture costs as low as possible by offering only the essential items of furniture, and in supporting tenants to access alternative sources of funding such as local welfare grants and pre-loved furniture – eg. [Reuse Network](#)

## What about bedroom tax?

For new tenants bedroom tax should not impact their benefit entitlement as the local authority allocations process only enables them to bid for properties that are a suitable size.

Bedroom tax affects approximately 9% of households claiming housing benefit or the housing costs element of universal credit. This will reduce their housing claim by between 14% and 25%, including any service charge elements, depending on the number of unoccupied rooms.

If a tenant has a change of circumstance and begins to be impacted by the bedroom tax this should be captured in an affordability assessment and the landlord should work with the tenant to ensure that only essential items of furniture and furnishings are allocated so that service charges are kept to a minimum and sustainable level.

Source – Gov.uk / Stat.Explore:

<https://www.opendemocracy.net/en/opendemocracyuk/50000-more-homes-hit-bedroom-tax-scientists-warn-covid-19-risk/>

\*Households claiming either HB or the housing costs element of Universal Credit = 5.42m

\*Number of households affected by the bedroom tax – approx 0.5m



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# RENT, SERVICE CHARGES, AND BENEFITS

## Furnished Tenancies

A furnished tenancy is widely accepted as simpler to administer as the property is advertised as furnished and commands a single furnished rental charge – this model is common within the private rented sector, and where the tenant is in receipt of benefits this can result in a simpler claim. Figures from research by End Furniture Poverty in 2020 revealed that 29% of rentals in the private sector are furnished, as opposed to 2% of social homes – demonstrating its commercial viability.

The furnished tenancy agreement is set up as a supplement to the landlords standard tenancy agreement terms & conditions, reflecting the change to the rental charge as a result of the furnishings. In legal terms, a furnished tenancy agreement furnishes the property rather than the tenant, and the furnishings are deemed a feature of the property and a requirement of the main tenancy.

Click these links for [Stockport Homes](#) and [Torus62](#) furnished tenancy agreements.

## Furniture Rental Agreements

A furniture rental agreement is also set up as a supplement or addendum to the standard tenancy agreement. The right to occupy the property is still dependent on the tenant paying the service charge, but in this case it is the tenant that is furnished rather than the property. If the tenant wishes to transfer to an alternative property they are entitled to request that the furniture be relocated with them, however the landlord does not have to accommodate this request.

As with furnished tenancies the furniture charges are simply added to the tenants rent account. Any benefit claims can then be processed as a single housing rent claim, or itemised to show the service charge component – housing benefit and universal credit do not stipulate a preference on this point.

Click here for an example of a furniture rental agreement – [GenToo Furniture Package Acceptance of Tenancy form](#)



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## Service Charges

For both furnished tenancies and furniture rental agreements the social landlord has a responsibility to ensure that the tenant understands how the service charges are calculated – ideally this should be laid out in a simple format so that the tenant can clearly identify how their housing charges are calculated – including all service charges. The tenant must notify housing benefit or universal credit, the latter via their universal credit journal, clearly stating their new housing costs claim. Whilst the tenant or landlord are not required to itemise the service charges in the benefit claim, the tenant may be asked to provide more evidence in the event that the DWP challenge the claim.

A quote from the government legislation:

'It is irrelevant (to DWP) whether the service charge payments are separately identified, made in addition to or as part of a rent payment, or if they are made under the same or a different agreement as that which the accommodation is occupied'

The government guidance regarding service charging can be found here (see page 12):

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1065521/admf2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065521/admf2.pdf)

The legislation regarding service charging can be found here:

<https://www.legislation.gov.uk/ukxi/2013/376/schedule/1>

## How will the payments be co-ordinated?

If the tenant is in receipt of legacy benefits it is the responsibility of the landlord to notify the local authority Housing Benefit team of the new weekly charge.

If the tenant is in receipt of universal credit they should be encouraged by the landlord to update their UC journal to reflect the new weekly charge.

If the tenant is paying their own rent they should be instructed by the landlord to reflect the new weekly charge in their direct debit instruction.

Stockport Homes send a [Welcome Letter](#) to each new tenant to explain the service charge and how to navigate their benefit claim.

## ELIGIBILITY

### How do we find out what is and isn't eligible as a HB/UC service charge?

The cost of furniture and furnishings can be eligible as a service charge under the HB and UC guidelines. We are aware that some social landlords have faced issues with local benefit offices, where staff may not have encountered furnished tenancies before. Therefore it is vital that landlords fully familiarise themselves with all of the guidance so they can push back and quote the relevant sections that clearly state the eligibility of furniture charges being included in the service charge.

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We have summarised the key points below, and you can follow these links for detailed guidance

<https://www.gov.uk/government/publications/universal-credit-service-charges-guidance-for-landlords/universal-credit-service-charges-guidance-for-landlords>

## Universal Credit Legislation:

<https://www.legislation.gov.uk/ukdsi/2013/9780111531938/schedule/1>

**There are 4 conditions for eligible service charges payments:**

The first condition is that the right to occupy the accommodation is dependent upon the tenant paying service charges, for example where it forms part of the tenancy agreement.

The second condition is that the service charge wholly falls into one or more of the following categories:

- category A: maintaining the general standard of the accommodation
- category B: areas of communal use
- category C: basic communal services
- category D: tenant accommodation-specific charges

The third condition is that the costs or charges are reasonable and that they relate to such services as it is reasonable to provide

The fourth condition is that none of the following applies to the service charge (UC Regulations 2013, Schedule 1, Paragraph 8(6)):

public funding (in the form of benefits, grants or other sources) is designed to contribute towards the cost of the service or facility, irrespective of whether the tenant has claimed for the funding

where the tenant would acquire an asset, or interest in an asset

any charges for meals, medical services, personal services of any description

charges deemed as ineligible service charges by virtue of not meeting the requirements of an eligible service charge

## What does this mean for furnished tenancies and furniture rental?

Service charges for furniture and furnishings therefore fall under Category D, with the following more detailed definition:

Category D : charges relating to the rental of basic furniture or essential domestic appliances to tenants in the accommodation they occupy, only where the items being rented remain the property of the original owner and do not form part of a purchase or part-ownership agreement

It can also be useful to understand the DWP guidance on ineligible service charges, again to ensure a broad knowledge of the system. The following list is for illustrative purposes and is not exhaustive:

- 
- individual living expenses, such as heating, lighting and hot water for the tenant's accommodation
  - meals
  - personal services, such as a laundry or cleaning service
  - nursing or personal care services, for example help with personal hygiene, eating and dressing
  - counselling, medical or support services
  - any medical expenses, including those relating to the provision of counselling
  - transport
  - installation, maintenance or repair of any special equipment or adaptations to the tenant's accommodation, in respect of disability or infirmity of tenants
  - individual emergency alarm systems
  - subscription or fee-based television, such as a satellite television subscription
  - such communal social recreational areas that would be considered unreasonable or excessive to provide, such as gyms, bars, shops, hairdressers, restaurants, café's or swimming pools
  - gardening for an individual's garden
  - provision of furniture and recreational facilities in communal rooms, such as TVs, computers, internet connection and TV licences
  - depreciation of assets providing an eligible or ineligible service
  - water, sewerage and utility charges relating to anything other than communal areas
  - arrears of service charges owed by the tenant due to non-payment – these are to be recovered through a separate arrears repayment agreement with the landlord, or through third-party deductions from benefit

Regarding eligible items, the operative words are 'basic' and 'essential' and there is specific guidance relating to the ownership of the furniture, which must be made clear by the landlord in any tenant facing agreements.

## Reasonableness

The third condition states 'that the costs or charges are reasonable and that they relate to such services as it is reasonable to provide'. What is the definition of reasonable and who decides?

There is no definition of what a 'reasonable' service charge actually is. So it is incumbent upon the social landlord to ensure that they are providing furniture and furnishings to their tenants at the best possible rates, and can demonstrate their calculations if challenged by the tenant or the DWP.

The cost of furniture and furnishings is rising in line with CPI data/inflation rates so landlords should ensure that they are using the most recent prices and projections to calculate their costs.

Service charges for furniture and furnishings can range from less than £1 per week to more than £50 per week. One major metropolitan council considers anything up to £50 per week as a reasonable charge. Beyond £50 they may decide to investigate or challenge the claim.

## How do we make sure that the scheme is financially viable whilst providing a reasonable and transparent pricing?

In setting a reasonable charge the social landlord must factor in the purchase cost of the furniture, any repairs and replacement costs, and their operational and administrative costs. The landlord should set a term for the agreement, typically 3 to 5 years. This term determines the number of weekly payments that the tenant will make to pay down the total cost of the

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furniture. Established schemes apply an uplift of between 50% and 60% to the basic furniture costs – this covers all of their capital, operational and administrative costs. We go into more detail on charges in section – [Calculating Cost & Return](#), including everything you need to build a detailed financial model.

## Protecting Income

### What if the tenant fails to pay?

If the tenant is not in receipt of benefits and/or they cover the furniture charges themselves, the landlord will need to apply their standard policies and processes with regards to recovering or alleviating the payment arrears.

### What other ways can we mitigate the risk of non-payment?

If a tenant is in receipt of benefits and a pre-tenancy assessment has identified that they are in need of essential furniture/furnishings then the tenant can be deemed 'vulnerable' and an application for Managed Payment To Landlord (MPTL) should be made by the landlord to universal credit.

<https://directpayment.universal-credit.service.gov.uk/>

This ensures that the housing portion of a universal credit claim can be paid directly to the landlord, including the rent and all associated service charges. This point alone mitigates the risk of arrears, bad debt, and adverse tenancy ends.

Social landlords are strongly advised to familiarise themselves with MPTL and APA (Alternative Payment Arrangements) to ensure that their income can be protected and that the risk of arrears, bad debt and adverse tenancy ends is reduced to a minimum.

Information relating to MPTL can be found within the Gov.Uk 'Alternative Payments Arrangements Guidance':

<https://www.gov.uk/government/publications/universal-credit-alternative-payment-arrangements/alternative-payment-arrangements#what-are-alternative-payment-arrangements>

## Understanding VAT

This research doesn't cover tax implications and landlords are recommended to consult with a tax specialist when building the financial model.

Landlords should however ensure that VAT is included in the upfront financial modelling, as part of the purchase or rental of the furniture, and passed on to the tenant through the weekly charge – this will avoid any surprises at a later stage.



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# OPERATIONS

When considering a furniture scheme there are a number of critical operational questions that landlords ask:

## What to do when items are damaged or go missing?

Despite this being a key point of concern for landlords, the evidence shows that damaged and missing items are quite a rare occurrence. Torus, Gentoo, Karbon and SHG have all provided insight that indicates that landlords should expect a rate of no more than 3%, and potentially as low as 1%.

In the event that items have been misused, or it's obvious that willful damage has occurred, the landlord should deploy their standard recharge process. The invoice covering the cost of repair or replacement can be applied to the tenants rent account as with any other repair that falls under the tenants responsibility.

If items do go missing or are classed as stolen, the landlord should follow their usual procedures and treat this in a similar way to a tenant stealing a boiler or other fixtures or fittings. One landlord simply removes the cost of the item from the service charge and does not replace it in the package.

## What about faulty items?

A core purpose of a furnished tenancy or furniture rental is to mitigate the financial risk to the tenant with respect to replacing faulty appliances and furniture, so items should be replaced at no additional cost to the tenant. Many social housing tenants will not have the means to make emergency purchases for larger and more expensive items such as fridge freezers and a furnished tenancy or furniture rental agreement provides them with the peace of mind of knowing that they do not have to worry as faulty items will be replaced as part of their agreement.

Items that are found to be faulty will be processed in two different ways. If still within the warranty period the furniture will be collected and replaced by the supplier with a new item at no cost to the tenant or the landlord. The collection will be coordinated between the landlord, furniture supplier and tenant – with the supplier bearing the full cost.

Where the item is beyond the warranty period it will be collected and replaced by the supplier with a new item, but this time the landlord will bear the full cost of the item. As above, the collection will be coordinated between the landlord, furniture supplier and tenant.

If you have a furniture rental agreement with a third party provider, they should bear the cost of replacements.

Landlords are advised to source high quality furniture, with long warranty periods – ideally to a contract specification, (but it is recommended that you specify functionality and performance as opposed to makes and models as changing product lines can make this unsustainable and difficult to manage). This furniture will be slightly more expensive than domestic quality but will last much longer – reducing the operating costs and complexity associated with premature replacements.

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## What about insurance?

Landlords are not obliged to offer any insurance cover on the furniture, but they may decide to offer limited cover, such as fire and flood damage, as a part of the rental charge – beyond this the tenant must be advised to seek their own contents insurance. Torus provide fire and flood cover and when they set up the service in 1998, they split out the insurance costs to highlight to housing benefit what the charge make up was. Now they combine all costs involved when setting the furniture charge levels. Again this highlights how clear communication with benefits teams is vital.

## How will we manage our inventory?

If investing into their scheme the landlord should treat the furniture the same as any other asset. Karbon Homes put a great deal of focus on the integration of their Home Comforts scheme within their wider process framework and housing systems. This has enabled Karbon to create a transparent database of assets that provides them with complete visibility of the age, location, and condition of all assets in real time. The team can use this database to plan their electrical appliance replacement program and equip housing colleagues with an inventory as reference during their home visits.

Torus provided this quote:

"We plan in our financials to replace mattresses and sofas every three years, white goods every four years, and wooden items every five years. But some customers make their items last a lot longer and we don't have a set replacement programme"

## How would a flooring provision work?

If a landlord's standard properties are let with bare floorboards or concrete slab it can be argued that every tenant will be in need of floor coverings, and are very unlikely to have a suitable solution that they can bring with them. This is where flooring provision differs from furniture provision, where a tenant may already own some furniture items that are more easily moved between properties.

Of course flooring can, and should be offered with a furniture pack, as part of a furnished tenancy or furnished rental agreement if the tenant would otherwise struggle to afford to purchase the items themselves. Too many tenants are living for months and years without adequate flooring, meaning colder, less energy efficient homes, health and safety issues for the elderly, disabled and for those with young children, and noise issues in flats.

With this in mind, flooring can be seen as an essential element of the landlord's void standard, and one which can be paid for through an eligible service charge. When a tenant leaves the property the flooring should be inspected, cleaned, and left in place for the next tenant. This concept is more akin to a planned-works programme.

Local flooring suppliers are typically selected due to their responsiveness and flexibility, although there are cases where national suppliers (eg. Carpetright) have been commissioned to deliver wider programmes of provision.

There are also a small number of contract furniture suppliers who provide a 'one-stop' service, offering furniture, white goods, flooring and window coverings.

See section – [Flooring for more details.](#)

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## What happens when the tenancy ends?

When a furnished tenancy ends the tenant will be required to leave the property. At this time the furnished tenancy team, potentially in collaboration with the voids team, will inspect the items and decide which items can remain in the property and which items must be replaced with new, and the furnished tenancy start again with the next tenant.

When a tenant ends a furniture rental agreement they can return the items whilst remaining a tenant in the same property. In this case the landlord can work with the tenant to understand their reasons for ending the agreement, and to identify any potential need or affordability concerns. If a suitable arrangement can be found some or all of the items can remain with the tenant under a new furniture agreement, or as a discretionary gifted provision. [See Legal Advice for more information.](#)

If a new arrangement is not appropriate then all items will need to be removed from the property. In this scenario the landlord will need to plan for how they will process this 'surplus' furniture. Many options exist, and it shouldn't be seen as a barrier to introducing a furniture scheme. First and foremost the landlord can redistribute the items to new or existing tenants that need furniture – this can be provided through the furnished tenancy or furniture rental schemes, gifted or even sold at a reasonable price. The landlord can also work with the reuse network to redistribute the furniture to the local community.

The initial volume of surplus items will be so small that existing operational resources can be utilised. As the scheme grows it may be financially viable to set up a small team to repair and recycle furniture – see [Stockport Homes case study](#).

## How will a furniture scheme impact our voids process?

It is most common for a social landlord to deliver and install furniture and furnishings to a property at the point of void. In this scenario the scheme officer will need to maintain close contact with the voids teams and furniture suppliers so that the works are not delayed unnecessarily and the void time is kept to a minimum. In the case of Stockport Homes Group the decision was made to protect their void time and leave the voids team to complete their work, only delivering and installing furniture and furnishings once the tenant has moved in. The Stockport Homes furnished tenancy team coordinates the delivery and installation closely with the tenant, furniture suppliers, and carpet fitters – often setting up a direct communication between tenant and supplier where appropriate.

## How will we collect and/or replace furniture?

There are a number of different scenarios to navigate when removing or replacing furniture. The furniture could be faulty, old, or no longer required by the tenant. These scenarios are only relevant if the landlord has purchased the furniture, if it is part of a rental agreement with a third party supplier, they will be responsible for collecting and/or replacing all furniture.

**Under warranty** - Furniture, furnishings and appliances that are found to be faulty during the warranty period can be dealt with directly with the manufacturer or supplier, who will collect the faulty item and replace it with new, free of charge. Some furniture wholesalers will offer a support service to their customers throughout the warranty period, liaising with the manufacturer on behalf of the landlord. Landlords are advised to negotiate this requirement with potential suppliers during the procurement phase.

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**Outside of warranty** – Items that are faulty or have exceeded their usable lifetime will also need to be replaced. The landlord's agreement with their supplier will still cover the replacement of the items, although in this case the landlord will cover the cost. The landlord could also exercise their "right to repair" the item if they have the necessary capabilities and capacity to carry this out, as opposed to replacing it with a new item.

**End of tenancy** – When a tenant ends a furnished tenancy the landlord will ideally leave all items in place for the next tenant. If they are found to be faulty or in need of refurbishment the landlord can arrange for a replacement with their supplier. When a tenant ends a furniture rental agreement the furniture will need to be collected and stored by the landlord. The landlord has several choices in how to manage this surplus – repair, reuse or disposal.





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# LEGAL

## Ownership

The fourth condition of eligibility for a service charge is that the tenant must not take full or part ownership or interest in that asset.

In simple terms this ensures that the tenants housing benefit or universal credit payments must only cover the cost of the 'use' of the furniture levied by the landlord, and must not contribute to any kind of sale or transfer of 'ownership' during the term of the agreement.

If and when the tenant or landlord wishes to terminate the agreement the service charges will cease, and the landlord will collect the furniture.

It may be mutually beneficial for both the tenant and landlord for the items of furniture and furnishing to remain in the property, especially if they are in good condition and if the landlord has recouped their initial investment. In this instance the landlord is free to make a charitable gift to the tenant.

If the tenant has reached the term of the agreement the landlord may also be able to remove items and therefore reduce the service charge, before signing a new agreement. [See Stockport Homes Group case study](#)

## Why are these scenarios important?

**For the tenant** – The tenant may have had a change of circumstances which has enabled them to find employment and reduce their universal credit below the level at which a Category D service charge can be claimed. In this situation the tenant would need to fund this charge themselves, or find the money to purchase new goods. Purchasing the existing furniture from the landlord at low cost may therefore be a preferable option.

In the above situation, in a furnished tenancy, the tenant may be forced to find alternative unfurnished accommodation to meet their budget but we would strongly recommend that the landlord support the tenant to access furniture in some other way, ideally by gifting preloved items and these could be items that have been removed from furnished tenancies that are not quite of the high standard required for reuse as part of a service charge.

**For the landlord** - The landlord may decide on ethical grounds that they do not want to keep charging their tenants for furniture that has been paid for and the full capital costs recouped.

Additionally, the cost of recovering the furniture and furnishings from the property may also be circumvented if a mutually beneficial arrangement can be reached with the existing tenant.

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## Legal Advice

If a landlord is considering gifting the furniture to their tenants they are advised to seek legal advice from an organisation such as [Support Solutions](#):

*"Landlords can gift or sell furniture/white goods to a tenant subsequent to having levied a service charge to that tenant for the 'provision and use of furniture/white goods/equipment' at the point where the landlord is satisfied that the income generated by the service charge has covered the cost of the initial acquisition of the furniture. The service charge must be removed from the tenants service charges at the point where the landlord decides to gift/sell the furniture to the tenant"*

Support Solutions, Sept 2022

## Furniture and Appliance Compliance

A social landlord has a duty of care to the general safety of tenants and any other individuals visiting their rental property. All furniture and appliances supplied by the landlord under a furnished tenancy or furniture rental agreement must be compliant with the latest safety regulations.

All furniture in a rental property must comply with the 1993 amendments to the Furniture and Furnishings (Fire) (Safety) Regulations 1988. These safety regulations extend the scope of the Consumer Protection Act 1987 (CPA) to cover the supplying (hiring or lending) of specified goods (upholstered furniture and certain furnishings) "in the course of business".

It's recommended that social landlords acquaint themselves with the regulations prior to engaging with the supply base. The Furniture Industry Research Association (FIRA) publish some useful guides for manufacturers, wholesalers, retailers and buyers – [FIRA Flammability Guide](#)

There are six main elements contained within the Regulations:

1. Filling materials must meet specified ignition requirements
2. Upholstery composites must be cigarette resistant
3. Covers must be match resistant
4. A permanent label must be fitted to every item of new furniture (with the exception of mattresses and bed-bases)
5. A display label must be fitted to every item of new furniture at the point of sale (with the exception of mattresses, bed-bases, pillows, scatter cushions, seat pads, loose covers sold separately from the furniture and stretch covers)
6. The first supplier of domestic upholstered furniture in the UK must maintain records for five years to prove compliance. (NB: This is the manufacturer, retailer or importer).

We know that tenant safety and minimising fire risk is uppermost in the minds of all landlords so we recommend ensuring that all upholstered products provided, including sofas, mattresses and bed bases, use Crib 5 fire retardant fabric.

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## Electrical Safety Standards and Regulation

Through the Levelling Up White Paper and the Social Housing White Paper, the government has committed to radically improve housing quality and set ambitions to ensure that housing is safe and decent.

In 2016, the Electrical Safety Standards Working Group was established to discuss the risks private sector tenants face in the home from electrical hazards, leading to new legislation coming into force for private landlords in 2020. The remit of the Group did not extend to the social rented sector and the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 do not apply to the social rented sector.

A recent [consultation paper](#) follows the commitment in the Social Housing White Paper to consult on electrical safety standards in the social rented sector, and aims to improve safety for residents in social rented homes and bring greater parity between the rented sectors. This consultation period has recently concluded and includes an assessment of Mandatory Portable Appliance Testing (PAT) on all electrical appliances that are provided by social landlords as part of a tenancy.

What does this mean for social landlords?

Social landlords are not currently required by law to conduct PAT testing on the electrical appliances that they supply as part of a furnished tenancy or furniture rental agreement. However, it is strongly recommended that social landlords introduce a programme of PAT testing if they are supplying electrical appliances as part of their furniture provision – this not only provides assurance to tenants and landlords in the short term, but is also very likely to become legislation in the next few years. This testing can be carried out by existing suitably qualified operational teams, or outsourced to a sub-contractor.

Ref : [Electrical safety in Social Housing](#) / [Who Can PAT Test](#)



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# CALCULATING COST & RETURN

In this section we go into detail on how the business case for furniture provision can be made. For the purposes of this section the metrics used are purely quantitative and financial, (as opposed to exploring qualitative or social value metrics).

## Rental Model – Choices

As described earlier in the report, renting furniture to tenants can be structured as a furnished tenancy or a furniture rental agreement. The route taken will depend on the landlord's business strategy, operational capacity and capabilities, and the needs of their tenants.

The chosen solution must be ethical, be reasonably priced, and financially sustainable for the landlord. The scheme should be self-financing, with all surpluses reinvested to improve and scale the provision.

If the landlord is catering for a high number of homeless tenants then a fully furnished tenancy scheme is more likely to meet the needs of the customer, and there is only a single furniture stock profile, although one with a range of sizes to meet the needs of different family sizes. It also potentially helps the landlord to compete like-for-like with private rentals which are frequently fully furnished. However, this model excludes those customers that don't need a fully furnished tenancy. With this in mind, a more diverse customer profile will be better served by a flexible furniture rental model where tenants can select the items that they need.

Regardless of the route taken, the principles of the financial model remain consistent. The landlord will need to consider all elements of the scheme over time, including capital investment, operational costs, and income.

The financial model should focus on the direct incremental costs and income associated with the delivery of the provision over time, but should also account for any existing resources and assets that may be deployed to deliver the provision.

Existing resources could include staff, office facilities, storage and vehicles. During the testing and piloting phases landlords are recommended to deploy existing resources wherever appropriate. In the early stages of a furniture scheme it is unlikely that a landlord will need dedicated office facilities, storage or vehicles – these resources can be considered in time and as the scheme proves its viability. In any case, the landlord will only be required to handle surplus furniture created by tenancy ends – which will account for a relatively small volume as evidenced by the [case studies](#) in this report.

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The requirement for storage is further mitigated where the landlord has an outlet for preloved furniture. A circular/reuse operation provides the landlord with a means to offer decent used items of furniture to their tenants either through discretionary gifting or sale. Whilst not covered in detail in this report, landlords that are interested in learning more about reuse and sector best practice can email [Claire.Donovan@EndFurniturePoverty.org](mailto:Claire.Donovan@EndFurniturePoverty.org) or visit the [End Furniture Poverty website](#) for more ways to get in touch.

Examples of capital costs:

The key capital costs involved are the Initial purchase of the furniture and furnishings, and the ongoing replacement of old, damaged and missing items.

The initial cost of furniture and furnishings is relatively simple to establish, but calculating the ongoing replacement costs can be more difficult as there are a number of variables to consider:

- The landlord can decide to replace all items with new after a certain time period, only replace those items that are deemed below the rentable standard, or offer reduced rental rates on those items.
- Domestic or Contract furniture specification have different warranty periods and average lifetime – eg. contract furniture is of a more durable construction, it has a longer warranty and will require less repair or replacement over time.
- Electrical appliances have a shorter warranty period, typically 1 or 2 years, but can remain perfectly functional and safe for many years. The landlord may still choose to replace electrical items after a set period of time so as to maintain a high degree of transparency and control, and to reduce H&S and non-compliance risks. This can also help to ensure tenants are being supplied with electrical items that offer the latest energy efficiency standards which tend to improve every 3 to 5 years.

For the purposes of the [financial model](#) it is assumed that the landlord will fully replace the items with new without recovering any further value from those items.

## Other Capital Costs

As the scheme grows there may be an increasing need for the landlord to invest into other assets such as vehicles and premises for either office or field based staff – these investments can be made incrementally as and when surplus is generated.

Contract furniture providers will commonly offer operational support such as delivering new items to new tenants, and replacing old items with new, as an extension to their furniture rental/sales. The landlord will need to deal with furniture from tenancies that end, or from tenants that decide to end a furniture rental agreement.

These capital costs can be circumvented entirely if the landlord chooses to sub-contract all the physical operations (delivery, collection, replacement) to a 3rd party. This model places ownership of furniture with the 3rd party and therefore eliminates upfront capital costs for the landlord. This model will incur an additional profit margin for the 3rd party, which will be passed onto to the tenant directly or through their benefits. As all income is channelled directly to the supplier the scheme will never generate a financial surplus for the social landlord for reinvestment into the growth and improvement of the provision.



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## Operational Costs

The primary operational costs for any furniture scheme is staffing. When a landlord is testing or piloting their provision it may be possible to draw on existing operational and administrative resources to get going. A Housing Operations function may have enough capacity to oversee the introduction of the scheme without hiring new people. For example, an existing Team Leader and Officer each with spare capacity would have the necessary capabilities to run a small pilot scheme, however, as it grows there will be the need for a dedicated member of staff to be in place. The landlord may prefer to apportion these direct costs into the model from day one, this assumption has been built into the financial modelling provided in this report. See section [Staffing and Stakeholders](#) for more detailed guidance on roles and duties.

An alternative to hiring new staff, or leveraging capacity within existing teams, is to sub-contract the physical operations to a 3rd party. In this instance the sub-contractor will collect, store, distribute and potentially refurbish or dispose of the damaged furniture. This scenario also removes the need for the landlord to purchase additional assets to support the growth of the scheme, such as vehicles, premises and storage.

The transparency and visibility of the service provided to tenants, and the condition and location of assets is critical. As a minimum, we recommend that landlords should take ownership of the administration of the scheme and the communication with tenants. With this central capability in place the landlord is then able to outsource the physical operations and effectively manage their supply base.

Several landlords have set up closed loop recycling operations to support the furniture scheme. Damaged or old furniture is collected, refurbished, repaired and redistributed to their tenants. This furniture can be gifted as part of a discretionary provision, or rented/sold at reasonable and appropriate costs. [Stockport Homes](#) and [Thirteen Group](#) are two examples of social landlords that have successfully integrated a circular reuse model into its furniture provision.

### Some examples of how landlords have staffed their furniture provision:

- Citizen Housing introduced a furnishing scheme for more than 300 tenants by accessing existing capacity within the Housing Ops, Finance and administration functions.
- Karbon Homes deliver a furniture provision to approximately 2000 tenants with a team of 2 (their Home Comforts Team). The physical operations are coordinated by this central team, but delivered by a 3rd party contractor.
- Stockport Homes' 800 furnished tenancies are managed by a team of 2 dedicated staff, in addition to their recycling operation which has a further 2 dedicated staff. Both teams are overseen by a Team Leader.
- Torus have approximately 1600 furnished tenancies and a team of 2. They capitalise all of their furniture and sub-contract the physical operations to a 3rd party.

The scheme can be delivered independently to the landlord's standard voids process, or combined with it.

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## Inspection and Compliance Costs

The landlord should factor in additional operational costs to carry out inspections on furniture, furnishings and electrical appliances. As a minimum it is recommended that the landlord inspect the furniture and furnishings once they are fitted/installed, a month or so into the tenancy, and a programme of annual inspection. As recommended in Section – [Legal](#), a programme of PAT testing should be designed into the operational model and costed-in. This can be conducted by the existing tenant facing teams that can combine the testing with other home visits. subcontracted to a 3rd party.

Anecdotally, the outsourcing of PAT testing for a furnished tenancy scheme will cost in the region of £20 per property per year ex VAT – the financial model includes an option to include outsourced PAT testing.

It's common practice for furnished tenancy teams to coordinate closely with the core operational teams in the inspection of tenant's furniture. Maintenance teams conducting annual safety inspections will be able to inspect furniture during the same visit. Similarly, if housing officers are making a home visit to meet with a tenant they will be able to carry out a cursory inspection of the condition of the furniture. This coordination is reliant on the integration of the furniture scheme into the core business processes and system.

## Contract Term / Payback period

It's common for landlords to use a 3 to 5 year contract, and this is the recommendation from our research – this term will enable the landlord to offer a reasonable weekly charge to the tenant in line with DWP guidance. Anecdotally, using this term, a landlord can expect between 5 and 10 year return on their investment when using a cashflow model – an important point to stress to boards when presenting bids for investment. Each tenancy will generate an income from day 1, and will run in a deficit for at least the term of the contract. From that point onwards the scheme will begin to generate a surplus that can be reinvested back into the scheme.

The payback period can be adjusted by increasing or reducing the margins applied to the furniture costs. Higher margins will drive a shorter return period for the landlord, but may result in unacceptably high charges to tenants. The landlord will need to balance the fair and reasonable cost of the provision to the tenant with the financial viability of the scheme in the long term.

The rate of return is dependent on a number of cost and return variables which are discussed in detail in section – [Financial Modelling](#)

## Furniture Costs & Charges

The cost of furniture and furnishings will constitute the majority of the cost base – landlords are advised to thoroughly research the contract furniture market and use procurement frameworks such as [Procurement Hub](#) and [Procurement for Housing](#) to ensure they are following best practice with regards to compliance and value for money.

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Landlords with successful, long running furniture schemes remark on the importance of finding good suppliers, and developing strong working relationships. Landlords should do their due diligence and seek suppliers that can demonstrate the following:

- Longstanding reputation for excellent customer service standards
- Empathy with the challenges faced by social tenants and households
- Fully trained delivery and installation staff who understand the needs of the tenants
- Good understanding of the social housing sector and its regulatory framework
- Acute knowledge of the operational challenges of running furniture schemes
- Responsive support, advice, expertise, and solutions
- Excellent knowledge of furniture standards and regulation
- Strong supply chain and consistency of supply of quality products
- One stop service that can supply all required products – including flooring and window coverings

There are a range of furniture suppliers out there, many of whom provide a good service. Some specialise in straightforward furniture sales, others focus on rental, while a very small number offer schemes which combine the two which can be an ideal solution.

Generally, furniture is supplied with either a domestic or contract specification. Contract quality furniture is stronger, more durable, and more likely to exceed the mandatory safety legislation such as fire retardancy.

Contract quality furniture therefore offers a better value proposition for long term furniture provision. It will benefit from longer warranty periods which will reduce the costs associated with replacing faulty items in the first few years of the tenancy – anecdotally this is the period where the vast majority of replacements occur.

By its very nature, contract furniture will have a longer lifecycle than domestic furniture. This provides tenants and landlords with a greater degree of confidence that problems will not occur, and reduces the carbon footprint of the scheme.

Longer warranties help the landlord to plan the financing of the scheme, and to protect their investment

Landlords should also consider the energy efficiency rating of all electrical appliances. Items with higher energy efficiency ratings can cost more but deliver significant savings to tenants with their energy bills so should be prioritised.

## So what will the furniture cost?

As an example, we've used a one bedroom social tenancy in 2022/23 to demonstrate the typical capital costs and rental charges involved. For a single tenant moving into a one-bedroom home they may need the following basic essentials:

- Fridge/freezer, cooker, washing machine, sofa, bed

Indicative wholesale pricing for this furniture with contract specification is approx £1,500 ex VAT / £1800 inc VAT.

The landlord can capitalise this cost and depreciate the value of the assets over a 3 to 4 year period depending on their organisational financial model.

## And what do landlords typically charge?

We have provided some examples below of how social landlords are pricing their furniture provision to tenants in 2022/2023:

### Example 1 – Karbon Home Comforts



### Example 2 – Gentoo

Furniture Pack 1 – £21 pw

Cooker, fridge freezer, washing machine, sofa, double bed

Furniture Pack 2 – £26 pw

Furniture Pack 1 plus microwave, double bedding set, chest of drawers

Furniture Pack 3 – £31 pw

Furniture Pack 1 & 2 plus vacuum cleaner, bedside cabinet, dining table and chairs

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## Example 3 – Nottingham City Homes

<https://www.nottinghamcityhomes.org.uk/your-home/your-tenancy/furnished-tenancy/>

**Complete furnishing for a one-bedroom home – rent is between £14 and £14.75 per week and includes:**

- Electric cooker
- Washing machine
- Under counter fridge with 4\* ice box
- Two seater sofa
- Double bed and mattress
- Wardrobe
- Chest of drawers

**Two and three bedroom furnished homes – rent is between £21.75 and £24.25 per week and includes:**

- Electric cooker
- Washing machine
- Fridge freezer
- Three seater sofa
- Table and four chairs
- Beds and mattresses for each bedroom
- Wardrobe and chest of drawers for each bedroom

**White goods – Pack A (suitable for one-bed homes) – £6.75 per week**

- Electric cooker with solid plate hob
- Washing machine (6kg load, 1,000rpm spin)
- Fridge freezer (1,525mm tall, 50/50 split)

**White goods – Pack B (suitable for one-bed homes)– £6 per week**

- Electric cooker with solid plate hob
- Washing machine (6kg load, 1,000 rpm spin)
- Under the counter fridge with 4\* ice box

**White goods – Pack C (suitable for two-bed homes plus) – £7.75 per week**

- Electric cooker with solid plate hob
- Washing machine (7kg load, 1,200 rpm spin)
- Fridge freezer (1,770mm tall, 50/50 split)

**One bedroom furniture pack – £8 per week**

- Two seat sofa
- Double bed and mattress
- Double wardrobe
- Four drawer chest of drawers

**Two bedroom furniture pack – £14 per week**

- Three seat sofa
- Table and four chairs
- Double bed and mattress
- Single bed and mattress
- Two double wardrobes
- Four drawer chest of drawers
- Three drawer bedside table

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### Three bedroom furniture pack – £16.50 per week

- Three seat sofa
- Table and four chairs
- Double bed and mattress
- Two single beds and mattress
- Two double wardrobes
- Four drawer chest of drawers
- Two three drawer bedside tables

### Single items for rent (per week)

- Bunk bed and mattress – £3.45
- Single bed and mattress – £1.65
- Wardrobe – £1.50
- Three drawer chest – 90p
- Table and two chairs – £1.45
- Two dining room chairs – 80p
- Two seater sofa – £2.50
- Three seater sofa – £2.75
- Armchair – £2.30
- Coffee table – 45p

Prices correct as of July 2021

## Example 4 – Torus

- Single person Pack – £20.51
- Couples Pack – £23.16
- 1 Child Family Pack – £30.59
- 2 Child Family Pack – £35.23
- 3 child family Pack – £39.52
- 4 child family Pack – £40.96

The reality is that all landlords offer something slightly different, however, with reference to a basic essentials pack for a single person moving into a one bedroom property:

- Fridge/freezer, cooker, washing machine, sofa, bed

We can deduce from the itemised pricing that these landlords would set the weekly charge for anywhere between £12.50 and £21, and all of these charges are deemed reasonable by the DWP.

## So why the big variance?

The variance in weekly charges is dependent on a number of factors:

1. The price of the furniture to the landlord
2. The term and required payback period
3. their operational cost base
4. the degree to which the service is sub-contracted



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Regarding point 1 – where landlords are purchasing the furniture, they are selecting contract specification furniture from a relatively limited set of suppliers – therefore we assume that the price variance is minimal, or at least less than 5%

Regarding point 2 – the landlords with charges at the upper end of this range may have chosen to return their investment over a shorter time frame, potentially offering the charges on a 3 year term

Regarding point 3 – the landlord may have invested into staffing and operational assets from day 1 and be looking to recover these costs through the rental charges and they may also be planning ahead to cover warehousing costs or increased staffing costs.

Regarding point 4 – sub-contracting the furniture rental introduces an additional profit margin for the furniture rental company into the value chain which will logically increase the weekly charge to the tenant.

## So what will this pack cost to buy?

Indicative purchasing costs for a one bedroom pack with a contract specification is approx £1,500 ex VAT / £1800 inc VAT.

If we now look at the costs and charges we can start to establish the ground rules for a financial model. A simple calculation shows that a tenant paying £12.50 per week on a 5 years contract will generate £3,250 income over that period.

In this example, the difference between the cost (£1800) and the income (£3,250) provides a rough estimate as to the landlord's gross margin. In this case we can calculate the gross margin at £1450, which is approx. 55% of the initial capital.

For the landlord to operate a financially viable scheme the 55% gross margin must cover all of their operational costs, which will increase over the 5 year period, and offer an acceptable return on their capital investment. As a rule of thumb, we recommend that social landlords start with these assumptions when building a financial model:

- Term of agreement – 5 years
- Gross margin – 55%

From this starting point the landlord will be able to add capital and operational expenditure into the model based on their preferences regarding:

- the scale of the scheme they plan to deliver
- the flexibility of their offer to tenants
- Ownership of the furniture – landlord or 3rd party
- Delivering the physical operations – landlord or 3rd party
- PAT testing programme – approx £10k annual budget for schemes < 500 tenancies
- Approach to replacing furniture – eg. frequency, gifting to tenants
- Appetite to develop a circular / reuse operation

In reality there is no single solution as the financial model must reflect the operational preferences of the organisation, and the needs of its tenants. The above variables should be combined into a financial model that can provide a high degree of clarity to the decision makers when considering the introduction of a potential scheme.

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As and when the scheme is operational, its performance can be measured against the key assumptions and performance targets and the model can be adjusted accordingly. We talk in depth regarding performance and measurement in section – [Data Strategy & Measuring Performance](#)

Costs will rise over time as furniture costs rise, staffing costs rise, so new furnished tenancy service charges can be increased, but only at the same level and at the same time as the annual rent increase, so it is vital that you set the charge at the right level from the outset.

We have developed a blueprint financial model that enables social landlords to explore the financial viability of a furniture scheme with in-built flexibility to adapt the model to their operational preferences, and to the needs of their tenants. See section – [Financial Modelling](#)

## Tenancy Performance

A by-product of providing furniture to those that need it is the benefit to the landlord associated with the tenants greater financial stability. A household that is provided with a stable footing is less likely to struggle to cover living costs, and are more likely to sustain a tenancy for a longer period of time.

Landlords that have tested these assumption have demonstrated the correlation between furniture provision and tenancy sustainment through reduced tenancy churn and arrears rates.

**Tenancy Churn** – If a landlord can reduce their tenancy churn, they will benefit in two ways. Fewer empty properties means reduced rent-loss, and reduced void costs. If a landlord can reduce its churn by 10 properties every year, and the average time that a property remains empty is 1 week, then the landlord will save 10 weeks of lost rental income. It will also save 10x the average cost of each void. Over a large portfolio and a long timeframe these cost savings can become significant. Citizen Housing were able to demonstrate a 30%-50% reduction in Year1 churn through the introduction of their Fresh Start proposition – see [Citizen Case Study](#)

**Void Costs** – When a tenant is provided with a home they are proud of they will be more likely to maintain the condition of the property. Thirteen Group were able to save upwards of £1m per year due to a significant reduction in Year 1 churn, and a reduction in void time & cost. Thirteen had a number of 'high turnover' tenancies – terminating within the first year, often multiple times. Thirteen were able to reduce this figure to 10%, a reduction of approximately 400 voids per year. Their average void costs were reduced by approx. £500 due to tenants returning properties in a better condition. See the [Thirteen Case Study](#)

**Arrears Rate** – Furnished tenancies allow the tenant to avoid high cost credit and other debts associated with acquiring furniture themselves, which naturally means they are less likely to move into arrears.

Despite a lack of good sector wide data & research to correlate furniture provision with a reduction in arrears, there are some good case studies that demonstrate the link between the two. Thirteen have been able to reduce their arrears rate by more than 30%, in part due to the provision of gifted flooring, furniture and decoration. See the Thirteen Case Study. Gentoo have also reduced their arrears rate by moving to a MPTL system (Managed Payment to Landlord). See the Gentoo Case Study.

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# FLOORING

The benefits of flooring to social housing tenants are now widely recognised and has been evidenced in recent research by TPAS CYMRU and Tai Pawb – [Floored](#)

Living without flooring in 2022, means living in furniture poverty, and therefore living in poverty. Social landlords are in an ideal position to address this problem by providing flooring to their tenants.

The landlord will benefit from happier and more engaged tenants, reduced churn, and properties which are left in a better condition when tenants leave – which can reduce their VRL (void rent loss) by a significant amount. This has been evidenced by [Citizen Housing](#) and [Thirteen Group](#)

## What are the costs like?

A landlord should expect to pay no more than £20 per square metre, without underlay. On this basis a bedsit or 1 bedroom flat could cost approximately £1200 (based on 50 square metres), with a 2 bedroom flat costing approx £1800 (based on 75 square metres).

## How long will it last?

Quality carpet will typically outlast a 5 year tenancy, and is widely known to out-live other items of furniture and appliances. It can be replaced or mended at any time if deemed unsafe or unusable, and these costs can be factored into the financial model. The tenant will be responsible for the cleaning and care of the flooring, which will need to be made clear in the terms of the agreement. As and when the tenant leaves the property the landlord should inspect the flooring and aim to leave it in place for the next tenant.

## What about the specification?

Two specifications of carpet are typically required to suit high and low traffic areas, with a vinyl option for bathrooms and kitchens with solid flooring. Underlay should be considered as an aid to comfort, insulation, reduced heating costs, and to mitigate potential fall-risks. The costs of providing underlay purely as an item of furnishing can push the service charges beyond a reasonable level – where possible social landlords should seek to combine flooring provision within their broader planned works/retrofit programmes – raising the general void standard of their homes and contributing to net-zero targets can justify the investment into flooring and especially underlay. The landlord is advised to fully research all available options with their chosen supplier(s).

We also recommend offering at least two colour choices to tenants as this should have no impact on cost and helps the tenant to furnish their home to their own tastes.

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## What if the customer wrecks it?

Wear and tear is the responsibility of the landlord, but willful damage or missing items can be re-charged to the customer – as is the case with all furniture supplied as part of a furnished tenancy or furniture rental agreement. The cleaning and care of the item is the responsibility of the tenant – this should be written into the furniture agreement and made clear to the tenant at the time of signing.

## How much will it cost the tenant?

### What's the service charge?

Using the 5 year term / 55% gross margin model a tenant would be charged approx £7 per week for a bedsit/one bedroom home, or approx. £11 per week for a 2 bedroom home. Rotherham Local Authority fit flooring as a service chargeable item at a flat rate of £9.74 per property, regardless of the size of the property and number of rooms. They offer brown or grey carpets or vinyl. Flooring costs/options are built into the financial model in section – [Financial Modelling](#)

There will also be savings for the tenant on their energy bills too as homes with adequate flooring are much energy efficient. Homes without flooring can lose up to 15% of their heat through the floor.

## Could it disrupt our voids process?

### How have others overcome this issue?

The impact to void works is a very valid concern for a social landlord when considering a flooring offer. Fitting flooring must be properly coordinated to minimise disruption to the other trades. We also recommend that landlords consider including a deep clean and fumigation process for carpets before reletting.

Citizen Housing have introduced flooring as part of their Fresh Start offer. During testing Citizen fitted carpets and decorated approximately 250 properties, and measured the impact on void performance. Whilst the void time had increased, this was offset by the time to let – resulting in a key to key time which was on par with a standard void. The reduction in time to let can be attributed to a more desirable property and a higher number of bids, in turn leading to a greater likelihood that the first viewing will lead to a signup. See [Citizen case study](#)

Stockport Homes have taken a different approach in order to eliminate any impact on void-rent-loss. Instead of co-ordinating the fitting of flooring within the void works, they wait until the void is complete before fitting the carpets and delivering the rest of the furniture – which is then completed within 3 working days. Naturally this can be an inconvenience to the tenant, particularly if they have already moved into the property, although SHG's furnished tenants are generally very happy with the service. SHG have developed this approach over time through trial and error, and consider it the lesser of two evils.

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Thirteen Group fit flooring into their relets and have seen significant saving in void rent loss as a result of lower churn and properties that are returned in a better condition – see [Thirteen Group case study](#).

## What is the main ingredient in a successful flooring offer?

A successful flooring offer is reliant on sourcing a good one-stop supplier(s) and working with them to develop a high value product and service.

## Window Coverings

In addition to flooring, landlords should also consider including window coverings into their furniture tenancy or furniture rental offer.

Tenants without window coverings again lose heat in their property, meaning their homes are more energy inefficient, and it means a lack of privacy, particularly important for tenants who may have fled domestic violence or other difficult circumstances.

Without window coverings, some tenants can resort to hanging sheets or even newspaper over their windows which can cause issues with neighbours, and the overall look of the neighbourhood which can lead to issues with reletting properties.

We have included a section on window coverings in our Financial Model to help you to understand the costs.

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# FINANCIAL MODELLING

## Rental Strategy

Furnished Tenancies and Furniture Rental Agreements in social housing can be represented by a relatively simple financial model. For the model to be useful it must be adaptable to the landlord's preferences and accommodate all of the variables associated with the cost and return of the scheme. As a feature of this report we have built a financial model that can be used by social landlord to start to explore the financial returns associated with furnished tenancies and furniture rental agreements.

As with any new business venture, it takes time to build the financial return. Experts in this field advise that patience is critical during the first few years of introducing a furnished tenancy programme – it's likely that a financial return will be achievable between Year 5 and year 10 and that message should be communicated clearly to decision makers at the outset.

A culture of learning and experimentation is equally important – each landlord is different, operating in a different region and serving a different customer base – therefore the operational and financial models will need to be adaptable.

## Key Questions

These topics and questions are key to address ahead of building the financial model:

**Allocations Policy** – Who will we offer the furniture provision to? How will we allocate based on need and affordability?

**Ending Furniture Poverty** – do we want to End Furniture Poverty, are we doing this purely to help our tenants, or to also create a return? Remember, a furnished tenancy does not have to create a financial return but sustainability is of course preferable.

**Furniture Options** – what degree of choice do we want to offer? How will we structure the offer to suit what our customers need?

**Reasonableness** – what charges do we think are reasonable? Eg. is £10 per week reasonable for a fully carpeted property? What is a reasonable charge for a fully furnished one-bedroom flat?

**Capital** – do we invest in furniture or sub-contract? Ownership of goods creates higher capital investment, but simplifies the value chain and creates a higher value offer to tenants as there is no third party profit, so it is usually cheaper. It also enables the landlord to improve and grow the provision through reinvestment of income and surplus.

**Staffing** – What staff will be needed to manage the provision? Will they be dedicated? Can we find the right people/skills in existing teams? Do we need to recruit now?



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**Furniture Quality** – Do we go with contract or domestic specification? Do we prefer lower capital investment or lower operating costs? What is best for the tenant? Do we need different specifications for different tenant profiles?

**Contract Term & payback period** - What is our standard depreciation period for assets? How soon do we want to generate a return? Do we set 3 to 5 years or pay as you go? What is a fair agreement with the tenant?

**Replacement strategy** – How should we plan to replace items? What is our policy on long term rentals – do we replace everything at 5 years? And think about what would trigger a replacement programme if it is not at set periods. Would it be when a tenant requests a replacement after a set period of time has passed? Or just when it stops functioning?

**Compliance** – What is our policy on PAT testing electrical appliances? Can we deploy existing resources or will we need to sub-contract?

**Physical operations** – Do we plan to cover this with internal resources or sub-contract it? Can we source a furniture supplier that can also offer the operational services we need?

**Size and Scale** – What number of furnished tenancies will we start with? How many new tenancies will we introduce every year? What is our ideal number of furnished tenancies?

**Expanding Packs** – think about how you might expand a pack if a family welcomes a new baby for example, or reducing the size of a pack if a family member moves out.

**Welcome Pack** – consider offering a welcome pack to supplement a furnished tenancy or furniture rental agreement. This could include items like bedding and towels, cutlery and crockery, and basic kitchen equipment like pots and pans. Providing these items for free helps get the tenancy off to a good start and help tenants who could otherwise get into debt acquiring these items.

## Gifting Strategy

Gifted furniture schemes such as that provided by [Citizen](#) and [Thirteen](#) also present a return on investment, albeit over a longer timeframe. The performance of a tenancy that includes flooring and fresh decoration will outperform that of a standard tenancy. Void rent loss is reduced through a combination of reduced churn and properties being returned to void in a better condition.

Gifted furniture schemes represent a strategy for social landlords to improve their general void standard over time – effectively resulting in a greater proportion of higher specification properties. Looked at in this way, the landlord can apply a financial model more akin to a typical large scale capital investment such as a planned-works programme. Using a typical NPV (net present value) analysis the landlord can estimate the incremental financial performance of a furnished tenancy over a 30year timeframe, and use this figure to justify the initial capital investment required today. Whilst we haven't modelled this approach we have provided evidence of the incremental performance of furnished tenancies for landlords to use as a starting point for their financial modelling – see [Citizen](#) and [Thirteen](#) case studies.

Where items are gifted to tenants without charge the ongoing maintenance of the furniture becomes the responsibility of the tenant and it should be made clear to the tenant that if the item fails, it is no longer the landlord's responsibility. With this scenario the landlord should complete all necessary safety checks prior to the items being gifted, keeping records of all assessments and testing.

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## Financial Model

[Click this link for a downloadable blueprint financial model.](#)

### How to use the model:

The model provides all of the cost and return data that you will need to create your initial business case. The first tab called 'Furniture Provision – Summary' includes all of the basic elements of the model, with flexibility to define certain key parameters. These parameters are highlighted in yellow in the model, and include:

- **Choice of furniture items to offer tenants**  
Choose from the provided list of essential items, or add your own.
- **Purchase cost of furniture items to the landlord**  
Indicative wholesale prices provided for contract quality furniture, with flexibility to modify prices for each individual item
- **Quantity of items in each 'furniture pack'**  
For example, a single person may only require 2 dining chairs, whereas a family may require 4 dining chairs. You can indicate the quantity required.
- **The range of 'furniture packs' offered to the customer**  
You may decide to offer a single fully furnished tenancy, or a range of 6 different furniture packs. The model is built to accommodate all of these options and has some indicative 'furniture packs' to choose from and adapt
- **The proportion of different 'furniture packs' you expect to provide**  
If you decide to offer 3 different 'furniture packs' which one do you expect to be the most popular, and what proportion of the total number of packs would that represent. If you expect half of tenants to choose a particular pack then you can indicate this as 50% on the model. The remaining packs will need to make up the remaining 50%.  
  
There is the flexibility to include a 'flooring only' pack.
- **VAT rate %**  
This is the current VAT rate expressed as a percentage – currently set at 20%
- **Flooring costs – overlay & underlay**  
Indicative costs for underlay and overlay are provided, but you can change these figures according to the quotes that you have received.
- **Flooring square meterage**  
The square meterage of each property will dictate the cost of supplying and fitting flooring. We have included some indicative figures for one bed and 2 bed properties, but you can adjust this based on your calculations.
- **Margin to cover replacements & administration**  
We have included an indicative margin to cover replacement items (out of warranty) and the administration of the scheme – these are industry standards, although you can adjust these up or down based on your operational cost base.

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- **Contract term**

This is the term of the agreement you will set with your tenants, expressed in years. This is commonly between 3 and 5 years. If you plan to use a rolling 'pay as you go' agreement the 'term in years' number is still critical in establishing your return on investment and in setting a reasonable weekly charge to the tenant.

- **Tenancies introduced per year**

This number identifies how many tenancies you plan to introduce every year. If this number is set to 50 the model assumes that the number of furnished tenants/properties will increase by net 50 per year (inflow minus outflow). In the second tab you are free to adjust this figure independently for any of the first 10 years. For instance, you may decide to introduce 20 per year for the first 3 years, and then scale to 100 per year from year 4 onwards – read on for guidance on how to use the second tab.

The second tab called 'Cost and Return Calcs' includes some more parameters to adjust the cost and return over the first 10 years of the provision. These parameters are again highlighted in yellow and can be adjusted to suit your preferences:

- **Tenancies per year**

The yellow boxes will default to the figure provided on tab1, however you are free to change the number for each of the first 10 years of the provision

- **Inflation**

The model accounts for inflation, which is set at 2% but can be adjusted up or down – the model applies the same inflation rate to costs and charges.

- **Lifespan of Furniture**

This number, expressed in years, represents the actual lifespan of the furniture provided to tenants, regardless of the warranty period. To keep the model simple it is an average lifespan to represent the full range of items. In reality, a dining table will have a longer lifespan than a mattress. Replacement costs become an increasingly large component of a scheme over time, so we recommend that you take time in setting this figure as accurately as possible.

- **Officer & Supervisor Salary Rates**

This is the expected salary rate for a scheme officer and their supervisor. We've included indicative rates but you are free to adjust them up or down. The rates increase with inflation year on year, based on the inflation number set at the top of the tab.

- **Officer & Supervisor FTE**

These cells indicate the number of full time employees that will be deployed to the scheme. The number of FTE's can be increased as the scheme grows.

The third tab is called 'Tenancy Performance' and includes some parameters to calculate the improved tenancy performance expected as a result of reductions in arrears, reduced churn and the furniture provision. These parameters are again highlighted in yellow and can be adjusted to fit your preferences:

- **Average Rent Per Week**

This is the average rent per week in GBP. This can be across all tenancies, or just those included in the furniture provision. The default is set to £100 per week.

- **Average Arrears Rate**

This is your organisation's arrears rate, expressed as a percentage of your gross rental income. For example, if your gross annual income is £10m and the annual value your arrears

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is £5m, then your arrears rate will be 10%. The default value is 2.89% which represents the latest sector average.

- **Target Reduction in Arrears**

This is the percentage reduction in arrears that you expect to benefit from as a result of introducing a furniture provision.

- **Average churn rate**

This is your organisation's average churn rate across all properties, or the churn rate you would expect for the scheme's property profile in an unfurnished condition. The default figure is set to 15% to represent hard to let and/or challenging lets.

- **Target reduction in churn**

This is the reduction in churn you would expect as a result of providing furniture, expressed as a percentage. So if you would expect to reduce churn by 10%, type 10 in the yellow box. The default value is 30% based on insight from the sector (Citizen / Thirteen).

- **Average time empty**

This is the average time that your properties remain empty when void, expressed in days. The default value is 20 days which represents an anecdotal average from across the sector.

- **Average standard void cost**

This is the average cost per void across all relets, expressed in GBP. This could also be adjusted to reflect the property profile of the furniture scheme, if materially different to the landlord's standard property profile.

## Interpreting the Output

At the bottom of the first two tabs are 3 rows highlighted in purple – these show the payback in years, and the IRR for Yr5 and Yr10:

PAYBACK	YEAR 5
IRR TO YR5	15%
IRR TO YR 10	58%

In the example above the Payback is shown as Year 5. The IRR at the end of Year 5 will be 15% and by Year 10 the IRR will be 58%. This means that the scheme will begin to generate a surplus in Year 5, and for every £1 invested in the scheme it will return £1.15 by the end of Year 5 and £1.58 by the end of Year 10.

Changing any of the yellow values on any of the tabs will change the payback and IRR values.

## In Conclusion

This financial model gives any landlord a starting point to explore the cash-flow they can expect from their preferred scheme design – with the flexibility to adjust key parameters. It's recommended that a member of the finance team are engaged early on in the planning to ensure that all the key financial parameters are correct.

The model can be adapted to show a simple P&L with furniture costs depreciated over a fixed term, with that approach the depreciation costs are drawn down over time rather than capitalised at the outset.

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# STAFFING - DUTIES AND KEY STAKEHOLDERS

Using evidence from the sector we have been able to demonstrate the typical level of resources, tasks, and capabilities required to deliver a furnished tenancy or furniture rental scheme.

During the pilot and startup stages of a scheme it's common for a social landlord to deploy one member of staff, supported by an existing leadership/management structure. This level of resource can be monitored as the scheme grows.

Whilst there will be a passive demand on supervision and management layers to ensure that the scheme is well designed and supported by the organisational strategy, the core duties will be carried out at the officer and admin layer – and it's these direct costs that should be factored into the financial model.

The core team members will need to engage with tenants and internal teams, manage suppliers and stock, monitor performance, carry out inspections, generate management reports, and develop the policies relating to the provision.

## Tenant Liaison

Possibly the most critical element of the provision is the interaction and communication with tenants. This is particularly important during first contact when needs and affordability must be assessed and an appropriate course of action determined.

The outcome from this first interaction can be multi-faceted and should involve wider support and signposting if it is concluded that a rented furniture provision is not the best solution for the tenant.

The landlord is responsible for explaining clearly how the furniture provision works, the level of choice available to the tenant, and how the charges are calculated.

The landlord should oversee the signing. The tenant may also need support in claiming benefits such as how to update their completing their universal credit journal.

You also need to think about how you will market your furniture offer to tenants. Is it something that will be clearly visible on your website, or something that is only discussed with tenants who meet your criteria to be offered a furniture package?

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Liaison with tenants throughout the term of the agreement is critical – not only to ensure that the tenancy starts well, but also in identifying changes of circumstance that impact both need and affordability – for instance, a tenant moving into employment, or a change in occupancy. A settling in visit and annual/bi-annual visit is recommended.

The scheme officer will need to be available to respond in a timely manner to any questions or issues that the tenants may have with their furniture, and to co-ordinate the replacement of old/faulty items reported by the tenant.

An annual inspection of the furniture is recommended based on insight from long standing furniture schemes – during this visit the officer can identify and misuse, and damaged or faulty items that require replacement – a suitably qualified individual would also be able to conduct PAT testing during the visit. The inspection does not have to be carried out by the scheme officer, it can be something that any member of staff could do. One landlord ensures that any staff member who visits a furnished property for whatever reason, also checks the furniture while they are there.

However during the first year of a new scheme, and while the number of furnished properties is relatively low, it is worth visiting every property to not only check on the furniture, but also to speak to the tenants as a frontline learning exercise and to find out about any possible improvements that can be made to the scheme.

## Internal Liaison

The success of the furniture provision will be reliant upon its integration with other service areas and departments.

The furniture scheme officer will need to maintain close contact with the **allocations and lettings** teams during the initial assessment and set up of each tenancy/agreement. During the allocations process the allocations team may identify the need for furniture and will either complete the need and affordability assessment, or make a referral to the scheme officer. Either way the two teams must be in close contact and have a defined process for onboarding new tenants.

In more complex cases the scheme officer may make a referral to the **Money Advice / Income Support team** to help the tenant with accessing other sources of furniture and/or financial support. During this process it will be essential for both teams to maintain close dialogue with the tenant and with each other to deliver tailored and coherent support.

The **Voids** team is another key relationship for the scheme officer to maintain. Depending on the policies and processes in place the delivery and installation/fitting of furniture and furnishings may be coordinated alongside the general voids works. In this scenario the scheme officer will need to maintain close contact with the voids teams and furniture suppliers so that the void time is kept to a minimum. In the case of Stockport Homes Group the decision was made to protect the void works and only deliver and install furniture and furnishings once the tenant had moved in. In this scenario the scheme manager will need to maintain a dialogue with the tenant and the furniture suppliers, and may set up a direct communication between tenant and supplier.

The effectiveness of the furniture scheme will be dependent on insight from the other tenant facing teams such as **Housing Operations**. During their liaison with tenants they will be able to identify changes of circumstances that could impact the tenants needs and affordability. A referral process should therefore be in place to respond to such events.



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Setting service charges and supporting the tenant in their benefit claims will be a necessary component of the role of the scheme officer, as will dealing with arrears or recharges due to damaged or missing items. These activities will require the scheme officer to liaise with the **Finance** team to ensure that there is a shared understanding of the policies and processes and to assist in expediting the case load.

**Business Intelligence** will be able to provide data relating to the performance of the tenancies, and the experience of the tenant – eg. Customer Satisfaction (CSAT) or Net Promoter Score (NPS). The scheme manager should work with the BI team to design a reporting tool that is informed by the [data & measurement strategy](#).

## Duties – Stock Management

Maintaining a register of assets, with information relating to the location, age and condition of the items is fundamental to the smooth running of the scheme. The scheme officer should keep the information up to date with insight from annual inspections and other tenant facing teams, and use their policies regarding replacement and testing to plan the annual programme of home visits.

It's recommended to source a supplier that can provide a turn-key service, including all furniture and furnishings, flooring and window coverings. Where replacements are required the scheme officer will need to liaise directly with the supplier and tenant and ensure that the service delivered

Managing furniture items will become an increasingly important aspect of the scheme officer's role as the provision grows. All replacement items will be handled by the suppliers, but as some tenants end their furnished tenancies or rental agreements this will generate a surplus of used furniture and appliances. Where the items are of an acceptable standard, and/or tested as compliant, they can be redistributed to new furnished tenancies or gifted/sold through a 'pre-loved' provision.

If the items are deemed to be below the rentable standard and/or faulty the landlord will need to decide how to handle the goods. [Thirteen](#) and [Stockport Homes](#) have created an in-house refurbishment team that take all faulty items and either put them back into circulation, or work with other 3rd party community groups to redistribute the items within the local community. This model tends to work for larger schemes that are providing thousands of furnished tenancies or rental agreements.

A more viable route for startup schemes may be to partner with the reuse network. In this scenario the scheme manager will be able to arrange for the items to be collected by charitable and welfare groups who will handle the refurbishment, storage and redistribution of the items within the local community, although this is likely to be not just to your tenants but to all local people in need.

In any of these scenarios the scheme manager will need to develop processes and procedures to deal with surplus stock, and an appropriate means of storing the furniture, as well as the necessary logistics to collect and deliver furniture, such as vehicles and staff.

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PAT testing can be carried out by any competent person, and may therefore be a part of the scheme manager's duties. Whilst PAT testing is not a mandatory requirement by law, it likely to become legally required very soon, so it is recommended that landlords introduce an annual test on all electrical appliances, factoring this into their resourcing and investment programme.

## Duties – Data, Measurement & Reporting

Data, Measurement, and reporting are an often overlooked but critical element of the role of the scheme officer. The KPI (key performance indicators or OKR's (objectives and key results) should be established up front, and should be defined by the impact that the scheme is expected to have – both on tenants and the business. It will be the scheme officer's role to set the KPI/OKR's and establish the reporting framework with Business Intelligence and Finance teams.

The scheme officer should monitor a broad range quantitative and qualitative sources of data and will be responsible for compiling all relevant reporting in line with the landlords standard performance monitoring practices.

Finally, the scheme officer should set up a reporting framework to measure the performance of the supplier(s). Data such as lead times for replacement items, product quality, communication and customer experience should be recorded on an ongoing basis.

Data & Measurement is covered in more detail in section – [Data strategy & measuring performance](#)

## Administration

In addition to support from the supervisor/managerial layer, the scheme officer may also need additional administrative assistance – to cover unusually busy periods, holiday cover, or simply as the scheme grows. It's common for larger schemes (>500) to have a full or part time admin assistance in place – covering duties such as reporting, ordering and processing case work.



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# DATA STRATEGY & MEASURING PERFORMANCE

To measure performance and make informed decisions regarding the development of a furniture provision a landlord must have good reliable data to work with. Without this data a scheme can lose focus and struggle to justify reinvestment.

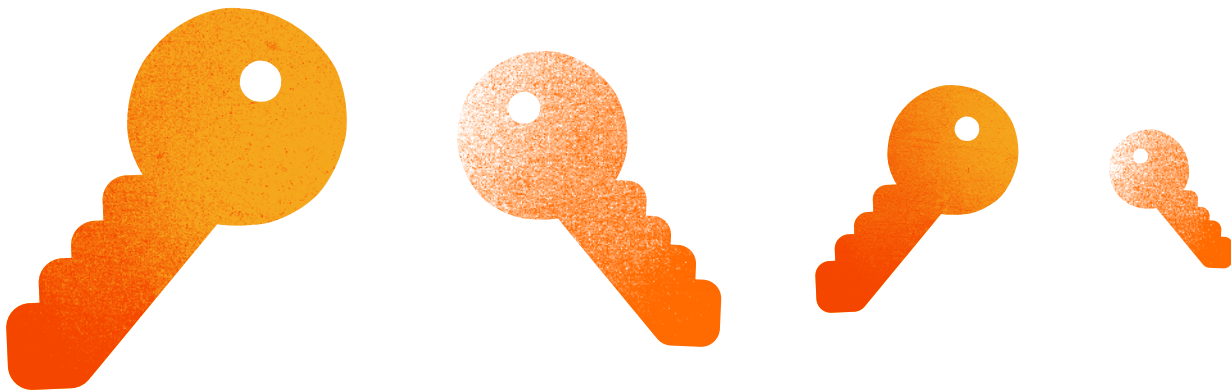
The business model should be used to frame the key assumptions that underpin the performance of the provision – and it's these key assumptions that will form the basis of the data and measurement strategy.

## Bespoke Performance Data

Data specific to the furniture provision should be collected and monitored regularly. These data points will not be captured within existing reporting frameworks, so it's critical that a strategy is approved upfront and that a process for capturing and reporting the data is established before launching the provision. This must be led by the scheme officer with support from Business Intelligence and Finance teams.

**Key assumptions relating to the performance of the provision include:**

- Cost of furniture & flooring – are our pricing assumptions correct – what's changed?
- Replacement of furniture – how often is furniture being replaced (outside of warranty)? Is the average lifespan higher or lower than expected?
- Furniture profile – which furniture items are most/least popular? Which 'packs' are most popular?
- Staffing costs – is the level of staffing adequate for the size of the provision? Are the costs inline with expectations?
- PAT testing costs – has it been possible to conduct PAT testing using internal resources? How much are we spending on 3rd party testing?
- Inflation – is the actual inflation rate higher or lower than expected?
- How many furnished tenancies have been introduced per year? Are we introducing the furniture provision at the desired rate?
- Payback and IRR (Internal Rate of Return) – Are we on track? Did we hit the target?



## Tenancy Performance Data

General tenancy performance can be measured via the landlord's housing system and reporting framework. This data will demonstrate the broader impact of furniture provision on tenants and the business.

Tenancy performance data that should be collected includes:

- Void time – Is the furniture provision impacting our void times?
- Letting time – are we letting homes quicker?
- Key to key time – Does the furniture provision impact the overall key to key time?
- Void Rent Loss (VRL) – What is the impact on VRL?
- Initial void works costs – Does the provision of furniture increase our voids works costs?
- Repeat void works costs – When the properties are returned to void are they in a better condition?
- Arrears rates – Are arrears rates affected by the provision of furniture?
- Churn rate – Do tenants stay in the property longer? And look for trends, are those tenants all single men, or families for example?
- CSAT (Customer Satisfaction) – Are the standard CSAT measures impacted by furniture provision?
- NPS (Net Promoter Score) – Are our furnished tenants more likely to recommend us?

Further qualitative data can be gathered to provide insight into the cause of any under or over performance. Stockport Homes Group have developed a specific CSAT questionnaire to track the satisfaction levels of their furnished tenancies over time – [SHG Furnished Tenancy CSAT Questionnaire](#).

The qualitative research should be conducted by the scheme officer or an internal/external customer research team and would take the form of structured interviews ideally conducted in person. Respondents should be encouraged to speak freely about their experiences to highlight any blind spots in the service provision.

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## Control Groups

The importance of control groups cannot be stressed enough. Without a representative control group the performance data can be misleading. The data and measurement strategy should include the approach to identifying a control group, or groups, and collecting that data alongside the furnished tenants.

The control group should be non-furnished tenancies, and represent the same tenant and property profile as the furniture scheme. For example, if the furniture provision will be targeted towards single homeless people in a particular region, then the control group should reflect these characteristics where possible. It's also recommended to consider the time domain and, where possible, collect control group data during the same timeframe to remove variables such as covid lockdowns. The following criteria should be considered when selecting a control group:

- Location
- Allocation method
- Property profile
- Tenure
- Tenant profile
- Timeframe

## Testing & Pilot

The testing and piloting of a new furniture provision provides an opportunity for the landlord to measure performance in a low risk environment. During this period of time the scheme officer should be capturing data regularly, measuring performance and speaking to tenants as much as possible. Learnings can be used to validate assumptions, or to pivot the direction of the furniture offer – with all learnings being captured in the business model for further approval.

See section: [Testing, Piloting & Scale for more detail.](#)

## Social Value

Another measurement tool that can be utilised is measurement of social impact, or social value created. End Furniture Poverty has carried out research that demonstrates the social return on investment of providing a full package of essential furniture items is £6,472. If your organisation is interested in social value measurement, it can be simple to calculate and you can view the [Social Return on Investment for the Provision of Essential Furniture research here.](#)

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# TESTING, PILOT AND SCALE

As mentioned previously, a furniture programme is proven to return investment within a 5 to 10 year timeframe. However, there are a number of variables and assumptions that need to be tested to understand the capital and operational costs involved in delivering the scheme for your organisation, so a short-term pilot can be prudent before going to scale.

## Testing and Pilots

Adopting a build, test & learn approach to the provision will enable the team to start small, take calculated risks, and scale the provision only when confident in the performance of the scheme. The initial stages should have a focus on maximising learnings with minimal investment.

Firstly, the team will need to design and build a prototype offer that they think is right for their tenants, and for the business. This will be based on their own customer insight and research data and should take recommendations from this report.

The first test should be small enough to manage risk, but large enough to provide statistically significant data. The landlord should plan to initially provide a maximum of 50–100 new tenancies. Rather than going with fully furnished properties it may be more appropriate to allow tenants to choose a set number of items from a list of essential furniture, or let them choose from a limited range of furniture packs, with or without flooring. This will give an indication of the preferences of the tenants, and confidence in how to refine the offer going forwards. The reporting should be in place to capture data and measure performance, albeit over a short time frame – the recommendation is to run the first test for between 6 and 12 months in order to generate reliable performance data. Of course you must still be aware that although 50 to 100 properties means more reliable data, you can still have statistical anomalies in such a relatively small group.

The testing should seek to establish a baseline understanding of operational feasibility and financial viability. Depending on the confidence of the team, this first phase can be viewed as a test, or a full pilot. For example, Citizen Housing ran a series of tests prior to committing to a pilot – see [Citizen case study](#).

A priority in this phase is to monitor all of the operational variables such as void times, staffing, replacements, testing, and supplier performance – and to refine the financial model based on the broader performance data such as VRL, tenancy churn, and arrears.



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It's preferable to create an operating environment and customer experience as close to the final service as possible, so the team should introduce the service charging process, draft the tenant agreements, and design policies and standard operating procedures for all staff to follow.

Operational challenges can be identified and solved throughout the test/pilot without impacting 'business as usual' operations, and financial risks can be managed and mitigated without impacting wider business performance.

## Scale

Scaling can be planned once the team can clearly demonstrate all customer, operational and financial impact, and can confidently present a long term business plan for approval.

This is often referred to as 'operationalising' the provision or as 'business as usual'. Effectively moving the furniture provision from 'project' to 'new service' status. This may bring further efficiencies in terms of the operating environment, providing greater access to shared resources and enabling processes to become embedded and supported more widely across the organisation.

As indicated earlier in the report, the target for a social landlord should be to provide a furniture offer to approximately 10% of their tenants. This will take a number of years to achieve and will require a steady operational hand and a long term financial outlook – potentially beyond 5 years.

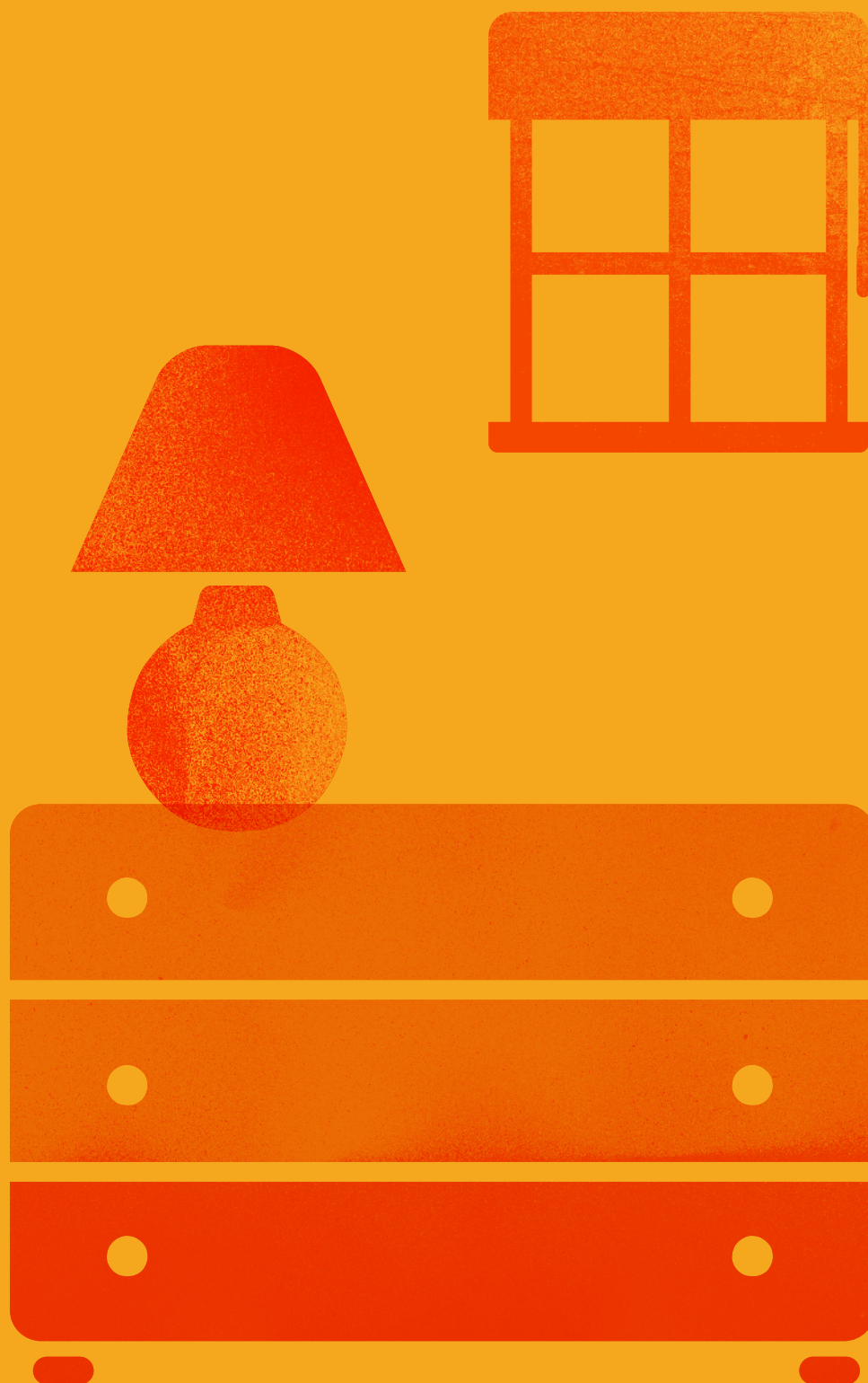
## Partnerships

If you are a relatively small social landlord, there may be opportunities to partner with other landlords to build a furniture programme, to create more efficient economies of scale. If this is something that you would like to explore, please contact [End Furniture Poverty](#) to find out more.



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# CASE STUDIES



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In this section we highlight some examples from across the sector that should encourage and inspire other social landlords to explore furniture provision. Each of these case studies show how an organisation can approach furniture provision in a different way – providing what their tenants need, and doing it in a way that works for their business.

Despite their differences these organisations have much more in common with one another. Our research has revealed that successful furniture schemes share the following traits:

- The organisation has a commitment to helping their tenants
- The organisation recognised the huge the impact they they can have with people suffering from furniture poverty
- Their senior and executive teams wanted to do it, and the commercial maturity to understand that new ventures take time to reach profitability and to let the provision develop over a number of years
- They explored their options and designed a provision that balances tenant need with operational feasibility, and financial viability.
- The provision is integrated into a wider service offer, operational environment, reporting and policy frameworks
- The delivery teams experimented, learned and adapted the provision along the way
- The landlords have long standing relationships with a small number of trusted suppliers
- They have a good understanding of the benefits system, and typically have a good working relationship with the local benefits offices and universal credit hubs

This should serve as a useful reference point for anyone championing the need for their organisation to explore furniture provision – if any of these key traits are missing it would indicate a degree of risk to the sustainability of the provision over longer time frames.

The case studies we have included in this report are:

- Torus Homes
- Stockport Homes Group
- Karbon Homes
- Gentoo
- Thirteen Group
- Citizen Housing



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# TORUS

Torus operate one of the longest running furniture schemes in the UK. They provide social housing for almost 40,000 households in the North West of England, including 15,000 in the Liverpool region. They have over 1600 furnished properties and currently introduce 250 new furnished tenancies every year.

Torus have made a significant contribution to our research and feature in this detailed report by End Furniture Poverty – [Torus Case Study](#)

## In summary:

- Torus have developed a flexible furnished tenancy provision which is offered to all new customers.
- Torus decided not to offer a fixed furnished tenancy specification due to the complications that would cause with the allocation of new tenants
- Tenants can choose from 6 different furniture packs based on family size.
- The tenancy is furnished, not the property.
- Throughout the tenancy the tenant can return items if their HB/UC is reduced otherwise they are tied into a 5 year contract.
- The vast majority of Torus tenants accessing the furnished tenancy scheme are in receipt of housing benefit or universal credit – approximately 90%.
- Tenancies are set at 5 years and the items always belong to Torus
- Less than 5% of Torus' furnished tenancies are ended by tenants in favour of an unfurnished tenancy
- Torus report no issues for their tenants when claiming service charges through housing benefit or universal credit
- Torus have a team of 2 dedicated staff that manage the scheme, a Furnished Tenancy Manager and a Furnished Tenancy Officer
- Torus spend £400k per year on new furniture, and save £100k by reusing 'pre-loved' items
- This saving is used to cover the costs of a sub-contractor to collect, store and repair surplus items retrieved from terminated furnished tenancies.
- Torus use their tenant facing teams to inspect furniture during home visits – any issues are then referred to the furnished tenancies team
- Torus do not currently conduct PAT testing on electrical items
- Torus chose not to offer flooring and window coverings due to cost and complexity – and their experience has taught them that people want to choose the colour and specification of their flooring
- Torus insure the goods for fire and flood damage
- Ian Fyfe, Torus' Furnished Tenancies Manager, wishes they had better historical data (pre 1998 scheme start date) to inform their decision making process
- Ian also mentions that their needs assessment could be more effective at identifying what the tenant might need (in addition to what they think they want).
- Ian and the team managed the surplus stock out of a small shipping container until the scheme became big enough to justify a 3rd party contractor using an industrial storage unit.

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# STOCKPORT HOMES GROUP

The furnished tenancies team at Stockport Homes Group (SHG) have also been incredibly generous with their time, knowledge and expertise. SHG featured in a similar case study published by End Furniture Poverty – [SHG Case Study](#).

## In summary:

- SHG is an ALMO operating in the North West of England with 11,500 properties.
- SHG provide approx 800 furnished tenancies and the main driver for these has always been to support tenants to sustain a tenancy.
- Their target is to reach 1150 furnished tenancies in the next few years
- The SHG furnished tenancy team spend a lot of time with new tenants to understand their needs and affordability – see [SHG Furniture Needs Assessment](#).
- Their priority is in keeping the tenants weekly charges at a minimum viable level
- Lower need tenants are directed to SHG's furniture reuse scheme and/or other local sources of pre-loved furniture
- Furnished properties will remain furnished for the next tenant, but the new tenant will be given the choice of what items they want – subject to need and affordability assessment
- SHG set a 5 year term with the tenant, but will review the agreement after 3 years, although this is not a formal agreement and tenants are encouraged to sign up for a FT for the duration of the tenancy.
- At 3 years, they will inspect all the goods in the FT package. If at that point the tenant's circumstances have changed, they may remove items they no longer need which will reduce the cost of the package. Older items may also be renewed at this stage.
- The team conduct a settling in visit and an annual inspection to assess the condition of the items
- Damaged or missing items are recharged to the tenant, and replaced once the payment has been settled
- Over time, SHG have learned that integrating the delivery and installation of furniture and furnishings with the general void works can cause unacceptable delays to the key-to-key time. Instead they deliver and install all furniture and furnishings once the tenant has moved in – a "lesser of two evils" approach.
- As an ALMO they have a long standing, strong relationship with the housing benefits and universal credit teams – they never have any issues with service charging, however they do work very closely with their Money Advice team to address any affordability concerns
- SHG focus essential items of furniture and encourage the tenant to seek other sources for the non-essential or more affordable items

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- All FT tenants have the option of carpets and SHG have a long standing relationship with a local flooring supplier – they stress the importance of this key relationship
  - Flooring costs are calculated by measuring the floorspace of each property
  - The scheme is managed by 2 part-time officers – who between them work a total of 6 days per week, and a full time admin assistant. SHG also hope to have a new part-time admin staff member in place very soon
  - A team leader oversees the provision, including the furniture recycling team – a team of three full-time staff plus three volunteers. This is in addition to the team leader's wider remit of customer engagement.
  - There is no regular programme of replacement, instead the team use the yearly inspections to identify if an item requires replacement. If it's within warranty the supplier will be booked to replace the item, otherwise it will be collected by the recycling team and the item replaced with new.
  - SHG do not provide insurance so tenants are advised to take out contents insurance – however this is not mandatory
  - When a tenant terminates a furnished tenancy the team aim to visit the property within 24 hours to inspect the furniture – if it's in good condition the furniture is left for the next tenant.
  - If a tenant moves into employment and can no longer cover the service charge through their benefits SHG will work with the tenant to explore cost effective ways to ensure the tenant can afford the rent and keep the items they need in the property.
  - Over time SHG have been able to explore more flexible arrangements with tenants to adapt to their changing circumstances – to the extent that they will now consider removing all furniture and allowing the tenant to remain in the property (dependent on capital costs being fully recovered).





# KARBON HOMES

Karbon Homes was formed in 2017 and its footprint covers the North East of England and Yorkshire, with almost 30,000 homes. Karbon have been providing furniture to their tenants for a number of years, and consider it an essential service in helping their customers set up home, where they might otherwise struggle to do so.

Karbon revisited their furniture offer throughout 2019/2021 and recently relaunched it under the Home Comforts brand. Their offer is very well designed and presented, with unparalleled transparency and communication. They provide their tenants with a comprehensive menu of options and a simple and supportive onboarding process.

## The key elements of the Home Comforts offer:

With the relaunch of Home Comforts Karbon migrated from a 3rd party supply model to a capital investment/purchase model. They made this decision in order to gain greater control over the governance of the provision, strengthen engagement with their tenants, assure higher levels of safety, and to offer a higher quality product & service proposition.

Home Comforts is a furniture rental agreement and Karbon are providing approximately 2000 live agreements, with a significant proportion of those tenants claiming furniture tenancy charge support through housing benefit or universal credit.

The Home Comforts offer is described in the section Calculating Cost & Return – comprising a points based system and a 3-tier price banding:

### Choosing your pack

#### 1. Home Start

Pick one from the essential items to the right.

£5.00 per week  
max 20 points

16 points

electric cooker

15 points

washing machine

11 points

condenser dryer

18 points

fridge freezer

10 points

fridge

14 points

single bed and mattress

18 points

double bed and mattress

#### 2. Home Essentials

Choose from the items included in Home Start as well as...

£13.77 per week  
max 60 points

14 points

Chair

22 points

Sofa

9 points

Chest of drawers

5 points

Microwave

12 points

Wardrobe

14 points

Dining table and four chairs

28 points

Bunk beds and mattress

12 points

Cot and mattress

### 3. Home Essentials +

Pick from the six essential items below.

£23.16 per week  
max 110 points

16 points

electric cooker

15 points

washing machine

11 points

condenser dryer

18 points

fridge freezer

10 points

fridge

14 points

single bed and mattress

18 points

double bed and mattress

14 points

Chair

22 points

Sofa

9 points

Chest of drawers

5 points

Microwave

12 points

Wardrobe

14 points

Dining table and four chairs

28 points

Bunk beds and mattress

12 points

Cot and mattress

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Prior to the relaunch of Karbon's furniture offer, the service included many smaller items, such as kettles and toasters. Whilst the importance of these items cannot be disregarded the team saw greater value in supporting tenants with a tighter range of larger essential items.

There is also an ethical risk in providing a weekly rental arrangement with tenants for low value items, in that these costs can go unnoticed, especially when claimed as an eligible service charge through the tenants benefits.

Karbon are working to ensure their process offers an affordability assessment at start of tenancy, a focused range of essential items, and a transparent asset management system.

The Home Comforts team and Housing team has been working with existing customers , encouraging them to find other means to acquire the smaller, non-essential items – either using their own income, or through local welfare, charitable groups and reuse networks.

The team will also work with existing tenants where affordability has been flagged, to adjust their package and move them onto a lower banding where appropriate.

Karbon have a planned replacement programme for electrical items where each item is replaced with new after 4 years – Karbon cited safety risk and compatibility with PAT testing recommendations, as the deciding factor when introducing this policy.

All furniture packs are inspected on an annual basis to identify any issues. Where an item is not working or not to satisfactory standard, the Karbon team will replace it with new. In their experience items going missing is not a significant issue. There is the ability to recharge for items built into the Furniture Tenancy Agreement.

Currently their focus is on providing new items, but they are exploring a reuse offer. Flooring is not part of their current tenant facing offer but they do hope to be able to help customers meet this need in some way in the future.. They are developing and testing a flooring concept across their diverse customer base.

The Home Comforts Team is comprised of a Team Leader, an Officer, and an Assistant. Karbon spent over 2 ½ years embedding the Home Comforts provision within their existing systems, ensuring that data analytics is in place, and that the provision is fully supported by the Maintenance, Housing Operations and Finance teams.

Whilst Karbon do recognise the poverty-trap argument they do see it more as a perception than a reality experienced by their Furniture service customers. The key point they stress is that customer engagement and communication is paramount, and that each household's circumstances will be fluid. The Home Comforts team work closely with Housing Operations and Finance to identify risks that may impact a tenants welfare – following up directly where appropriate.

**'Be clear on your costs and challenge the supply base'**

**'Don't assume, do your due diligence, be open that resource is required'**

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# GENTOO

Gentoo has over 28,000 properties mainly within the city of Sunderland. Their vision is to provide great homes, strong communities and inspired people.

Gentoo have been trialling a new furniture provision since April 2021 and have been very generous in sharing their experiences and learnings with us.

Gentoo have past experience, from a number of years ago, of having a small number of furnished tenancies which was not a success due to lack of demand, poor quality of products, customers not being given a choice on products and an inadequate monitoring process. The scheme was a combination of new and secondhand furniture, which didn't appeal to all of their tenants.

So they have been relatively cautious in their approach to the new scheme, however, they recognised that many of their tenancies were ending due to affordability and wanted to explore ways in which they could reverse this trend.

Rather than invest into the furniture themselves Gentoo chose to subcontract the supply and operations to a 3rd party. The furniture is owned by their supplier who handles all replacements and collections directly with the tenant.

Their focus is on supporting tenants that are claiming benefits or who have affordability concerns, and ensuring that the furniture can be set up as an eligible service charge through housing benefit and universal credit. They have a good relationship with the local DWP so have had 'no issues whatsoever' in processing claims.

Gentoo have been careful to ensure that their internal teams are not drawn into the operations, however, the provision does require some coordination which is covered by a flat £4 per week admin charge.

Gentoo provided furniture to almost 70 tenants in the first 6 months of their pilot, and offered 3 set packs to their tenants:

- Pack 1 – Electric cooker, fridge freezer, washing machine, 2 seater sofa, double divan bed, wardrobe for £21.82 pw
- Pack 2 – as above plus, microwave, double bedding set, chest of drawers for £26.50 pw
- Pack 3 – pack 1 and 2 plus vacuum cleaner, bedside cabinet 1 draw, dining table and 2 chairs for £30.10 pw

Follow this link for more information on the Gentoo offer – [Gentoo Furniture Provision](#)

They found that almost 45% of tenants who took a furniture package opted for Pack 1, followed closely by Pack 2, with Pack 3 being the least popular at less than 25%.

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They were surprised by the high level of demand, and were generally very pleased with the customer service and smooth processing of orders. Customers and staff indicated that a greater level of flexibility of the packs available would be welcome. As a response to this Gentoo moved to a points based system in January 2022, similar to the Karbon Homes – Home Comforts offer.

Alongside the revised offer Gentoo developed their data analytics capabilities to capture staff and customer feedback. They are also integrating the service into their standard reporting framework in order to generate regular and reliable performance data.

Gentoo have now provided furniture to more than 260 tenants and continue to look at ways to offer flexibility and value. They have no desire to take on the responsibility and risk that comes with investing into the ownership of the furniture.

Gentoo do not currently offer flooring, but have experimented with fitting carpet tiles in the past.

All Gentoo tenants that can demonstrate a need for furniture are classified as vulnerable, and as such their housing claims are eligible to be set up through the MPTL system (Managed Payment To Landlord). This completely eliminates non-payment and should be noted by any social landlords that are concerned about the risk of arrears.

Gentoo have had just 1 report of missing or damaged items of furniture across all 260 furnished households. Their advice to social landlords exploring a furniture provision is to set up the reporting and analytics prior to the pilot – trying to integrate reporting retrospectively is very difficult. "Work out what you need before you start – don't wait!"

In the same period Gentoo have reported just 2 tenancy ends, which makes their churn rate less than 1%, albeit this is a relatively small sample, and a short testing period.

Gentoo have also wrestled with how to remove furniture packs from tenants – this was an issue for them prior to setting up the MPTL. If a customer 'can't pay' they should be treated differently to a customer that 'won't pay' – but both are sensitive issues that can create bad press if handled poorly. The physical removal can also be difficult to coordinate especially where they are refused entry.

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# THIRTEEN

Thirteen is a caring landlord and housing developer, providing homes for rent and sale. It owns and manages around 35,000 properties from North Tyneside to Yorkshire, with the majority of homes for rent and sale in Teesside.

The team members at Thirteen have been very generous with their time and in sharing their knowledge and experience for the purposes of this research.

Three of the top ten most deprived areas in the UK are within Thirteen's operating region. The organisation processes approximately 3,000 voids per year and around 10% of its tenancies turnover in the first year – this includes multiple turnovers on the same property within one year. Ten per cent of its year one turnover is due to abandonments or 'flits', when a great deal of household items are left in the property.

Thirteen's second most common reason for tenancy termination is death – a common theme across the sector. When this happens a lot of furniture is also typically left behind.

To take a robust approach to reviewing and reducing tenancy turnover, Thirteen used its approach of looking at the front end of the curve to justify longer term investments and make lasting improvements. So the organisation looked at why the most regular turnover tenancies were happening, which showed people were moving into private rental because of the convenience this option provided them, which included some furnishings.

The team worked with a research agency to measure the impact of furnishings on 50 properties, with a control group of 50 standard tenancies. The team fully furnished each property and found that these fixtures and fittings were a determining factor in tenancy churn and that carpets and decoration had the most impact.

Thirteen used hard and soft metrics including perception studies, CSAT and NPS, churn rate, void costs and VRL – this data helped to justify the commissioning of two recycling contractors to help them deal with the items and waste left in properties.

It was a simple enough arrangement, but when the team dug a bit deeper into the processing of waste there were lots of challenges – particularly in light of the net zero agenda.

When Thirteen colleagues stepped back, they were able to justify investment into their own recycling centre – part funded by realignment of their other assets and office space. The recycling centre opened in 2017 and is a fully permitted disposal site with an ecology and community education centre, staff training and development centre, and the storage and recycling unit. This houses a dedicated woodworking team, skilled in refurbishing goods.

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Thirteen is honest in that the recycling alone would not pay for itself, however, as a part of the wider furnishing offer it is financially viable. Where a surplus of furniture is created, Thirteen will donate this to charity; it is never sold.

Thirteen's housing co-ordinators are charged with working with customers to understand what their needs are, and then calling off the required furniture from the recycling centre. All furnishings are gifted as an ethical decision to demonstrate their commitment to their tenants.

Another output from the initial research and testing was a decision to provide flooring and decoration for all new relets. Thirteen has committed to a gifting model and has demonstrated the long-term financial sustainability of this approach.

Providing flooring and decoration, alongside items of pre-loved furniture has driven a 10% improvement in CSAT scores, with the NPS rising from approximately 70% to 90%.

The organisation has managed to bring down its annual voids to around 2,800 – in particular, the high turnover tenancies have reduced from 600 per year to approximately 200 per year. Additionally, tenants are returning properties in a better condition, which has reduced the average void cost by £500 and the average key-to-key time by 28 days (from 45 days to 17 days).

The combination of reduced churn, lower voids works costs and average key-to-key time, has generated a net annual saving of more than £1m, with arrears data showing a reduction from £7m to £4.8m per year. The difference? 'We're setting people up in the right way'

These savings are used to offset the costs of flooring and decoration across all relets, which totals approximately £1.9m per year.

**"Our business model focuses on the early end of the curve, where we feel we can have most impact and demonstrate it"**

**"Excess recycled furniture is used in our homes for the betterment of customers and communities"**

**"it's incredibly important to have exec level buy in"**



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# CITIZEN HOUSING

Citizen Housing is one of the UK's most trusted social housing providers, owning and managing 30,000 homes for diverse communities across the West Midlands, from urban tower blocks to rural villages and towns.

Citizen completes around 2200 relets every year, and its Fresh Start programme is currently providing flooring and fresh decoration to 250 of these properties every year across higher need areas of Birmingham and Coventry.

Citizen commissioned the innovation agency !WhatIf? to help to identify the most pressing human needs, and to generate a series of impactful and feasible solutions.

Fresh Start is a response to these human and business challenges:



## Our Business Challenge

Develop an **ethical and viable**, sector leading re-let product that will support faster letting, greater customer satisfaction, a reduction in churn and increased average tenancy length, and a reduction in post-void dissatisfaction and further work.

## Our Human Challenge

How can we build a **long-term positive relationship** with our tenants by turning the re-let moment from a transactional exchange to an **empowering and aspirational experience**?

Citizen made a significant investment into the front end of the project, emphasising the need to empathise with the diverse experiences of the people living in Citizen properties and experiencing Citizen services.

Tenants were fully integrated into the research, playing a central role in the creation of insights and the co-creation and testing of potential solutions.

This research presented unique and tangible human stories that were validated through quantitative data. Citizen were able to pinpoint those needs that were most pressing to their tenants, and most feasible for the organisation to deliver.

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The core concept was a product service innovation that improved the experience of finding the right property, and dramatically improved the physical specification and condition of the property through the provision of flooring, fresh decoration and kitchen appliances.

A gifting model was preferred initially due to the complications associated with administering a service charge model. The vast majority of the expected benefits were related to the assumption that churn/void rate could be reduced by 8% as a result of providing furnishings.

The provision would be targeted towards Citizen's highest need customers, who are typically correlated with the properties that are harder to let (in less demand) and suffering from more tenancy sustainment challenges (more likely to terminate sooner).

Citizen tested the fully loaded concept with 10 households to generate insight into which items were perceived to be most valuable to the tenant, and to start to understand the operational and financial implications.

The results demonstrated significant emotional impact to the tenant during the viewing and moving in experience, and a sustained financial impact throughout their first 6 months.

In the second test, the Citizen team created two different specifications to learn more about which items had the most impact, how the impact correlated with tenancy performance, and to build a clearer picture of costs and operations. The two specifications were:

1. Fresh Decoration & New Flooring
2. Kitchen Appliances & New Flooring

A dedicated voids team was recruited to deliver the programme, with suppliers commissioned to supply and fit flooring and appliances. The concepts were tested with a group of 70 households and returned the following insights:

- Churn reduced by more than 8%
- Key-to-Key times can be reduced due to a faster lettings process
- Flooring and decoration was the most impactful specification, (but remember, these were targeted at hard to let properties as opposed to focusing on need)
- A set appliance pack worked for some tenants but not for others

Based on these insights the Citizen executive team signed off a proposal to provide flooring & decoration to 160 relets in 2021/22 with the intent to build confidence in the long term financial model.

This third test generated the following insights:

- Churn reduced by between 30% and 50% for similar properties ending within 12 months
- Payback period for a gifted model will be between 10 and 20 years
- Furniture provision is not a panacea to all tenancy sustainment issues

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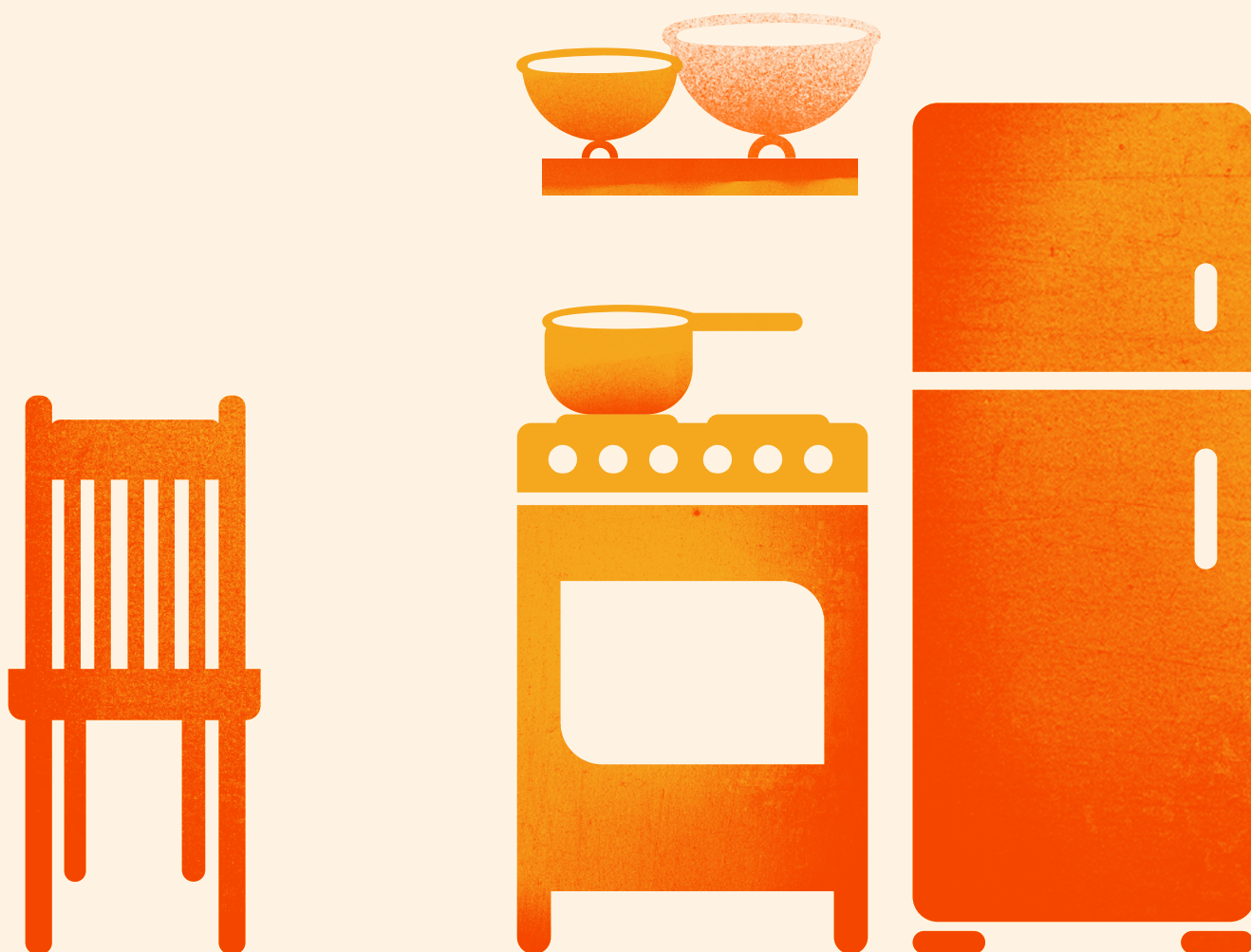
Long term the flooring & decoration specification could feasibly be introduced across all relets as a planned-works programme – effectively introducing a higher void specification across Citizen's portfolio of properties and treating the investment like a traditional asset.

Citizen identified that more thought was required regarding the provision of appliances and furniture, and the broader service that the organisation could provide to its tenants when trying to source other means of acquiring furniture – such as welfare grants, charitable organisations and reuse networks.

During the testing Citizen were able to build an indicative cost base for the provision of flooring and decoration for bedsits and one-bedroom properties. Citizen's base average void cost was approximately £2,200, the additional costs for flooring and decoration add a further £2,500 – this is a combination of capital costs (carpet / fittings) and operational costs (labour).

There were no administrative costs factored into the financial model as the service was delivered by existing teams, staff and resources.

Citizen have recently announced a £750k reinvestment into Fresh Start to provide a further 250 relet properties with flooring and fresh decoration throughout 2022/23



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# CUSTOMER VOICE

## Impact of living without furniture

We spoke to social housing tenants to hear their experiences about moving into unfurnished properties and the impact living without essential furniture had on their lives. The responses were universally negative and focused strongly on the damaging effect it had on people's mental health.

One tenant said: *"It's very stressful enough moving into a new area and a new house and having to make all these changes, let alone going into a completely empty place that just sort of feels like hopeless and it just feels like you're very unsupported and there's no help out there so that could play on low mood, depression, anxiety and just yeah, makes you feel like hopeless."*

Another said: *"Being a mother who has previously come out of homelessness, who's had to wash her children's clothes in the bathtub because she doesn't have a washing machine, that's something that especially if you're suffering with mental health drives you to suicide. Because it makes you think you're not human, this is not something that humans should do because you're living in a first world country and you're living like you're in the third world."*

There were also significant physical wellbeing concerns as well with one tenant saying: *"The flooring and stuff is damaged, so when my baby is in the property she literally picks at pieces, she trips over some of it.... lots of cracks and chips so she falls over it and she's picking up pieces in like crumbly, I don't know what the material was but she's like trying to pick up, because obviously she's an active little baby, she's trying to pick up and eat things, so I'm trying to stop her, so obviously it's not good for baby."*

Another said: *"When we moved into the property, the property was in such disarray, if you'd seen the level of stuff.... ....the floors, everywhere that would've been carpeted, living room, hallway, bedrooms, there were nails, staples, screws."*

The difficulty of managing a healthy diet without a cooker was also a challenge. One tenant said: *"I was living off microwave chips and gravy, chicken curry, microwave pizza, supernoodles, I can't really function living like that because I've not got the things I need to live properly."*

Some in the social housing sector have been concerned that a furnished tenancy can be a poverty trap. However one tenant also said that living without furniture can make it much harder to focus on getting your life back on track and finding employment.

They said: *"Your energy's focused on your property and your circumstances and it's just a lot harder to get through like a normal day and do your basic routine and things that you need, and then to be focussing on anything social, so it does affect your mental health."*

Without furniture provision, tenants can take years to acquire the furniture that they need to achieve a basic standard of living, meaning they can be living for long periods without essential items.

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One tenant spoke of their battle: *"In the children's room, she does have a cot bed, my son has a bed, they have a wardrobe but again no drawers for clothes, can't afford it. The kitchen, we don't actually have a table and chairs, we've got a pasting table that we've set up as our table...it was piece by piece. It's taken us 9 years to accumulate what we have now, which is not much at all."*

The issue of social isolation repeatedly emerged and the stigma sadly associated with living in furniture poverty meant people withdrew from social networks, including family.

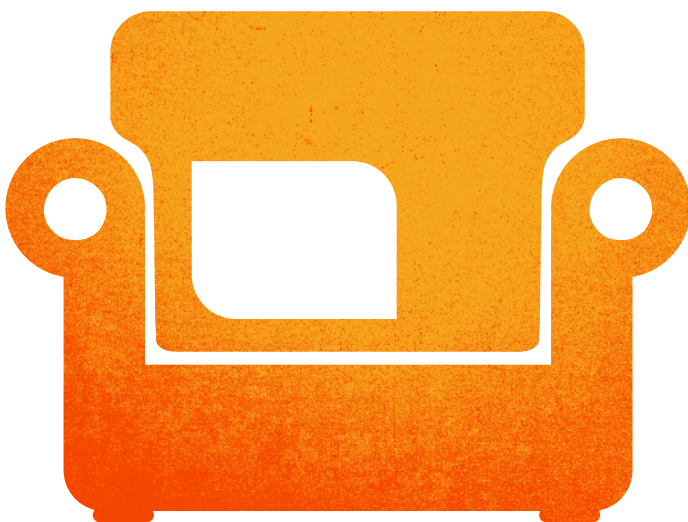
A tenant said: *"You would be embarrassed if you didn't have anything, you wouldn't want anyone round, would you?"*

Another tenant explained: *"So you don't have people come over to your house because you don't feel like a worthy member of society and you can feel it.... so you don't really have these people around because you've assumed that perception about yourself so now you are taking people away from your inner circle."*

One tenant was asked whether he thought a furnished tenancy would help with mental health, and he said: *"Most definitely because they wouldn't have the stress and the worry of having to get these things. It would take a lot of weight off somebody's shoulders. Most definitely. It's like now, for instance, I'm living in my flat and I've got nothing. I've got friends and family who want to come round but I'm refusing them to come because I feel embarrassed.....my daughter can't come and stay because I don't want her to come into a flat where I haven't got anything."*

Another said: *"I shouldn't have to go into friends' homes, and feel jealous that they've got a dining table. Knowing that there is no possible chance that I'll be able to afford a dining table for my children because I have to choose food. But then I have a knock on effect socially because my children obviously when they don't want to sit at the pasting table that we've got, they eat on the floor or they eat on the settee so then my children are looked at as feral or I'm looked at as a bad mum because I can't provide a basic furniture item. It has a social impact as well, you don't want people to come over to your house, you don't want to interact with people which makes mental health worse."*

Another said: *"There should be somebody there. I can imagine people in my situation, it could make them feel suicidal or... You know what I mean? You know, just sitting in a flat on a single bed with nothing and no one."*



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## Alternative Support Available

We also spoke to tenants to ask them about any alternative support for essential furniture that they had been able to access. It was a mixture of attempting to apply for grant support, going into debt, and not knowing where to turn.

One mother was struggling with navigating the system, and said: *"I'm just trying to see who can support me with maybe a bed or maybe I might have to sleep in her (the baby's) bed for a bit, I don't know."*

When asked whether they had been able to access everything they needed with a crisis grant, one tenant said: *"No because when I applied, on the actual application it included a washing machine and a cooker ticked them but didn't get [them]."*

Another highlighted the time it takes to apply for a grant, then get a response – which could be a 'no'. They said: *"... when you apply for a (furniture) grant, you don't know the guarantee, so like you have to wait for them to process everything, and for the last application..... You don't know if it's going to go through and you don't know if it's going to be declined after you've finished waiting."*

Another route is credit but that can leave tenants unable to afford their rent, or buy food or heat their home. When asked whether he'd be able to replace any items if they broke, one tenant said: *"Absolutely not. Unless it was as I've done with the cooker, get it for an extended period of time, finance, either way I'm putting myself in debt."*

Another tenant said: *"Brighthouse are disgusting. Years ago I bought a couch off them, it was like £1300 but by the time it was finished it was £2700. Them [sic] type of places prey on people that are on low incomes and haven't got the option of going to buy these things. It's disgusting how they can actually get away with it."*

Although the likes of Brighthouse have left the high street, the alternatives can be even more worrying with more people turning to doorstep lenders or loan sharks.





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## Impact of a Furnished Tenancy

Tenants were asked, if they had the option of renting a full package of furniture from their landlord for around £10 to £20 a week, paid for through their benefits, would they take it? They were asked what they thought about the idea.

One said: *"I'd have cried with joy if I had that option. To be able to know that pretty immediately my son would've had a bed would've been tears of joy."*

Another said: *"I'd be throwing my money at it screaming take it!"*

Tenants were asked whether they would find it hard to pay £20 a week for furniture. One tenant who was working said: *"Definitely not, £20 a week if you're working is relatively nothing is it really? Because I can't see the councils making extortionate profit on you, maybe the cost price and a bit of interest on top. I don't think you'd struggle at all."*

One tenant talked about the positive impact it could have on their life, saying: *"When I've redecorated, and have a cooker and fridge that I can put food in, I'll then ask my children if they want to come round and spend some time with me. Then I'll start to think about inviting one or two friends over... socialising. I might go out."*

Another talked about the way it could turn their life around: *"It would be nice to have a washing machine included in that package simply because of self-sufficiency, do you know what I mean? I can come home, wash and dry my clothes. Then I can go and get work and life can get nice again, do you know what I mean?"*

Tenants were asked whether they thought a furniture package help to sustain tenancies. One said: *"Yes, most definitely, for people where it all goes wrong, if they've got to start going into finance and loans to furnish the place, they can't keep the payments up on the rent and that's why a lot of people get evicted."*

Another said: *"If you set someone up in a flat and it can be paid for by the housing benefit each week then you are giving them the tools to get themselves out of poverty. It's about having those tools, nobody wants handouts, nobody wants to be made to feel like they are being given something. No one wants to be a charity case."*





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## Customers living with a furnished tenancy

We also spoke to tenants who are currently living in a furnished tenancy to talk about their experiences.

One tenant said: *"I mean it is a good thing to be offered, you know. I don't think they make it as obvious that you can have a furniture package.. Unless you are in dire straits. So I didn't know I could have a furniture package, until I told them I didn't have anything to bring and that's when they stepped up and said "we can furnish it", you know. If you didn't know it was there, you wouldn't know it was there. So you think they could do more to make people aware of it."*

Choice can be an issue, as one tenant said: *"Well they didn't offer a choice of what to pick. They have offered me a fridge, bed and cooker but they've not given me the option of choosing. They've only given me the option of choosing what carpet I would like to put down. So basically I was given the option of ticking what I needed. I am very grateful. I'm sleeping on the couch at the moment, but I am used to that because I have been sofa surfing for years. But coming from homelessness, I'm very grateful for it."*

Another tenant said: *"I think it's a good scheme upfront, to get people started again. I think it's important. It's given me a second chance at life. But some people might need that support and even more support."*

For those moving from homelessness, furnished tenancies can be a lifeline: *"It (FT's) helps people find their feet, because I know I was in a pretty grim spot when I first moved in, I went from essentially living on a park bench for 6 weeks to where I am today, so I've got me one bed flat and I've got everything in it that I need."*

Finally two last tenants summarised the positive impact furnished tenancies have had on their lives.

*"I think furnished tenancies should be an almost universally recognised scheme, as it allows first time tenants, so kids as well, to get what they need. I've got an ex that's 18 years old..... when she moved into her place, as opposed to asking or trying to find out what support is available, she's gone to paid weekly carpets and stuff like that, and it's now going to cost her a fortune."*

*"I'm wandering around on my carpets at the minute and I would say it would cost me an absolute shed tonne of money to do all of my flat and to do it in the way it's been done. I've got two different styles of carpet in my house as well, I've got a soft carpet in my front and back room and then everything else has got sort of a basic carpet. And I've not had a single issue with any of it."*



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# CONTRIBUTORS

This body of research was made possible by the social housing experts that were so generous with their time, and in sharing their knowledge and expertise with us. Their combined contributions have enabled us to produce a well-rounded report that is based on sound evidence and diverse perspectives from across the social housing sector.

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# SECONDARY RESEARCH / RESOURCES

## Resources and Research produced by End Furniture Poverty:

[Furnished Tenancy Guide](#)

[Torus Furnished Tenancy Case Study](#)

[Stockport Homes Group Furnished Tenancy Case Study](#)

[Essential Items Factsheet](#)

[Everybody Out – Liverpool City Case Study](#)

[No Place Like Home Summary Report](#)

[No PLace Like Home Full Report](#)

[Social Return on Investment – Study into the Provision of Essential Furniture Items](#)

[Furnishing Homes Furnishing Lives – An Initial Discussion of How Furnished Tenancies Support Sustainable Communities – Verity Timmins and Kevin Gulliver \(Sept 2015\)](#)

## Case Studies:

[A Furniture Scheme for Cloch Housing Association : Jo Lloyd & Johnathan Muirhead \(2021\) GAP Communications](#)

## Secondary Research – Sector:

[House to home: giving social housing tenants a place to call home – A case for the provision of basic decoration and floor covering in social housing, along with access to furniture packages. Brian Robson \(April 2018\) – Joseph Rowntree Foundation](#)

[The viability of furnished tenancies in social housing – Joseph Rowntree Foundation \(1997\)](#)

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## Secondary Research – Academic:

Exploring affordability: what can housing associations do to better support their tenants? Hill, K., Padley, M. and Stone, J. (2020) Loughborough, Centre for Research in Social Policy.

Assessment of the need for furniture provision for new NIHE tenants – AMBROSE, Aimee, BATTY, Elaine, EADSON, William, HICKMAN, Paul and QUINN, George (2016) – Sheffield, Sheffield Hallam University.

What drives tenancy failure amongst the under 35s? – Aimee Ambrose (2015) – Sheffield Hallam University

Tenancy sustainment amongst those aged under 35 – Aimee Ambrose, Will Eadson, Paul Hickman, Lindsey McCarthy (Dec 2015) – Sheffield Hallam University

Yorkshire Housing Group – Fresh Start Scheme – Social Return on Investment Analysis – 2006/07 - Adam Richards, Liverpool John Moore's University

Investigating Tenancy Sustainment in Glasgow – Report to Glasgow Housing Association and Glasgow City Council by: Hal Pawson, Tony Donohoe, Moira Munro, Gina Netto, Fiona Wager Heriot-Watt University and Mandy Littlewood (April 2006)

## Furnishing Provision – Website links:

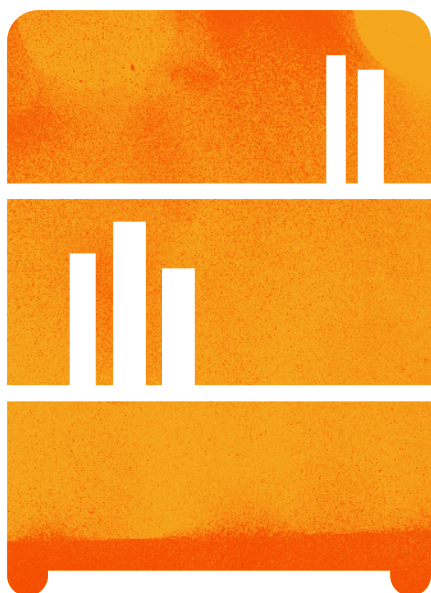
Karbon Homes – Home Comforts

Nottingham City Homes – Furnished Tenancy

Gentoo – Furnishing Your Home

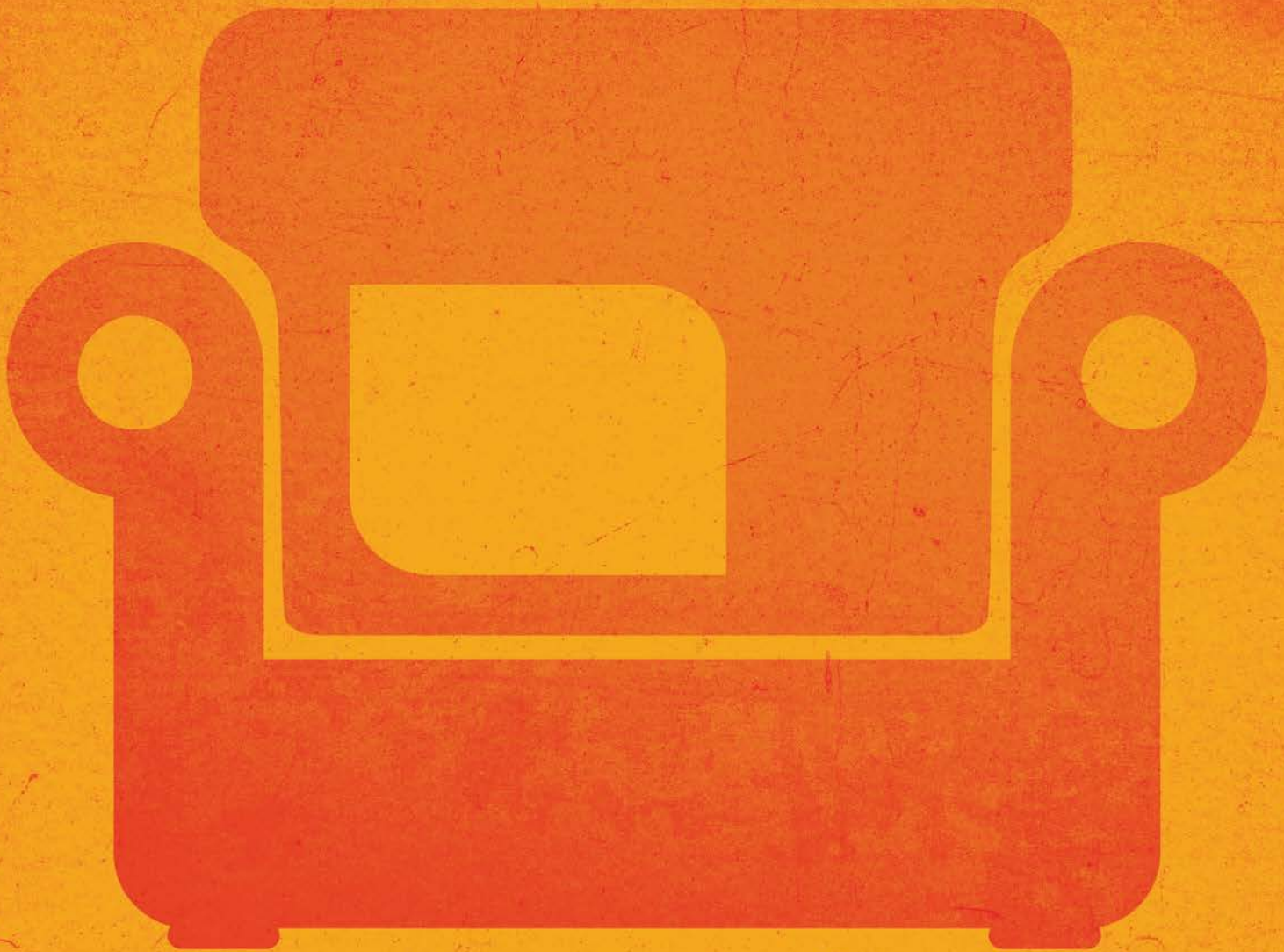
## Documents / Processes / Agreements / Policies:

SHG Furnished Tenancies Policy





**END  
FURNITURE  
POVERTY**



[www.EndFurniturePoverty.org](http://www.EndFurniturePoverty.org)