

Report to Scrutiny Commission  
Neighbourhood Scrutiny & Community  
Involvement Commission



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***The Furniture Bank Scheme:  
Evaluation & Future Options***

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Date of Commission meeting: 24 August 2016

Lead director: Alison Greenhill

## Useful information

- Ward(s) affected: All
- Report author: Caroline Jackson, Head of Revenues & Customer Support Service.
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- FINAL Version 1 NSCIC

### 1. Purpose of report

The purpose of this report was to provide the Executive with an overview of the historical context of The Furniture Bank pilot scheme and to provide future sustainable options for awarding furniture for vulnerable low-income households in crisis. The report highlighted the importance of the welfare provision to households, outlining how the pilot scheme operates; what the issues and risks were, and offered future options for sustainable delivery models.

Option 3 in this paper is the preferred solution with an extension of the pilot to 30 September 2016 to allow time to put a suitable replacement service in place, which was agreed by the Executive.

### 2. Summary

**2.1** The current pilot arrangement with Waste Management and Revenues & Customer Support Service was due to end on 30 June 2016.

**2.2** The Furniture Bank scheme began as a trial partnership arrangement between Waste Management and the Revenues & Customer Support services distributing second-hand furniture in October 2013, and was referred to as the Pass It On scheme until October 2015. This is a Leicester specific scheme and was last reviewed in July 2014.

**2.3** The Executive were recommended to:

Note the impacts and trends highlighted in the report and comment on findings if appropriate.

**2.3.1** To consider which of the following options were appropriate to help people secure household furniture:

**OPTION 1:** That the scheme be continued as a long-term undertaking by Waste Management and Revenues & Customer Support, and further investment provided to improve the scheme's efficiency, profile and partnership working;

**OPTION 2:** That the scheme's pilot status be extended for a further twelve month period, to allow further research and development to be carried out as proof of concept. Exploratory soft-market testing would be undertaken of alternative second-hand furniture providers as part of a Community Support Grant procurement exercise;

**OPTION 3:** The Furniture Bank scheme is continued to 30 September 2016 to allow for a procurement process to take place. Furniture demand under the CSG scheme would then go out to market to be met through accessing a possible consortium of charitable

providers of second-hand furniture, already established locally.

**OPTION 4:** The scheme is continued until 30 September 2016 to allow for a procurement process to take place. Furniture demand under the CSG support applications would then go out to market to find a supplier of new goods. This may be supported through voucher cards from high street stores or from new furniture suppliers who could deliver the goods directly to the customer.

2.4.2 The Executive supported Option 3 to continue the Furniture Bank Pilot until September 2016 to allow time to put a suitable replacement service in place.

### **3. Recommendations**

**3.2** NSCIC is invited to make any comments and/or observations that it sees fit.

### **4. Report/Supporting information including options considered:**

**4.1** The Furniture Bank scheme started as a trial in October 2013 branded as “Pass It On”. The trial ran initially for a 9 month period, when the decision was taken to continue the service until the end of June 2016.

**4.2** In December 2015, the service was rebranded to “The Furniture Bank”, alongside a change to collection procedures. The Furniture Bank is largely run by Waste Management, essentially as ‘the contractor’ with Revenues and Customer Support as ‘the client’.

**4.3** Waste Management operate and manage the warehouse, collections, customer deliveries and promotions. Customer Services take the initial calls from customers donating items and the Community Support Grant (CSG) team process the applications for items from residents in crisis.

**4.4** The service aims to divert items of furniture which are in good working condition away from our bulky waste collection service and landfill. Items which are collected, must be in a good working condition, and will undergo minor repairs and cleaning. Once items are in a suitable condition they are made available to the Community Support Grant (CSG) team who award the items to Leicester residents who are identified as being in crisis and eligible for support.

**4.5** Residents who wish to donate items to The Furniture Bank are asked to contact the Council through the Waste Management telephone line, where customer service advisors ask a number of questions to identify which items are suitable for the scheme. Details are then sent to The Furniture Bank, via email and the resident is contacted by the supervisor to arrange a convenient collection time.

**4.6** The Furniture Bank collection crew will visit around 6 properties a day, and enter the property to remove items of furniture. Before being collected, each item is checked to ensure it is in a suitable condition. Any item which is damaged, very dirty or not suitable for the scheme will be left with the customer, who will be left advice on other ways that it can be collected. Once furniture has arrived back at the warehouse, it undergoes cleaning and essential repairs, before being photographed and uploaded to

the shared visual database with the CSG team ('showroom').

**4.7** The CSG team, part of the Revenues and Customer Support Service (R&CS), receive applications for assistance from residents who require support under the Community Support Grant Scheme. The Community Support Grant Scheme is set up to help vulnerable customers either in crisis; or, to meet urgent needs; or, to maintain independence in the community. One of the ways the CSG team can provide assistance is to provide furniture. The CSG team assess each application on a set criterion. The customer/their support worker make a telephone application for a Support Grant. The customer's financial circumstances are assessed for eligibility along with their support needs. When a need for furniture is identified the CSG team are able to view pictures of every item in The Furniture Bank 'showroom' which is in stock and pick items the applicant has qualified for. An 'award notice' detailing the items to be delivered is then sent to The Furniture Bank to make delivery. The Supervisor liaises with the applicant or their support worker to arrange delivery of the items.

**4.8** As the service is a pilot, resources are currently limited to a warehouse, a van, two driver/loaders and a warehouse supervisor. Due to the resources available, collections are restricted to 6 per day, with the van out making collections across the city. There are no restrictions in place for the number of awards, and these are often made in the afternoons, within a day or two of an award notice coming through.

**4.9** In determining whether this is cost-effective however, analysis has been conducted comparing the attributed costs of the scheme against the equivalent brand new goods being purchased through Leicester Charity Link. A small saving is also realised through landfill tax. The cost of providing the scheme doubled after it was extended beyond the 9 month trial, to its current form, including the addition of a second warehouse. No management costs are included in the running of this pilot.

**4.10** Benefits of the pilot:

- ❖ 3,210 pieces of furniture and household items have been reused since scheme began.
- ❖ Made 700 deliveries to applicants
- ❖ 77 tonnes of waste diverted from landfill.
- ❖ Gross saving of c. £292,143 from CSG fund as opposed to purchasing new goods since scheme began. Net cost for the re-use furniture of c. £20,505 over lifetime of the scheme up to end of February 2016. Total spend of the scheme in 2014/15 and 2015/16 c. £279,112.
- ❖ The pilot provided three completely furnished homes in December 2015 for refugees to the City. This was achieved with close partnership working with LOROS furniture shops and other sources within the council to supplement usual collections from residents e.g. from care homes closing down.
- ❖ Equivalent-value item exchange with LOROS. The scheme received 81 items (excluding cutlery) from the organisation between October 2015 and February 2016. Exchange is sporadic due to availability of stock from LOROS. Weekly contact is maintained with LOROS to establish whether items are available for swapping each week. This process has been made possible by a swap of items which are unsuitable for The Furniture Bank, with essential items which are in demand from CSG. The swap has maintained a mutual cost balance, by receiving the same value in goods as is given to LOROS.

#### **4.11 Benefits of the pilot since improvements introduced in December 2015:**

- ❖ Very popular interaction with residents on Social Media/Twitter spotlight posts were seen 12,050 times and received 179 engagements
- ❖ Donation of items has increased, with more essential and high quality items being collected with a corresponding decrease in waste items donated. Over 85% of goods collected being successfully reused, since collection methods have been improved in December 2015.
- ❖ Made net savings of £11,723 since improvement to collection methods were made in December 2015 to end of April 2016.
- ❖ Working with JobcentrePlus, have taken on a volunteer who has excelled and gained in confidence since starting with the team.

#### **4.12 Drawbacks with re-use items and lessons learnt from the current pilot:**

- ❖ When there are insufficient items for offer goods are purchased at a direct cost to the council.
- ❖ There have been on-going staff shortages, at times significantly resulting in insufficient items on offer for selection. On occasion technology supporting the stock control and imaging of items for selection has been problematic. Limited IT resources, including slow internet access.
- ❖ Supervisor has had to spend time covering for sick staff meaning images are not uploaded quickly enough.
- ❖ Demand outstrips supply with current staffing levels. Additionally the furniture demand is increasing by circa 12.5% per year due to the impact of welfare reform, but there has been no increase in resources to reflect this increase.
- ❖ Stock management has on occasion been problematic.
- ❖ The scheme currently offers no visual choice to the recipient. Customers have no *choice* in what items they receive – their needs are simply met through the type of item they require. Items on offer vary in customer desirability due to the nature of the donation. When items are second-hand this occasionally has a detrimental perception on the ‘customers’ acceptance of the furniture.
- ❖ Using re-used furniture relies on items being donated, which does not provide a constant supply of essential items. Items can usually come in which are too large for small flats/bedsits, and too heavy to safely carry upstairs meaning awards have to be returned and items substituted.
- ❖ Between April and November 2015, approximately 50% of items that were scheduled for collection, were unable to be collected for a number of reasons. Mainly:
  - Items too large
  - Customer not in
  - Customer given away items
  - Items left outside and wet
  - Items left outside and disappeared
  - Items were too large, unsuitable or had been given away.
- ❖ However, all these took time for supervisor to make contact with customer, and in some cases visits by the van. Following a publicity and awareness campaign by Waste Management in December 2015, this has reduced to just 13%. In these instances, the customer must re-arrange a bulky waste collection.
- ❖ Volunteers from JobCentre Plus are of variable quality – some have not turned up to work and a large number of candidates have to be interviewed to find a suitable volunteer.

**4.13 Options summary.** Four options were detailed for the Executive to consider.

Furniture Bank Options :Table to estimated spend by option				
Option	Option Summary	Estimated annual cost of running the Scheme	Recommended	Services provided
Option 1	Continue with Current arrangement ( Long term)	£202,561	No	Collection, provision of items & delivery
Option 2	Continue with current arrangement (Medium term)	£202,561	No	Collection, provision of items & delivery
Option 3	Continue with current arrangement (Short term) moving to procure reuse goods	£70,000	Yes	Provision of items & delivery
Option 4	Procure solely brand new goods	£143,390	No	Provision of items & delivery

Management costs are not included in the above table. The estimated management costs are below.

Management costs	Estimated management costs (10% of each manager's time) 2016/17
Options 1 & 2 (Waste Management and R&CS)	£15,000
Options 3 & 4 (R&CS only)	£7,500

**4.14 Option 3 – This option was recommended to and approved by Executive.**

The Furniture Bank scheme has been extended for a further 3 months and will be discontinued from 30 September 2016. Furniture demand under the CSG scheme will be met in full through a possible consortium of charitable second-hand furniture providers; single charities or second-hand furniture providers would also be able to bid. Any single supplier will have to assure the Council that they can meet the expected demand. CSG award recipients will be issued with voucher(s) detailing the items awarded. The customer would then be able to choose the items that they have been awarded through the charity's/supplier's showroom(s); and their chosen items would be delivered direct to the customer's home.

City residents who wish to donate items suitable for re-use would be directed via the Council's website to donate to the furniture bank's consortium of charities/supplier through a single telephone number and/or a link to the charity webpage. The charities/suppliers would arrange the collection themselves with the customer. The authority would not be involved in this process however it will be clear their donation will go to the 'furniture reuse scheme'. All re-use furniture items donated as a result of the CSG awards will continue to count towards the Council's re-use tonnage. This approach is recommended in the interests of Waste Minimisation and the Council adhering to the principles of the Waste Hierarchy by prioritising reuse over waste treatment/disposal to landfill.

The current shortfall in required furniture and small items (that is unable to be met via the current Furniture Bank scheme) is supplemented through a consortium of charities (Sofa Loughborough, Work Link Project; React Coalville) called The Leicestershire and Rutland Re-use Network (LRRN). This procured consortium has been operational for three months since 9 May 2016 and is working well. A wider consortium or framework agreement would be offered through a variance of the recently awarded contract; with LRRN as the lead charity. This greater group of charities would ensure furniture supply meets demand.

To enable promotion of the continued use of reuse furniture from City residences it is the opinion of the council that Leicester-based charities/suppliers would be the most appropriate to facilitate this objective. There is known to be an appetite for partnership working from the recent procurement exercise, whereby some charities would not be able to provide the full demand on their own, but would be interested in partnering to contribute to supplying furniture. As this option was agreed, we will run a workshop, facilitated by VAL (Voluntary Action Leicestershire) to promote the wider consortium concept and allow charities to develop through liaison possibly with LRRN. Such a consortium would remain reliant on donations, and also have their own customer base to serve; it is therefore envisaged that a consortium or framework of suppliers would be key to this arrangement to embed resilience.

Several charitable organisations and suppliers in the city already provide a second-hand furniture service. These include The Second Hand Warehouse Ltd, Open Hands Trust, the Red Cross, LOROS, The British Heart Foundation, AgeUK and Kingsgate – the latter of which already has in place an agreement to obtain unused IKEA furniture, which is constructed and distributed by volunteers.

This option is based on 2015/16 estimated demand plus 12.5% welfare reform estimated impact and assuming all demand is met through this means. This figure has been calculated based on 869 bulky furniture items (sofas, beds, wardrobes), including delivery and administration costs. The total CSG demand for furniture is expected to be provided through this option. There would be no requirement under this Option to have a supplementary new/re-use provision to meet overall demand (as in Options 1 and 2 – valued at £16K).

**4.15** The service recommended Option 3 which is supported by the Executive.

## 5. Update on progress

5.1 Staff have been given 3 months notice of redundancy. TUPE rights are being investigated with the legal employment team.

5.2 Procurement have advised that there is an opportunity to vary the recently awarded current back-up furniture contract without compromising the procurement rules.

5.3 The current back-up furniture contractors, Leicestershire and Rutland Re-use Network (LRRN), have been approached to ask if their Trustees are willing to vary the contract and invite more third sector organisations with a shop window in Leicester to join their Network. LRRN Trustees have agreed to this.

5.4 VAL have been approached and will facilitate the conversations in respect of 5.3.

## 6. Financial, legal and other implications considered by the Executive

### 6.1 Financial implications

The estimated costs of the four options are provided at 4.13 above. These costs can be compared with estimated spend in 2015/16 of £155,315.

The costs of the service, as with all the costs of crisis support, are met from an earmarked reserve which was created when the DWP stopped providing an annual grant. At the end of 2014/15, this reserve stood at £5.0m. This is budgeted to be spent at £925,000 per annum, and hence would be spent by 2020. Applications are, however, expected to increase as welfare reforms take effect, with the implication that the money will run down more quickly. There is no provision within the general fund budget and therefore it is essential that the monies set aside in the earmarked reserve are spent as efficiently as possible.

A decision to increase or reduce the costs of the Furniture Bank will similarly impact the life of the reserve.

It is likely that we will top the reserve up with any underspends on associated budgets (e.g. council tax hardship alleviation monies), but sums are unlikely to be substantial (£0.2m estimated in 16/17, probably declining thereafter)

Mark Noble, Head of Finance (Financial Strategy) Finance Division. Extension 374041

### 6.2 Legal implications

#### Advice from the Contracts team:

Following a procurement exercise undertaken by the Council, legal services were instructed to prepare contract documentation in respect of a contract award to the Leicestershire & Rutland Reuse Network Community Interest Company ("LRRN") in respect of charitable re-use furniture supply and delivery. Contract documentation was sent by letter dated 1 June 2016 to LRRN for signing and legal services currently await



the return of the documents. Following receipt of the contracts from LRRN, the contract will be sealed for and on behalf of the Council.

In relation to the comment at 5.2, legal services have recently advised that to the extent of increasing the quantity of furniture items to be supplied by LRRN under the contract, this can be achieved in accordance with procurement legislation. Legal services will need to be instructed to prepare and draft an agreement to vary the original agreement.

In relation to the comment at 5.3, legal services would recommend that further legal advice is taken on whether the proposed change can be made in accordance with procurement legislation.

Nilesh Tanna, Solicitor, extension 371434

#### Advice from the Employment Team.

Where staff are employed on fixed term contracts and their period of continuous service extends over two years they will become entitled to full employment rights; which includes the requirement to make a redundancy payment in the event the service ceases.

Where staff are employed and their particular service is procured to a new provider it is possible for the TUPE Regulations to apply and which can be further complicated by ensuring pension rights are also transferred.

Where volunteers are engaged it is recommended that each signs up to a standard Volunteer Agreement.

The Employment Legal Services team can advise further on the above as required.

Caroline Woodhouse, Employment, Education and Litigation Team, Legal services.

### 6.3 Climate Change and Carbon Reduction implications

As demonstrated in 4.10, the scheme has diverted 77 tonnes of waste from landfill and has permitted the reuse of 3,210 pieces of furniture. As there is a considerable amount of “embedded” carbon that is created in the manufacture of household goods, through re-using unwanted furniture there is a significant environmental benefit to the scheme. Carbon is saved from avoiding both the manufacturing implications of a new product and the emissions associated with waste disposal. As the scheme requires public participation, it promotes the use of the waste hierarchy to the city’s residents and encourages behavioural change. It is therefore preferable from a carbon perspective that the scheme continues.

Louise Buckley, Senior Environmental Consultant, 37 2293

### 6.4 Equalities Implications

From an equalities perspective, the key consideration is the benefit received from those in financial crisis seeking support from the council – furniture they require for their day to day living. In order to achieve that benefit, the report presents a range of options available – each with their own cost implications based on the method of

provision of furniture. In order to promote equality of opportunity, one of the aims of our Public Sector Equality Duty, the council would seek to maximise the number of people they could support within their budget limitations. However, as the report points out, the current provision also supports a range of environmental and social outcomes around recycling that also benefit the city's residents. Consideration should be given as to how these different needs should be balanced against each other.

Irene Kszyk, Corporate Equalities Lead, ext 374147.

#### 6.5 Other Implications

None.

#### **7. Background information and other papers:**

Building a Strong Future for our City: Labour's Manifesto for Leicester 2015  
<https://www.leicester.gov.uk/media/180397/labour-manifesto-2015.pdf>

#### **8. Summary of appendices:**

None

#### **9. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**

No.

#### **10. Is this a "key decision"?**

No