

# FURNISHING HOMES FURNISHING LIVES

**An Initial Discussion of How Furnished Tenancies  
Support Sustainable Communities**

Verity Timmins and Kevin Gulliver  
September 2015



**END FURNITURE  
POVERTY.ORG**

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Chair of FRC Group & Group Chief  
Executive of Wythenshawe Community  
Housing Group
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The authors would like to thank the Boards of Management and Executives of the Furniture Resource Centre and the Human City Institute for commissioning this paper and for supporting the forthcoming campaign to End Furniture Poverty.

September 2015

# Foreword

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Using our 27 years of familiarity in solving individual experiences of furniture poverty, we are launching EndFurniturePoverty.Org – a campaigning arm of FRC Group. EndFurniturePoverty.Org will work nationally and across housing tenures to shine a light on the reality of living in furniture poverty and to promote practical solutions.

This paper, jointly produced by EndFurniturePoverty.Org and the Human City Institute, is a first step in EndFurniturePoverty.Org's Furnishing Homes, Furnishing Lives campaign to promote furnished tenancies in the social housing sector. The paper seeks to provide a summary of what research tells us to date about the extent of furniture poverty as a largely hidden issue that affects millions of low-income households in the UK. Alongside, the paper provides an overview of what historical research reveals about furnished tenancies in the social housing sector.

At FRC Group, we are aware that furniture poverty has many faces. It can mean families living without adequate furniture and appliances. Or that families have gone into unmanageable debt to buy basic furniture or white goods. For some, the inability to buy furniture keeps them trapped in temporary accommodation. Others live with the stress of worrying about furniture poverty, fearing what would happen when an essential item like their fridge or cooker breaks and there is no money for replacements.

EndFurniturePoverty.Org will raise awareness of these issues, become a source of practical help for individuals in need, and for housing professionals considering creating furnished tenancies schemes within their organisations.

Our Furnishing Homes, Furnishing Lives campaign begins with this paper to raise awareness of the role that furnished tenancies in the social housing sector can play in alleviating furniture poverty. The following paper shows how furnished tenancies have played a major role in enhancing the sustainability of social housing estates and improving the VFM of social landlords. It retraces the history of furnished housing in the social sector in the UK against a backdrop of a growing need to create sustainable homes as austerity and welfare reforms begin to impact low income social tenants.

This paper highlights why we are campaigning to EndFurniturePoverty.Org in a generation and what the next steps forward might be. I recommend it to all those interested in tackling poverty and disadvantage in the UK.



**Nigel Wilson, Chair of FRC Group & Group Chief Executive of Wythenshawe Community Housing Group**

# Summary

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- FRC Group and the Human City Institute (HCI) have a shared interest in exploring how furnished tenancies contribute to securing a range of benefits for social tenants and social landlords.
  - This paper is a first step in updating research into the furnished tenancies field begun twenty years ago.
  - Furnished tenancies can aid social tenants and social landlords in dealing with the precarious nature of many social housing communities in the wake of severe impacts of austerity and welfare reform.
  - The abolition of the Social Fund, which used to provide a basic safety net for low income people to obtain furniture, and the localising and reduction in monetary terms of the successor welfare funds, have made social tenants even more vulnerable to legal loans sharks in obtaining furniture and white goods in times of emergency.
  - The provision of furnished tenancies by social landlords over the last two decades and more has been a minority activity, more usual in the private rented sector. It is estimated that there are about 70,000 furnished tenancies in mainstream social housing today – under 2 per cent of the total. Whilst evidence from long standing furnished tenancy programmes suggests that 5-7% of general needs tenants need a furnished tenancy.
  - Most furnished tenancies schemes, however, are shown to have multiple benefits to the social housing sector, including reducing housing management costs and offering good VFM, high social returns on investment, improved tenancy sustainability and enhanced environmental credentials.
  - Furnished tenancies are at the top of a list of social tenants' priorities to tackle their financial exclusion and enable them to 'turn a house into a home'.

# Introduction

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## Backdrop

FRC Group and the Human City Institute (HCI) have a shared interest in exploring how furnished tenancies can contribute to securing a range of benefits for tenants, others living in social and affordable housing communities, social landlords, and the local economy.

FRC Group has gathered information on the social value of furnished tenancies to tenants, social landlords and social enterprises for some years. HCI<sup>1</sup> has also undertaken research, although this was twelve years ago. Research into the role and effectiveness of furnished tenancies by others includes that by the Joseph Rowntree Foundation and Newcastle City Council.<sup>2</sup> But again this research is now dated.

Issues surrounding tenants' needs for furniture today, and the role of furnished tenancies in tackling a range of economic and community challenges, are significantly under-researched. This is why the FRC Group-HCI partnership is seeking to update what we know about furnished tenancies and their positive effects on improving community and housing sustainability and 'furnishing lives'.

## About the Paper

Accordingly, this paper presents a first step in this new research process, seeking to:

- Summarise research findings to date from a review of literature, although this is limited.
- Describe the emerging policy context for furnished tenancies provision, especially related to austerity, social housing and welfare reform.
- Explore research about furnished tenancies in mainstream practice.
- Assess the effectiveness of furnished tenancies in improving tenancy sustainability and social housing management performance.
- Investigate tenants' priorities around furnished tenancies.
- Scope a potential future research agenda.

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<sup>1</sup> Gulliver K. (2003) *Furnished Tenancies in Social Housing*. IGP Project with the Housing Corporation

<sup>2</sup> Harding J. & Keenan P. (1998) 'The Provision of Furnished Accommodation by Local Authorities' in *Housing Studies*, Volume 13, Issue 3, pages 377-390

# Furnishing Lives:

## An Emerging Policy Context

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A summary of the emerging policy environment in which furnished tenancies in social housing sit, is presented below.

### **Precarious Tenancies**

Being a social tenant is precarious. Social tenants generally exist on low incomes, rely on welfare benefits and tax credits to survive, are more likely to be unemployed, sick or disabled, have little in the way of assets to fall back on in times of crisis, are reliant upon family and friends and high-cost lenders for loans for day-to-day living, and are less likely to have access to affordable credit to support purchases of furniture and white goods.

Social tenants are living on the edge of a financial precipice. Like many on low incomes, they are subject to financial exclusion, unmanageable debt and propensity to use high-cost credit. While those on higher incomes also have debt problems, debt scars the day-to-day lives of those on lower incomes. Getting to the end of the week and the pay packet or benefit cheque is a constant struggle.

### **Welfare Reform**

Welfare reforms to date have affected social tenants disproportionately: both because social tenants are more likely to be claiming benefits and because some welfare reforms, such as the Bedroom Tax, have specifically been targeted at social tenants.

Recent research<sup>3</sup> reveals the changing landscape of welfare reform in social housing between 2010 and 2015:

- Four in ten (40 per cent) working age social tenants affected by welfare reforms do not have access to the internet and of those who do have access, half (51 per cent) say they wouldn't be confident making a benefit application online (equivalent to 30 per cent of all respondents).
- More than four in five (85 per cent) working age social housing tenants who have been affected by welfare reforms say they have a bank or building society account;
- A majority (95 per cent) currently have their Housing Benefit paid directly to their landlord and nine in ten (92 per cent) say they would prefer benefits to be paid directly to their landlord rather than their own accounts.
- Seven in ten say they budget fortnightly or more frequently, and of these 68 per cent would not be confident of planning their budget on a monthly basis. 15 per cent say they usually budget monthly or less frequently.
- Around one in six (16 per cent) say they know a great deal or a fair amount about the change to Universal Credit whereas around a third (34 per cent) say they have never heard about the change to Universal Credit.
- Housing associations expect some tenants will be unable to keep up with their rent following welfare reform leading to an increase in the number of evictions for rent arrears.
- Associations believe the social rented sector is likely to be placed under even greater pressure as those unable to meet their needs in the private sector turn to the social rented sector for a solution.
- More than a quarter of associations (27 per cent) believe the introduction of the household benefit cap will result in a rise in family separation.

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<sup>3</sup> Ipsos MORI and the Cambridge Centre for Housing and Planning Research (2013) commissioned by the NHF

- Eighty per cent of associations believe they are likely to see an increase in the number of existing tenants requesting a transfer to smaller property following the introduction of the size criteria but just three in ten believe they are likely to see a rising number of tenants moving to the private rented sector.
- Tenants are considering what, if anything, they can cut back on in their household expenditure in order to meet any increased costs.
- Rent remains a priority, but heating, food and non-essential cut backs are all being considered.
- Those aware of the reforms were anxious and uneasy about what is going to happen. For those affected by the size criteria, this is driven, in large part, by financial concerns. Money is already tight and the possibility of having to find more each month to cover a reduction in housing benefits is a source of concern for them.

Planned welfare reforms will also bite deep in social housing, with a reduction in the benefit cap to £23,000 envisaged by the government, and withdrawal of benefits to younger households.

### The Social Fund

The Social Fund, administered by the Department of Work and Pensions (DWP) until 2013, was created twenty years ago intended to meet essential living expenses of benefit claimants that aren't covered by benefits. The discretionary part of the Social Fund consisted of budgeting loans for larger items such as furniture and clothing; community care grants to enable people to move out of residential care; crisis loans to help with emergency costs.

In April 2012, following the Welfare Reform Act, the amount of crisis loan payable to claimants was limited to a maximum of 30 per cent of the benefit rate of non-householders, and 60 per cent for householders. Loans for living expenses were limited to 3 times per year.

From April 2013, the Social Fund was abolished and the operation of local welfare funds was passed on to local councils. However, there was no requirement for local councils to provide support, nor are funds ring-fenced. And there is no duty for local councils to report how they have spent the money. Each council can decide whether it sets up a welfare scheme, and what it looks like.

Moreover, the Social Fund was halved to about £180m-a-year in hardship funding to local councils. Many charities warned this would lead to a postcode lottery in local welfare help and trigger a rise in the number of people becoming dependent on loan sharks or charitable support, such as food banks.

Local welfare assistance schemes were set up in 152 local councils in England. The schemes are comprised of two elements – crisis support, which is designed to help penniless people with vital short term expenses such as food or clothes; and community care grants, which would help people in severe crisis obtain basic living essentials such as beds and cooking equipment.

The ending of the £180m funding stream in April 2015 is likely to lead to a sporadic provision of crisis help because some councils, which have no statutory duty to provide local welfare, might decide to close their schemes altogether.

Though some councils will continue to fund some kind of local crisis fund, many will decide they can no longer afford it.<sup>4</sup>

Local welfare schemes have proved controversial because most councils have refused to give out cash loans, which were available under the Social Fund, but have instead provided 'in kind' support in the form of food vouchers, and referrals to food banks, and vouchers to furniture stores.

Many councils have set strict eligibility criteria, excluding applicants who have received benefit sanctions, while others refuse to help low-paid working families, resulting in many applicants have been turned away.

The many changes in the circumstances of low income social tenants, and drastic changes in welfare, mean that many social tenants now require assistance from their social landlords in the provision of furniture in order to set up or maintain a home.

<sup>4</sup> <http://www.theguardian.com/society/2014/jan/03/government-stops-emergency-funds-low-income-families>

# Furnished Tenancies in Mainstream Practice

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Historically, social landlords in the UK have not been engaged in letting furnished social homes, with furnished lettings made predominantly in the private rented sector.

Today, one quarter of private rented homes in the UK is furnished. The move towards the provision of furnished tenancies in social housing can be viewed partly as a housing management tool and partly as a means of confronting poverty and unsustainability on some social housing estates.

Looking back twenty years, furnished tenancies have also been seen as a solution to low-demand in the social housing sector; especially across the north of England. But in the current context of a burgeoning housing crisis with demand far outstripping supply, many social landlords are beginning to use furnished tenancies as a key tool in tackling tenants' financial exclusion.

So the changing role of furniture in the lives of social and affordable housing tenants deserves to be revisited as social landlords re-examine their role as social purpose and community-based organisations.

Against the backdrop of welfare reform and austerity, consideration of role part furniture plays, through its utility or absence, in either contributing to or alleviating financial hardship, improving overall wellbeing in social housing, and boosting value for money are all key considerations.

## Historical Backdrop

Furnished tenancies in mainstream social housing, rather than care and support schemes, are relatively uncommon. But the practice has been growing since the early 1990s. A survey of social landlords in England in 1997 suggested there were 7,000 provided by twelve housing associations and twenty-three local authorities.

Most were small-scale with Newcastle City Council being the market leader with more than 4,000 tenancies at this time.

In Scotland, Glasgow City Council managed 3,000 furnished tenancies in the late 1990s. Most of these furnished tenancies schemes were small, comprising around 50 to 500 furnished homes, often in tower blocks.

There has been little research into the numbers of furnished tenancies over the last twenty years but a conservative estimate is that there are in excess of 70,000 furnished tenancies today. However, this equates to less than 2 per cent of the social housing stock.

## Focus of Furnished Lettings

Furnished tenancies schemes have focused historically on varying balances of two main objectives:

- Meeting specified housing need (often of young single people);
- Increasing occupancy or stabilising tenancies in difficult-to-let homes.

Most schemes have some sort of restriction on eligibility of tenants and properties but there are also 'universal' schemes where all new tenants may choose for any property which they may be allocated to be furnished. With only a few exceptions tenants are in receipt of housing benefit.

As government has rolled out welfare reform as part of its austerity programme, on the grounds that benefits encourage dependency and idleness – the so-called 'strivers vs skivers' dichotomy – many social landlords are developing strategies to maximise the opportunities that are available to their poorest residents to improve their living circumstance and quality of life by directly providing furniture and other amenities that fit with 'turning a house into a home'.



# The Effectiveness of Furnished Tenancies

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The effectiveness of furnished tenancies can be considered in a number of ways. The first is in meeting housing need.

The second is in increasing social housing occupancy rates and improving social housing management performance. The third is in maximising local income as part of 'anti-poverty' strategies.

The fourth relates to generating social returns on investment by social landlords.

## Meeting Housing Need

Looking back over more than two decades, for many applicants to social housing, without furniture they could not accept, enjoy or endure a social housing tenancy. This furniture gap has most likely widened with the introduction of affordable rents into the social housing sector.

Provision of furniture by social landlords, or whether tenants have been able to acquire furniture themselves, through limited localised Social Fund provision or by furniture charities, is vital in meeting housing need: especially the needs of homeless people, the young and those with care and support needs.

## Improving Housing Management Performance

Furnished tenancies have been used by a number of social landlords to tackle low demand in some geographies and on hard-to-let estates or within individual tower blocks. On these performance measures, furnished tenancies have been effective in turning around unpopular areas and housing schemes, raising occupancy rates while reducing tenancy churn.

Alongside, void loss has been reduced, as have current and late tenant rent arrears. The reduction in the costs of housing management, while protecting social housing assets and maximising income from those assets, is a major element in the value for money (VFM) regulatory requirement of the Homes and Communities Agency (HCA).

## Maximising Local Income and 'Anti-Poverty'

Furnished tenancies, especially if introduced at scale on some estates or in tower blocks, can have beneficial effects on maximising tenants' incomes and confronting poverty.

This is because the costs of furnished tenancies levied through a service charge are met by housing benefit, and will be met by Universal Credit, although within an overall Benefit Cap of £26,000 per annum (likely to be reduced to £23,000 in this Parliament).

Buying furniture or paying Social Fund loans back come out of tenants' incomes so reducing their capacity to sustain a tenancy without recourse to food banks and other charitable assistance.

The flip-side, however, is that, since service charges for furniture probably raise gross rents, a barrier to taking-up employment may ensue: a classic poverty trap.

### Social Return on Investment

SROI is now widely used in social housing and measures the value of social benefits created in relation to the relative cost of achieving those benefits. One SROI enquiry has been made into furnished tenancies provision by a social landlord.<sup>5</sup> This found a SROI ratio 2.11:1, suggesting that for every £1 invested, there is a social return of £2.11.

The social benefits created included improved disposable income, the creation of a viable home, rent arrears and void costs avoided, improved confidence of tenants, increased time to do alternative activities (such as seek employment), guaranteed revenue through repayments, improved stakeholder relations and improvements to the sustainability of tenancies.



**Furnished tenancies reduce housing management costs, offer good VFM, generate high social returns on investment, improve tenancy sustainability and enhance environmentalism.**

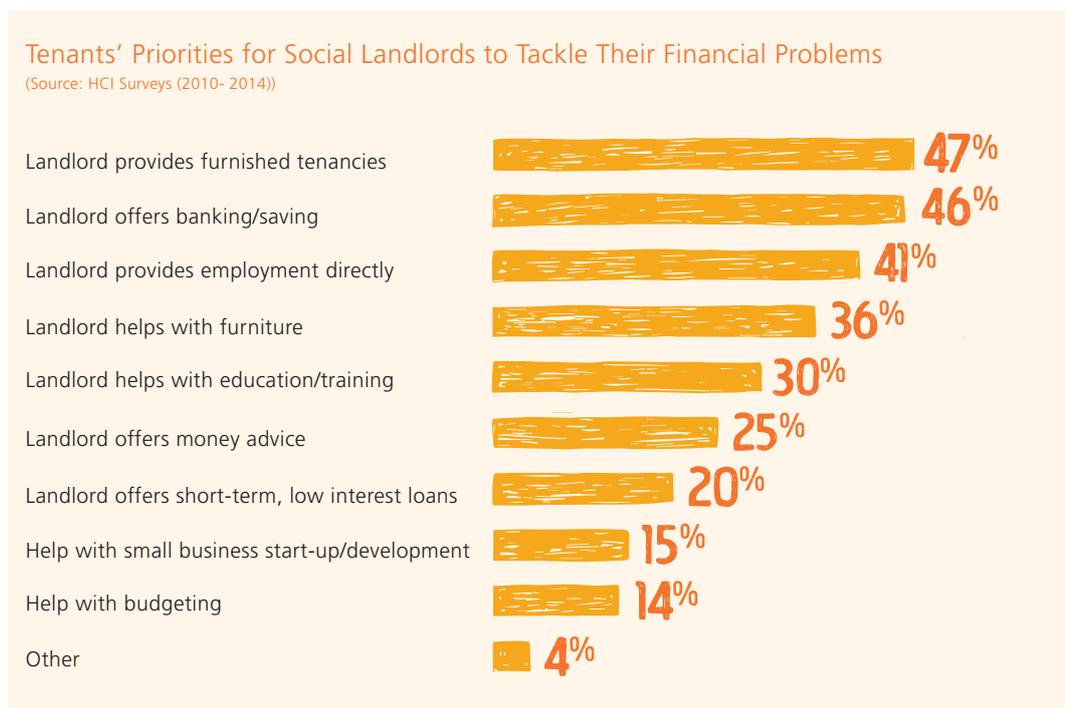
<sup>5</sup> Richards A. (2007) Yorkshire Housing Group – Fresh Start Scheme: Social Return on Investment Analysis. Liverpool John Moore's University

# Tenants' Priorities

There is considerable evidence that social tenants' priorities for social landlords to alleviate their financial exclusion and improve the sustainability of their tenancies centres upon the provision of furniture.

HCI has undertaken a range of surveys<sup>6</sup> with social tenants between 2010 and 2014, in urban and rural communities, that point to furniture being one of the most important 'extras' social landlords can provide to reduce the risk of debt with legal sharks, rent arrears and abandonments.

The following chart shows how tenants from these surveys, numbering more than 1,500, rate furniture against other courses of action by social landlords.



Almost half (47 per cent) want social landlords to provide furniture directly and a further 36 per cent would like them to help with furniture in a variety of ways. Younger tenants and lone parent families were most likely to set priorities around furniture.

6 Cox. J. & Gulliver K. (2011) On the Margins: Debt, Financial Exclusion and Low Income Households. Compass. London  
Gulliver K. (2011) Living on the Edge: Financial Exclusion and Social Housing. HCI. Birmingham  
Gulliver K., Trevitt V. & Cox J. (2014) Beyond the Margins: Debt, Financial Exclusion and Social Housing. HCI. Birmingham &  
Gulliver K. (2015) Costing a Living: The Experience of B3 Living's Broxbourne Tenants. HCI. Birmingham

# A Future Research Agenda

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FRC Group's EndFurniturePoverty.Org and HCI contend that the changing role of furniture in the lives of social and affordable housing tenants deserves to be re-visited and promoted as social landlords reexamine their role as social purpose and community-based organisations.

Against the backdrop of welfare reform and austerity, the proposed study will consider the part furniture plays, through its utility or absence, in either contributing to or alleviating financial hardship, improving overall wellbeing in social housing, and boosting value for money.

## Research Elements

There are seven elements to the proposed research:

1. A review of literature relating to furnished tenancies and the changing operating environment for social and affordable housing will be undertaken.
2. The provision of furnished tenancies in social and affordable housing will be mapped. Case studies of variants of existing furnished tenancy schemes will illustrate the diversity of current provision and future potential.
3. The potential for furnished tenancies to improve the value for money of social landlord services will be explored, especially within the context of reduced management costs (void rates, churn, lost rent at the start of tenancies, current rent arrears and late tenant rent arrears).
4. A survey and focus groups with tenants of existing furnished tenancy schemes will enable measurement of the views of those with experience of holding furnished tenancies.
5. A survey of a sample tenants without furnished tenancies will enable comparisons to be made between overall satisfaction levels and extent of wellbeing with those who do not.
6. Existing good practice will be identified through interviews with key stakeholder and regional round tables with supporting organisations.
7. Social Return on Investment and related evaluation of the economic, environmental and social value created by furnished tenancies will be undertaken to build on current knowledge

# About the Partners

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## About FRC Group

FRC Group is a leading social business, running social and commercial enterprises that produce financial profits.

Alongside FRC Group creates a social dividend by giving people in poverty and unemployment the opportunity to change their lives.

FRC Group's vision is of a society where people can obtain good quality, affordable furniture without experiencing the devastating impacts of furniture poverty.

FRC Group's mission is to reduce and ultimately eradicate furniture poverty, campaigning to raise awareness of furniture poverty and create practical solutions to get furniture to people who need it.

FRC Group has measured the impact of its work for many years. The latest social audit and impact reports are available on the FRC Group website.

In 2015 FRC Group is launching the EndFurniturePoverty.org to raise awareness of furniture poverty and to reduce and ultimately eradicate furniture poverty by promoting solutions.

The first campaign is targeted at the social housing sector. **'Furnishing Homes, Furnishing Lives'** will champion the role furnished tenancies can play in enhancing the quality of life and reducing financial exclusion for tenants, while improving VFM for social landlords.

*The social businesses within FRC Group are:*

**Furniture Resource Centre** which sells all the items needed to make a house into a home - new contract standard furniture, appliances, carpets, curtains, even cutlery, bedding and pots and pans. Social housing providers throughout the UK buy packages of products and services from our one-stop shop service to furnish properties from one-bed flats to large shared living developments.

**Bulky Bob's** wins local authority contracts to collect, reuse and recycle bulky household waste – mostly furniture and appliances. Bulky Bob's sells great quality 'pre-loved' furniture at fantastic prices to low income shoppers and gives essential items to people in crisis situations free of charge.

FRC Group runs training programmes to help people into work, and creates opportunities for employment and development.

Through all of its activities, FRC Group supports people to improve their position in the labour market and achieve sustainable improvements to their quality of life.

[www.frcgroup.co.uk](http://www.frcgroup.co.uk)

## About HCI

HCI is an independent, charitable 'think tank' based in Birmingham, with almost twenty years of achievement in research and campaigning.

HCI undertakes research into 'human city' issues, investigating exclusion, and promoting solutions to the problems of the most disadvantaged groups in today's complex and diverse cities, towns and communities.

HCI works around research themes that incorporate new visions for housing, mutualism and social value, health, wealth and life chances, no community left behind, and studies of age cohorts such as the young and older people.

HCI also runs campaign off the back of its research. HCI has run, or played a major part, in a number of campaigns including:

- The Commission on Co-operative and Mutual Housing - see our latest report on our website.
- The 'end legal loan sharking' campaign with Compass - see our latest report on our website.
- Enhancing life chances in social housing by improving mobility - see our first report here. New report about to be published in 2015.
- BMENational research and campaign (currently underway). Major report due end June. Campaign running until October 2015.

[www.humancity.org.uk](http://www.humancity.org.uk)



**Furnished tenancies  
top the list of tenants'  
priorities - almost half of  
surveyed tenants say so -  
as a means of tackling their  
financial exclusion and  
turning 'houses  
into homes'.**

**Project Contact**

Verity Timmins  
Campaigns Manager  
EndFurniturePoverty.Org  
FRC Group

**verityt@endfurniturepoverty.org**  
**0151 702 0575 / 07714521062**



FRC Group, Unit 12-14, Atlantic Way, Brunswick Dock, Liverpool, L3 4BE

[www.endfurniturepoverty.org](http://www.endfurniturepoverty.org) | [info@endfurniturepoverty.org](mailto:info@endfurniturepoverty.org) | 0151 702 0575

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