

ITEM A14

FURNISHED TENANCY SCHEME

Report of the Director of Housing and Customer Service

1. SUMMARY OF REPORT

Derby Homes' Furnished Tenancy Scheme provides furnished accommodation for new tenants. This report reviews the current scheme and makes recommendations to the scheme which will a better service to be delivered to the users and easier back office administration.

2. RECOMMENDATION

- 2.1 To recommend to the Council the suggested changes to the scheme
- 2.2 Request the Board delegate to Chief Executive negotiation, consultation and agreement of the Council to the proposed revised scheme.
- 2.3 Delegate to the Chief Executive implementation of the revised scheme on approval by the Council.

3. MATTER FOR CONSIDERATION

- 3.1 A review group was set up in September 2006 to look at the current Furnished Tenancy Scheme to identify trends in the budget spend and to find efficiency savings which could be reinvested in the scheme.
- 3.2 One finding of the review group was that a significant cost was attached to providing new furnished tenancies across the existing options available within the scheme. Currently there are seven different furniture packs available all with the option of kitchen appliances, furniture, carpets and curtains.
- 3.3 The cost of supplying these packs ranges from approximately £1,300 for a fully furnished property for a single person up to approximately £2,800 for a fully furnished property for a family with five children.
- 3.4 The original intention of the scheme was to provide basic items to allow tenants to move straight into their new homes preventing delays with housing benefit applications and payments increasing the chances of the applicant sustaining their tenancy.

- 3.5 The current options available in the scheme do not meet the original intentions of the scheme. And the maintenance costs of the packs in circulation has lead to pressure on the scheme budget.
- 3.6 It is therefore proposed to change pack options and provide two standard furniture packs with the basic items a tenant will need to enable them to move into a property. The new packs would contain:

- **Pack 1** – for single people and childless couples
 - Settee
 - Double Bed
 - Electric Cooker
 - Washing Machine
 - Fridge Freezer
- **Pack 2** – for families
 - Settee
 - Double Bed
 - Single Beds (dependant on number of children)
 - Electric Cooker
 - Washing Machine
 - Fridge Freezer

The range of existing furniture packs and charges for them is shown in Appendix1.

- 3.7 The furnished tenancy scheme is a policy of the Council with the operation of the scheme is delegated to Derby Homes in the S27 notice and embedded in the Services agreement. Changes to the scheme therefore require Council approval.

The Local Housing Boards have already considered this change in policy. The Local Housing Boards approved the policy, subject to this report showing information on the existing packs for comparison, and that the new Pack 1 should include a fridge. Subsequently Derby Homes Board on 26 July recommended that the new pack 1 include a fridge freezer.

4. CONSULTATION IMPLICATIONS

- 4.1 A questionnaire was sent to 104 new furnished tenancies created in the last 12 months to gain their views on the scheme. The results are as follows:

- 45% of responses said that they had their own items of furniture compared to 55% who said they had nothing
- 86% said that the pack they had been offered suited their needs.

- 4.2 We asked tenants what items they thought were essential items to enable them to move into their home. This is what they said:

Settee	77%
Single Bed	18%
Double Bed	90%
Washing Machine	90%
Electric Cooker	100%
Gas Cooker	9%
Fridge Freezer	100%
Freezer	4%
Pots and Pans	9%
Wardrobe	9%

This information clearly links in with the new packs we would like to introduce.

- 4.3 When asked for other comments about the furnished tenancy scheme, tenants said that the service was very good but they felt the rent charge was expensive and we think the new packs will also tackle this issue.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 5.1 The proposed service charges for the new packs are as follows:

- Single person/childless couple £8.50 per week for 48 weeks per year
- Families £12.40 per week for 48 weeks per year.

- 5.2 There are many different service charges in the old scheme dependent on the options chosen by the tenant. A single person pack currently costs £19.25 per week for a 48 week rent year. An average family pack costs £26.00. Clearly, the proposed replacement packs represent a considerable saving to tenants.

- 5.3 There is an impact on the Housing Revenue Account (HRA) of reducing the service charges for furnished tenancies. Appendix 1 shows the impact on the HRA if between 100 – 800 new pack types are in circulation. The impact on the HRA is incremental. The old furniture packs will continue to attract the original service charge. If 100 new packs types are in circulation split 50/50 between single and family packs the HRA will lose £58,440 in service charges. If 100 packs are created each year then by year 4 the cumulative loss of service charge will be £233,760.

- 5.4 There will be cost savings attached to the reduction in equipment supplied in the packs although this will be offset to some extent by the continued and increasing maintenance costs of supporting the original pack types.

- 5.5 In recent years the budget for the scheme has been under severe pressure. A copy of the cost centre for the scheme is attached at appendix

2. This shows the project was overspent in 2006/7 by £41,000. Although the scheme overspent in 2006/7 this was after intensive senior management intervention and a restriction on the implementation of new furnished tenancies. Without this action the overspend would have been considerable more. One of the outcomes of the proposed change will be to reduce the pressure on the operating budget.

- 5.6 It is hoped that savings made on the cost of operating the scheme will be available to offer more furnished tenancies and extend the impact of the service to more users. However, the Council may want to offset some of the savings against the loss of income. This will be open to negotiation with the Council.

The areas listed below have no implications directly arising from this report

- Legal and Confidentiality
- Personnel
- Environmental
- Equalities Impact Assessment
- Health & Safety

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, phil.davies@derbyhomes.org - Tel 01332 711010

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Background Information: None.

Supporting Information: None.