

**REPORT TO: POLICY AND RESOURCES COMMITTEE
24 OCTOBER 2005**

REPORT ON: DUNDEE FURNITURE PROJECT

REPORT BY: HEAD OF WASTE MANAGEMENT

REPORT NO: 633-2005

1.0 PURPOSE OF REPORT

- 1.1 To inform members of the current financial situation facing the Dundee Furniture Project and seek approval for a way forward.

2.0 RECOMMENDATIONS

- 2.1 That the Dundee Furniture Project be advised that the Councils contribution during the current financial year will be £50,000. This will consist of £25,000 from Waste Management, £15,000 from Housing and £10,000 from Social Work.
- 2.2 That during 2006/07, the Waste Management Departments contribution will remain at £25,000, and the Housing and Social Work Departments will enter into Service Level Agreements with the Project to provide additional income.
- 2.3 That negotiations will take place with the Furniture project to set income generation targets for 2006/07, and that the Council will guarantee to underwrite any budget deficit occurring during 2006/07 up to a maximum of £81,900.
- 2.4 That during 2007/08, the Councils contribution will reduce to the current level of a grant of £25,000 plus whatever income is generated from Service Level Agreements with the Housing and Social Work Departments, and be further reduced in future years.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The contributions for 2005/06 will be met from each Departments Revenue Budget.
- 3.2 The contribution for 2006/07 will be met from revised Service Level Agreements with the Housing and Social Work Departments, and any remaining deficit up to a maximum of £81,900 will be met from the Waste Management Department budget. The Waste Management Department budget will have to be increased in 2006/2007 to cover this potential expenditure.

4.0 DUNDEE 21 IMPLICATIONS

- 4.1 The project's work has a major impact on the following themes of the Local Agenda 21 strategy "Resources are used efficiently and waste is minimised", and "Local needs are met locally".

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 The project provides assistance to a wide range of disadvantaged groups, including homeless people, victims of domestic violence and those with health problems. It also addresses social inclusion through offering training opportunities and personal development to disadvantaged individuals, thus improving their prospects of long term meaningful employment.

6.0 MAIN TEXT

6.1 Background

- 6.1.1 The Dundee Furniture Project provides a valuable service to the citizens of Dundee by collecting unwanted furniture and electrical appliances, checking and repairing these as necessary, and redistributing the items free of charge to low-income households and people facing crisis.
- 6.1.2 A quality assurance system is in place to ensure that all electrical items distributed by the Dundee Furniture Project have satisfied rigorous safety standards, and that soft furnishings comply with legislation regarding fire prevention.
- 6.1.3 In addition to providing second hand goods, the Dundee Furniture Project has also negotiated a substantial discount with a local supplier for the purchase of new electrical appliances. This means that clients can be provided with new goods complete with guarantee, for a comparable price or sometimes less than it would cost to buy second hand items on the open market.
- 6.1.4 The Dundee Furniture Project is an accredited training centre, and provides a high level of training for their staff and volunteers. The project also has an excellent data management and referrals system which provides clients with an absolute assurance of confidentiality.
- 6.1.5 Referrals to the project are made by Housing Officers, Social Workers, Health Visitors and other statutory and voluntary agencies, and the provision of these essential household items helps vulnerable individuals escape the poverty trap and in many cases enables them to take up and sustain council tenancies.
- 6.1.6 During 2004/05, the project responded to 667 referrals within Dundee and provided free furniture packages for people in desperate need.

6.2 Premises

- 6.2.1 The Dundee Furniture Project operates from a former jute warehouse, approximately 3500 ft², and an adjacent industrial unit, approximately 1000 ft², at South Dudhope Mill in Douglas Street, Dundee. It has been based there since January 2000. The warehouse premises, owned by Dundee Industrial Association, are poor quality, cramped, neither wind nor watertight and lack any kind of permanent heating.
- 6.2.2 Due to their condition, the range of activities which can be undertaken from these premises are severely restricted. There are problems storing certain kinds of perishable furnishings, the premises are uninviting to potential customers, and the cold damp conditions make for extremely unpleasant working conditions, particularly in the winter months. A full breakdown of the restrictions imposed by the existing premises is shown in Appendix 1.

- 6.2.3 Alternative premises recently became available in the Dryburgh Industrial Estate that would be ideally suited to the Furniture Projects requirements. They are relatively modern, spacious (approximately 10,000 ft²) and comprise both office and warehouse accommodation. Their layout would lend itself to visits from members of the public, thus allowing the introduction of client choice, but equally importantly the ability to generate income through the sale of surplus goods. A full list of the perceived benefits of moving to these new premises is outlined in Appendix 2.

6.3 Tayside Area Waste Plan

- 6.3.1 The Waste Management Department are committed to working in partnership with the community sector to develop a reuse strategy for goods collected through the Councils Special Collections Service. Action 8 of the Tayside Area Waste Plan, approved by Committee in October 2002, requires the Council to "investigate and report on the feasibility and reuse and refurbishment of municipal solid waste". Action 15 of the Area Waste Plan places a duty on the Council to "facilitate and support the establishment and development of community based and operated waste management initiatives".
- 6.3.2 Since 2002, Officers from the Waste Management Department have been working with several local organisations with the objective of developing a working model for a furniture reuse project. Lack of suitable infrastructure and capacity within the community sector has meant that very little progress has been made to date. If the Dundee Furniture Project was to relocate to larger premises, then this capacity would become available, and the Waste Management Department could begin to divert reusable or saleable goods collected via its Special Collections service through the Furniture Project. This would not only generate much needed income for the Project, but would also realise a saving in waste disposal costs for the Council, would satisfy the requirements of the Area Waste Plan and help the Council meet the recycling and landfill diversion targets set by the Scottish Executive.
- 6.3.3 In August 2005, The Tayside Reuse and Refurbishment Working Group (of which the Dundee Furniture Project is a founder member) received funding to appoint a Development Officer for the community sector within Tayside. This new post will provide a dedicated resource to develop business opportunities within the sector, concentrating on income generation and long term financial sustainability. A comprehensive report incorporating a Business Plan will be produced by the Development Officer and will be available by April 2006. This Business Plan will form the basis of a bid for funding from the INCREASE strategic fund, which can allocate grants of up to £250,000.

6.4 Financial Contribution

- 6.4.1 The Council currently contributes £50,000 per annum towards the running costs of the project. This contribution is made up by £25,000 from Waste Management, £15,000 from Housing and £10,000 from Social Work. In the case of Housing and Social Work, the contribution covers furniture packages provided for clients, and in the case of Waste Management, the contribution comes from the Strategic Waste Fund and recognises the projects commitment to reuse and recycling, and the resultant saving to the Department in disposal costs.
- 6.4.2 If the Dundee Furniture Project move premises on 1st October 2005, then they face a budget deficit of £42,167 for the remainder of this financial year. This shortfall will be resolved by the combined contribution of the three Departments as detailed above.

- 6.4.3 In financial year 2006/07, however, the running costs of the Project will total £131,900. If the current level of funding from Dundee City Council continues as in 2005/06, then this would leave a budget deficit of £81,900. It is likely that this shortfall will be reduced considerably through income generation from furniture sales and the possibility of external funding, but until the project is established and operating from the new premises it is not possible to accurately predict what the income is likely to be.
- 6.4.4 It is recommended that the Council enter into negotiations with the Furniture Project to set definite targets for income generation during 2006/07, and also that both the Housing and Social Work Departments enter into Service Level Agreements with the furniture project to increase their annual contribution. It is further recommended that the Council agree to underwrite any funding shortfall in 2006/07 in order to provide the furniture project with a degree of financial stability. A breakdown of City Council funding is shown in Appendix 3.
- 6.4.5 During 2007/08, the income generation target for the Project should be increased to allow the Council to reduce its contribution down to 2005/06 levels of £50,000.

7.0 CONSULTATION

- 7.1 The Chief Executive
Depute Chief Executive (Support Services)
Depute Chief Executive (Finance)
Director of Social Work
Director of Housing

8.0 BACKGROUND PAPERS

- 8.1 None.

Jim Laing, Head of Waste Management

5 October 2005

APPENDIX 1 - RESTRICTIONS PLACED BY EXISTING PREMISES

WAREHOUSE

PROBLEM	IMMEDIATE IMPACT	LONGER TERM IMPACT
Not Wind and Water Tight	Loss of stock, through water and vermin	Impact on cost effectiveness
No heating	Staff and volunteers cannot work for long periods in winter	Cannot develop income generation through training and value added workshop activities. Limit on volunteer numbers.
Unregulated external environment	Excess stock left in communal areas by neighbouring tenant attracts vandals	Risk of fire and subsequent closure
Cramped storage conditions	Double handling of stock	Impact on productivity and cost effectiveness
Poor quality floor	Stock requires additional manual handling and lifting	Impact on cost effectiveness through higher labour costs and damage to furniture
Poor lighting	Difficult working conditions	Combined with poor heating , impact on health and safety. Cannot admit general public, therefore limits introduction of client choice and income generation through sales
Separate from office	Impact on control and communication systems	Impact on productivity and cost effectiveness

OFFICE

PROBLEM	IMMEDIATE IMPACT	LONGER TERM IMPACT
Difficult to heat	Poor working conditions for sedentary staff and volunteers	Potential health and morale issues
Single open plan unit	No meeting or training rooms	Cannot develop income generation through training and or subletting
No privacy	Difficult to hold confidential meetings / negotiations	Restricts development opportunities
Multifunctional space	Noise generated by Starter Packs packing station, rest area for all staff and call / reception centre causes background noise, which can interfere with concentration and communications	Impact on productivity and cost effectiveness
Separate from warehouse	Impact on control and communication systems	Impact on productivity and cost effectiveness

APPENDIX 2 - BENEFITS OF MOVING TO NEW PREMISES

FEATURE	IMPACT
Single building incorporating warehouse, offices and workshops / training rooms	Improvement in control and communication systems
Central heating	Improved working conditions
Additional office / workshop space	Income generation through subletting or development of new activities
Warehouse / showroom space	Introduction of client choice and income generation through sales
Modern good quality warehouse	Improvement in productivity and cost effectiveness
Loading bay	Reduction in manual handling and lifting with consequent improvement in productivity
External sorting area and recycling space	Reduction in double handling and improvement in productivity
Distinct entity	Ability to promote distinct identity and professional image
Training space	Opportunity to generate income through Accredited Training Centre. Opportunity to attract and train volunteers.
Space for confidential meetings	Improvement in productivity. Opportunity for partner organisations to offer advice service to clients
Separate storage and packing station for Starter Packs Dundee	Improvement in working conditions and productivity

APPENDIX 3 - DUNDEE CITY COUNCIL FUNDING

	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>
Housing	£ 15,000	£ 15,000	£ 15,000
Social Work	£ 10,000	£ 10,000	£ 10,000
Waste Management	<u>£ 25,000</u>	<u>£106,900</u>	<u>£ 25,000</u>
	<u>£ 50,000</u>	<u>£131,900</u>	<u>£ 50,000</u>