

MAKE  
A HOUSE  
A HOME

Q&A

# Service Charges Team



TOGETHER  
WE CAN  
END FURNITURE  
POVERTY

FUSION<sup>21</sup>

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# ABOUT END FURNITURE POVERTY

End Furniture Poverty is the campaigning arm 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 nearly 40 years and reducing and eradicating Furniture Poverty is FRC Group's core mission.

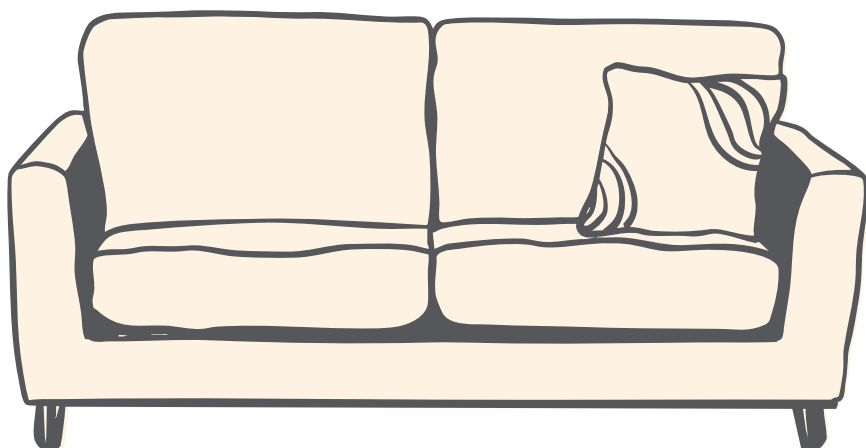
End Furniture Poverty was created in 2015 to raise awareness of the issue of Furniture Poverty; to improve our understanding of the consequences and the reality of living in Furniture Poverty; and to develop potential evidence-based solutions to ensure that everyone has access to the essential furniture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

We also work closely with the grant making sector, the preloved furniture sector and the social housing sector. Currently we are undertaking a campaign to Make a House a Home by ensuring that at least 10% of social housing properties are let as furnished. Information about this campaign can be found on our website, along with a myriad of useful research, guidance and support.

We would like to thank Fusion21 for their support with the production of these guides.



**endfurniturepoverty.org**



Disclaimer: The views expressed in these guides are solely those of End Furniture Poverty

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## Introduction

Our research suggests that 6 million people in the UK are living in furniture poverty, with only 3% of social homes being let as furnished. Here at End Furniture Poverty, we see our role as not only, to raise the profile of the issue, but also to help social housing providers to find solutions which help them and their tenants. We believe a blended approach is key, with furnished tenancies being an important part of the answer. This suite of Q&A documents is aimed at the various departments who would normally be involved in establishing a furnished tenancy scheme. You will find some duplication in these documents, simply because some departments will raise the same questions. You may want to read this in conjunction with our Blueprint for Furniture Provision In Social Housing, which is a detailed guide to tackling furniture poverty in the sector.

## How will the furniture be paid for?

The charge for the furniture should be added to the rent account as a benefit-eligible service charge. Based on our experience we recommend setting out this process clearly from the outset. We also recommend highlighting which person or team will be responsible for ensuring both that the charge is added and that it is accurate.

If using a third-party provider for the furniture scheme you will find that the financial responsibility lies with the landlord not with the tenant using the scheme. Therefore, it is important to ensure that you have a workable approach in place to ensure that the charges are added correctly and your costs are covered.

It is also worth bearing in mind that VAT will need to be paid, if you are working with a third-party provider to manage your scheme.

## Is this charge eligible to be covered by benefits?

Yes.

For those tenants in receipt of Universal Credit the regulations clearly state that UC will cover:

“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”.

Click the link provided to view the entire regulations:

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

Any tenant in receipt of UC using a furniture package should be reminded to update their journal appropriately to ensure the service charge is covered by their benefits.

Alternatively, for those tenants in receipt of housing benefit, furniture costs can be covered provided that the furniture is only hired by the tenant and does not form a purchase agreement.

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Click the link provided to view the entire regulations:

<https://www.legislation.gov.uk/ukxi/2006/213/schedule/1>

Sometimes, if this is not something that a housing benefit office has seen before, there can be some queries. We recommend establishing support from the relevant benefit team(s) to ensure that payments are made smoothly.

## Can we, as a landlord add an administration fee to cover any cost of the scheme?

Yes, the landlord can add a 'reasonable fee' on to cost of the furniture to help reduce the cost of running the scheme or they use the surplus generated to support their tenants in other ways.

Some organisations use the surplus generated to employ a staff member or a team to manage the scheme (depending how many furnished tenancies they hope to create). Once the scheme reaches one hundred and fifty furnished tenancies, we recommend that staffing resources are allocated to administering it.

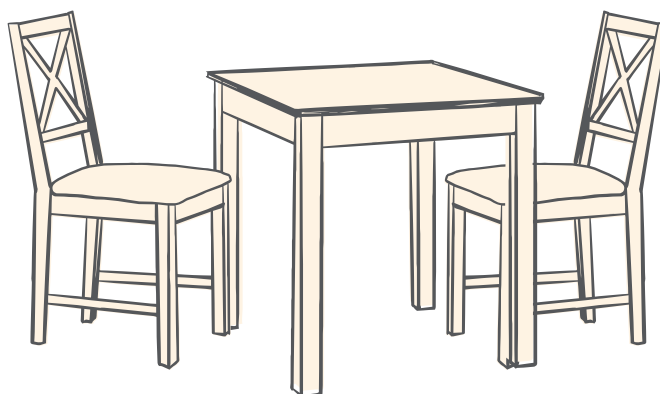
Other organisations add the duties associated with the furniture scheme to existing job roles – the tasks are often placed within a housing officer, allocations officer or in the financial inclusion team and those staff place orders and ensure charges are added to the rent account.

More detail on adding an administration fee is featured below.

## What do steps to we need to take to set this scheme up?

We strongly recommend ensuring that any local authority HB office you work with is aware of the intention to launch this scheme and they are comfortable and understand how it works. Whilst it is a benefit eligible service charge, some local authorities will have no experience of processing payments for furniture packs. We would also recommend the same for the local DWP UC partners and making sure that they are prepared to see claims on your tenants' journals.

Landlords we have worked with in the past have highlighted this as a key part of the process in establishing a scheme and ensuring that there are no issues with claims being honoured.



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## What internal processes do we need to put in place?

Consider the charge being made by the partner delivering your service – the charges can vary depending how you choose to set up the scheme. Some landlords choose a less flexible approach, with fixed packs, which means that there is a limited number of different charges being put on the account and may leave less room for error. Other landlords operate a fully flexible scheme which will mean that the service charge can vary widely.

Some landlords allocate one or two people to add these charges to the rent account so again it reduces the chances of errors being made – but this may not be practical for your organisation.

You will also need to consider if and how you may add an administration fee to the charge being made by your partner supplier. Most landlords who operate these schemes do – it helps to cover the cost of the unavoidable but small amount of administration required to keep the scheme running. The approach to an administration fee is varied, with some landlords choosing to add a percentage on to the charge made by the supplier and others choosing a fixed fee.

Additionally, some landlords who plan to operate large schemes will employ dedicated members of staff to sign up tenants, make referrals, manage day to day relationships with the supplier and liaise with the service charge team to ensure the costs are being added to the tenant's rent account. The administration fee is sometimes used to cover these staffing costs.

This administration fee will need to be added to the cost of the pack being made by the supplier and in turn added to the rent account to form the service charge being made to the tenants. Therefore, you may choose to add a fee that makes the service charge calculations less complex.

If you choose to operate the scheme within current resources, our experience of working with landlords tells us that it is important to establish good working relationships between the staff who are dealing with signing a tenant up to the scheme and the staff responsible for adding the service charge to the rent account. Having an agreed process and set of responsibilities for each will make for a much more seamless process.



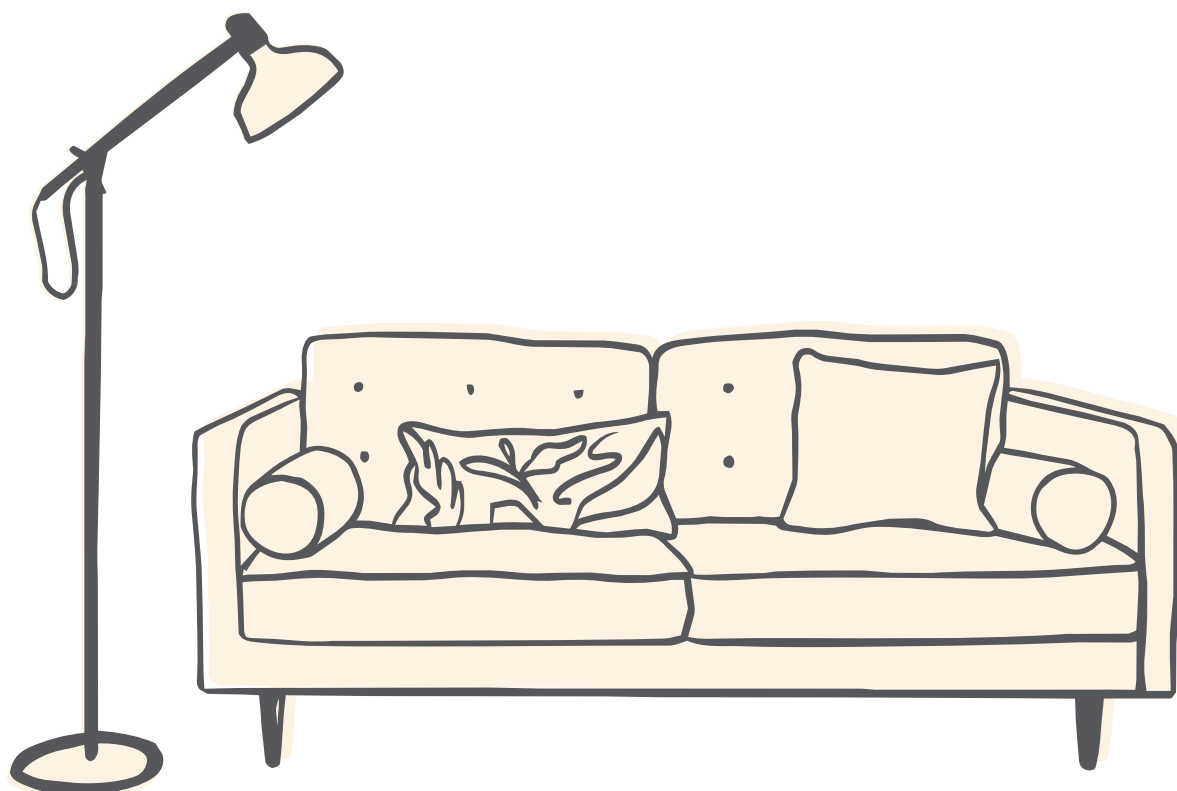
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## How do we progress this?

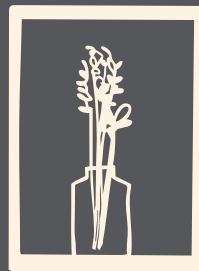
First and foremost, End Furniture Poverty is here to help – we can offer support with writing business cases, policy and process development and we can put you in touch with other landlords who are already offering furnished tenancies willing to share their good practice.

Leadership and spearheading a project such as this is important. As we are all aware, providers have many conflicting priorities and the success of the scheme can be affected by the enthusiasm and drive fostered by the senior leadership team. Many providers embarking on this journey establish a project team and this can prove to be very useful. Furnished tenancies are cross-cutting with many teams being stakeholders – housing allocations, void management, rent and income, finance and procurement etc. and the project team should be made up of representatives from these teams. A starting point in establishing the leadership of the team is to consider where the scheme will sit – some organisations manage the service via their allocations teams, their financial inclusion teams or their tenancy sustainment team (amongst others) and therefore a senior manager from one of these services can be the ideal team leader. However, some choose to set up a team dedicated to administering the service.

Don't forget the team at End Furniture Poverty is here to help you every step of the way, get in touch with us via our website to access our free support.



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Pledge your support  
[endfurniturepoverty.org](https://endfurniturepoverty.org)