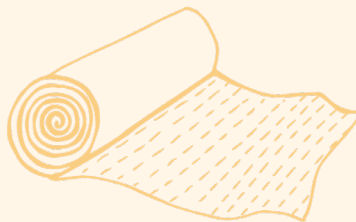
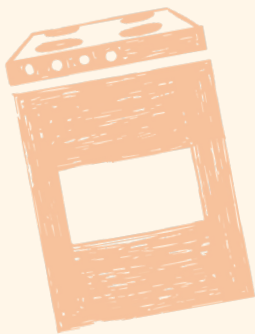
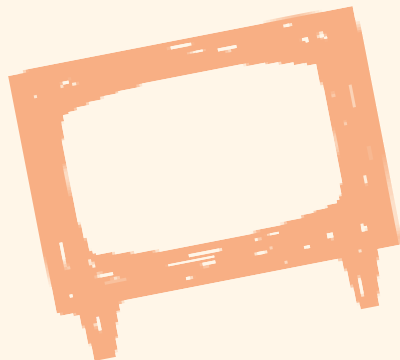


Torus Furnished Tenancy Case Study



TORUS FT CASE STUDY

Torus offer furnished tenancies to all new tenants. The scheme has been running since 1998, and over that time they have created 5,700 furnished tenancies.

At the moment, around 9% of their 15,000 former Liverpool Mutual Homes properties are let as furnished.

We spoke to Ian Fyfe, Torus' Furnished Tenancies Manager, to find out how their scheme operates and what lessons they have learnt over the past two decades.

Torus offer a furnished tenancy to any new tenant, however this does not include tenants who are transferring from another Torus property or from another social landlord. There are exceptions for certain circumstances, such as marital disputes, or those affected by fire or flood.

The Furnished Tenancy team of two full-time staff allocate around 800 properties a year with approximately 30% of those being furnished tenancies.

Pre-Tenancy

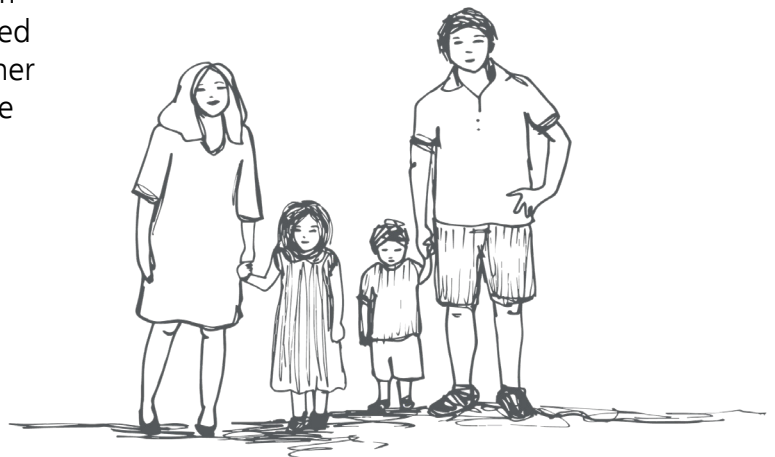
Torus' pre-tenancy sign up staff are responsible for ensuring that any new tenant signing up for a property can afford it and that they are on maximum amount of benefits that they are entitled to. They also establish whether any other support is needed, including a furniture package.

Ian explained: **"Furniture packages are explained to customers at the initial viewing and our pre-tenancy officer outlines what furniture items are included, which is set by family size, not property size."**

"If a customer doesn't want one of the items, they can remove it from their package but they can't then add a different item in."

Existing Torus tenants cannot move from an unfurnished to a furnished tenancy so the tenant does need to decide whether they want the furniture package before they move in. Service Charges relating to furniture costs are currently fully covered by both Housing Benefit and Universal Credit.

If a tenant is entitled for their property rent to be paid in full, all furniture costs applied to the rent account will also be fully covered.



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Furniture Packages

Torus offer six standard furniture packages, starting with a single person package and going up to a family with four children.

If there are more children, they visit the property to see what furniture items can fit into it. For example, they may need to offer bunk beds rather than single beds for larger families.

The packages include: a cooker, fridge freezer, bed, wardrobe, chest of drawers, sofa/armchair, dining table and chairs.

Torus have historically not offered washing machines, largely due to unsuitable properties such as very small kitchens, and plumbing issues, however they are considering including them in their standard packages in the future.

The cost of a furniture package is fixed, unless the tenant asks for any items to be removed which would reduce the charge accordingly. The standard single person's furniture pack costs £19.68 a week.

"The vast majority of Torus' FT customers are on benefits so the service charge covers the cost of the furniture package," said Ian.

"The team ensure the customer understands that the furniture can never belong to them and they will continue to pay the weekly charge as long as they keep the furniture.

"If a prospective tenant in employment requests a furniture package, the pre-tenancy team ensure they understand that it may not be the best option for them and if they have a reasonable credit rating, and can therefore avoid the likes of Bright House, they should consider purchasing the items themselves.

"However if the customer does still want the package, it is their decision."

A regular objection to the provision of furnished tenancies is that it can create a poverty trap.

If a tenant has a furniture package and their service charge is covered by Housing Benefit/Universal Credit they may decide against seeking work because they would worry that they couldn't afford the furniture charge as well as the property rent.

However a Torus tenant can return the furniture at any time if they find work, overcoming that hurdle immediately.

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Installing the Furniture

Torus go to great lengths to explain every aspect of their furnished tenancy scheme to ensure that tenants fully understand how it works. They use a single tenancy form for all types of tenancies and it includes a section on the service charge.

Torus attend the furniture delivery with the tenant and the tenant signs a separate inventory with the charges to acknowledge they have received each item.

Torus also work with a furniture supplier that provides a one-stop-service – they supply all of the items, both furniture and white goods, and deliver the lot at the same time, ensuring the housing officer doesn't need to return to be present for different elements of the delivery.

Once the furniture is place, the tenant's account is flagged as being a furnished tenancy. This means that any housing officer or repair staff who visits the property for any reason are expected to highlight any concerns relating to the furniture package to the Furnished Tenancies Team. An officer from the team would then arrange for an inspection to be carried out. There are no specific furniture check visits.

Tenants are not required to purchase insurance and the service charge covers the tenant for fire and flood damage.

If items are stolen and the tenant does not have insurance, the items will not be replaced – however Torus believes that realistically the chances of someone stealing a cooker or sofa are very unlikely.

If an item is damaged by fire or flood, Torus absorbs the cost and replaces the item, and they also replace items for wear and tear – within reason. If an item is obviously neglected or deliberately damaged, then they look at the home situation to see if any additional support is necessary.

If an item is damaged within three months of installation, that is deemed unacceptable, however after that period, if the items are still within the 12 month warranty from the supplier, they will be replaced.

Asset Management

Ian is clear that asset management is key to the success of a furnished tenancy scheme.

He explained: **“At Torus, every furniture item, (including white goods), that is purchased receives a serial number and it is recorded in the asset log. Some items need regular replacement, such as mattresses, and we have clear processes in place to deal with replacing items.”**

They use their asset log to check how often a customer is requiring replacement items.

“We expect 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,” says Ian.

Furniture Removal

Torus use a subcontractor to collect and store items if they are returned, or at the end of a tenancy.

They have a unit where all the furniture items are stored and where they can be cleaned and checked for reuse.

When a tenancy ends, it is vital that the furniture is removed as quickly as possible to ensure it is not accidentally treated as rubbish by a subcontractor.

Because Torus have around 1500 furnished properties, the volumes of furniture involved mean that the cost of the subcontractor and the unit make economic sense.

Torus spend around £400k on new furniture each year and save at least £100k per year by reusing returned items.

However it does take time to reach this stage and how the finances are planned are key to making a furnished tenancy scheme a success.

Working with Finance

Ian said: **“Liaising with your finance team and working together to put together a realistic budget for a furnished tenancy scheme is so important.**

“We buy the furniture outright from our supplier and then spread the cost of the furniture in our budget over four years with depreciation.

“We know it will take over two years to recover the cost of the furniture and this ensures that the scheme is measured appropriately with managed expectations.”

Torus are part of a procurement consortium, and use their approved supplier list to ensure that they are getting the best price, quality and service.

Quality is key as some of the customers require hard-wearing, contract-standard furniture which may cost more but offers much greater value for money as it will last much longer and therefore not need replacing as often as cheaper flat-pack furniture.



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Tenancy Sustainability

A furnished tenancy can help a tenancy to last. If a tenant moves into a property with nothing, no bed to sleep on or fridge to store their food for example, they may decide that they were better off in a homeless hostel, or if they have family nearby, they may return to live with them instead.

Providing them with furniture means they are moving into a home, not just an empty box.

Ian said: **“It is very hard to compare the impact a furniture package has on the sustainability of a tenancy because of the difference between the type of tenant that requires furniture and those that don’t.**

“Someone who faces moving into a property with nothing and no means to acquire the necessary furniture will often face many other challenges in their lives which can affect their ability to sustain a tenancy.

“Exit interviews to establish the reasons behind a tenancy ending can be very hard to complete, but unfurnished tenancies that end within three months with reasons such as ‘not liking the property’ given, can often be attributed to a lack of furniture.”

Ian firmly believes that many more tenancies would fail within the first two years if furniture had not been provided.

Moreover, given that it costs Torus an average of £3,000 in void costs, plus the staff time it takes to deal with the administration around the void, when a tenant moves out of a property, anything that can help to sustain a tenancy and avoid these costs is obviously welcome.

He said: **“A furniture package can turn a two week tenancy into a two year tenancy and can make a big difference to your void costs.”**

Ian is currently in the process of collating the latest figures on their tenancy sustainability but these are their most recent statistics:		
Furnished Tenancies Performance (Tenancy Duration) Tenancies created 01/04/2009 to 31/03/2014.		
Tenancy Duration	Total	%
Under 1 year	292	21.57%
1 to 2 years	307	22.67%
2 to 3 years	210	15.51%
3 to 4 years	124	9.16%
4 to 5 years	90	6.65%
Over 5 years	140	10.34%
Active	353	26.07%
Overall Total:	1354	

TORUS FT CASE STUDY

Social Value

Ian believes that their scheme is about so much more than the profit it can create. For him it is about their social responsibility, something that really matters to Torus.

They consider the most important benefit of a furnished tenancy scheme should be for the tenant, not the profit for the landlord, and they consider the Social Return on Investment that is created.

Ian said: **"It is hard financially for an organisation to get a new furnished tenancy scheme up and running these days.**

"I would recommend looking at leasing or renting the furniture but it will of course depend on what finances are available. The push for it has to come from above, down to finance and procurement.

"If you start with a pilot scheme, you need to make sure that a full scheme is ready to go before the pilot ends otherwise the project will stall.

"These is no one way to deliver a furnished tenancy scheme, look at your organisation and make sure you get advice and support to set it up.

"I see my role as helping to End Furniture Poverty so if my 21 years of experience can help in any way, I am happy to offer advice where I can.

"I believe that every social landlord should provide furnished tenancies, even if service charges didn't exist. It should not all be about profit, we are here to help our customers and furnished tenancies do just that."

