

County Durham Furniture Help Scheme
(CDFHS)

Business Plan 2016-2020



CDFHS

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2 CDFHS OVERVIEW

2.1 BACKGROUND

County Durham Furniture Help Scheme (CDFHS) is a registered charity (charity number 1112344), formally launched in 2005. It was started to provide affordable household items to the residents in County Durham that could not afford to go elsewhere. From our base in Chilton, we take in donations of household and electrical items and, using our in-house team, we clean, refurbish and repair these goods to distribute them primarily through our warehouse shop.

Since 2004, we have increased the size of our goods recycling business, as well as becoming a training provider for unemployed local residents and a local employer. We have developed an upcycling business, as well as selling affordable new flat packed furniture and new white goods. We have also become an accredited waste management organization for the County Council contributing to their environmental agenda.

2.2 KEY ACHIEVEMENTS TO DATE

CDFHS has grown from being a small operation ran by one person from a domestic garage in the 1980s to an organization with sales of over £350,000 in 2015/16. This growth has enabled CDFHS to increase its social impact. We now help over 160 households per month access affordable household goods while providing employability training to over 200 unemployed individuals in County Durham per year. We have grown to be one of the main employability training providers in County Durham.

2.3 CURRENT ACTIVITIES

We have a strong base in supplying affordable household goods to people across County Durham and increasingly the North East. We have developed our model to enable us to also sell low cost new furniture (mainly bedroom furniture) and white goods (fridge, freezers, washing machines) to people.

We have developed an award winning upcycling business, ensuring that products that most households would throw away can be saved from landfill by making them usable and appealing again.

We are a provider of government employability schemes providing traineeships and we also provide apprenticeships. We partner with a local training provider, Profound Training, to provide employability skills courses within our warehouse operation, provide on-the-job training to all employees and trainees, and provide computer skills training through a dedicated IT suit at our Chilton site.

We remain part of the Durham County Council's green agenda, increasing the volume of goods that are recycled and avoid ending up in landfill sites.

3 STRATEGY

3.1 OVERVIEW

The overall strategy of CDFHS is to consolidate working practices over the next 12 months to provide us with the base to grow from. By 2020 we aim to have doubled our core service delivery and doubled our turnover. We also aim to have explored options for expanding our services and impact geographically beyond County Durham into other areas in the North East.

We aim to achieve this through a blend of paid staff and volunteers. We aim to get one third of unemployed individuals that volunteer with us into work as a result of the skills they learn and the training they receive when volunteering with us.

3.2 VISION

To ensure that every individual in North East of England is able to own affordable and durable household items and that no useable household items go to landfill.

3.3 MISSION

We will achieve our vision through:

1. Creating an economically sustainable business model, independent of grants
2. Contributing significantly to County Durham's economic and environmental policies by becoming the counties primary destination for unwanted household items.
3. Collecting, repairing and redistributing useable household items
4. Delivering high quality training and employment for socially disadvantaged groups
5. Creating a 5-star retail experience for all of our customers
6. Expanding our services beyond County Durham to the North East of England

3.4 CORE VALUES

Throughout the work we do we aim to encourage and support a culture of enterprise which aims to enable people to help themselves in addressing their needs. We see all individuals as are unique but also equal. We actively seek all possible ways to encourage individuals to fulfill their potential. We will treat all our stakeholders with respect as well as expecting them to respect each other.

Across all of our work we look to maximize positive impacts on the wider community, including economic, environmental, social, employment and training impacts. We seek to continually assess how CDFHS can make a positive contribution to global environmental challenges via re-use initiatives, employability and to tackle poverty across a wider spectrum than before. We aim to ensure that the delivery of our business model creates impact automatically, so that any increase in scale automatically creates an increase in impact.

3.5 STRATEGIC AMBITIONS

3.5.1 Strategic ambitions for 2016 – 2017

CDFHS has successfully grown its business every year since it formed in 2005. Our operation is now spread over three rented warehouse sites in a traditional industrial estate.

Our main aim over the next year is to own one building, which would allow us to consolidate our various operations. This will bring an overall reduction to running costs as the cost of projected mortgage payments could lower than current actual rental costs. Working from one single location will also allow us to:

- Work more effectively as we would have all of its operations and goods in one place
- Create a net reduction in costs of our premises (bills etc)
- Consolidate our brand and working practices
- Offer an inviting retail outlet for prospective customers
- Own a substantial asset

3.5.2 Strategic ambitions 2016 – 2020

We aim to grow by 100% by 2020. To do this we are targeting the following areas as priorities, these areas are further developed in the business priorities table below:

- Consolidate our finances through building our reserves
- Ensure that we work with the maximum amount of our target audience as possible by developing our service offer targeted at low income households
- Increase our revenue by targeting new areas of the market
- Increase the cost effectiveness of the service through using a higher ratio of volunteers to staff members
- Improve the efficiency of our operations through several business improvement processes

3.6 BUSINESS PRIORITIES

	Goal	Timefram	Lead person	Actions required	Measure of success
1	Purchase a single property for the organisation to operate from	12 months	CEO	Identify suitable properties Complete surveys	That within the next 12 months CDFHS is operating from one location that is large enough to house all of its current activities and has room for growth.

				<p>Raise capital</p> <p>Receive legal advice and guidance</p> <p>Complete purchase</p>	
2	Increase reserve levels	1-3 years	Treasurer	Ensure surpluses are diverted into reserves	Ensure that reserves total £50,000 by the end of 2016/17, and a total of £90,000 by the end of 2017/18.
3	Ensure volunteers gain employment after their placement	1-3 years	CEO and Board of Trustees	Create links with companies who may require staff with the skills and experience that volunteers gain at CDFHS	That at least 30% of volunteers go into paid employment after their placement each year.
4	Develop the service offer targeted at low income households	1-3 years	CEO and Operations Manager	<p>Establish a process where customers can access the Credit Unions services from within CDFHS</p> <p>Gain 3 tick accreditation for advice and guidance from Advice in County Durham</p> <p>Develop links with development companies, energy brokers, social landlords, housing associations.</p> <p>Strengthen links with Profound Training</p> <p>Start using the IT suite to provide training courses</p> <p>Work in partnership with Job Centre Plus, Welfare to work providers, DCA, ALSS, AAPs, Learning Partnerships, local colleges, universities and WBL providers.</p>	<p>That an affordable credit service that can be accessed while in CDFHS is established by 31st March 2017</p> <p>Accreditation gained by 2018/19</p>

5	Increase access into new areas of the market	1-3 years	CEO and Operations Manager	<p>Create custom built shop front in new premises</p> <p>Start selling products online through eBay</p> <p>Increase number of houses fitted out fully with furniture</p> <p>Increase sales of shabby chic furniture</p> <p>Increase sales of assembled flat pack furniture</p> <p>Advertise CDFHS and the concept of reuse</p> <p>Look at options of recruiting staff to promote CDFHS in new geographical areas or open shops in new geographical areas</p>	<p>Shop front built within one year of moving into the new premises</p> <p>Start selling products through eBay within one year of moving into the new premises</p> <p>See section 5.4</p> <p>See section 5.4</p> <p>See section 5.4</p>
6	Increase number of volunteers hours completed	1-3 years	Training and Employment Co-ordinator	<p>Promote volunteering with CDFHS through online presence, leafleting, paid for advertising and free features in local newspapers and radio, word of mouth</p> <p>Increase partnership working with DCC, DCA, ALSS, AAPs, learning partnerships, local collages, Durham University, work based learning providers</p> <p>Increase the value of volunteering to volunteers by getting volunteers to undertake training with CDFHS</p>	<p>To achieve 500 volunteer hours contributed per week by the end of 2016/17 and at least maintain this level for the following two years</p> <p>Ensure that all volunteers that spend 4 or more weeks with CDFHS complete a training course with CDFHS or a CDFHS partner</p>

7	Increase operational effectiveness	1-3 years	Operations Manager and Training and Employment Co-ordinator	<p>Purchase an additional van to aid deliveries</p> <p>Improve collection and delivery timings</p> <p>Increase storage space through move to a new premises</p> <p>Increase credit limits with white good suppliers and flat pack furniture suppliers</p> <p>Implement an electronic stock management system</p> <p>Train staff and volunteers in lifting and handling of stock to reduce breakages</p>	
8	Double the businesses operation within 3 years	3 years	Chair of Trustees and CEO	Ensure rapid and consistent growth of the organisation once it has moved premises. The majority of this growth is expected to be weighted towards 2017/18 and 2018/19	Turnover and impact to have doubled from their 2015/16 baseline by 31st March 2020

Table 1: CDFHS business priorities 2016-2020

4 KEY ACTIVITIES

4.1 OVERVIEW

The goal that CDFHS is working to achieve is the vision of ensuring that every individual in County Durham is able to own affordable and durable household items and that no useable household items go to landfill.

To achieve this, the core activity that we carry out is the sale of re-used or re-furbished household items. We have recently expanded this offering and also offers the following services:

- Low cost sales of new white goods and a growing range of new furniture
- Left over paint distribution
- Sales of refurbished bikes
- Sales of refurbished computers
- Home cleaning, painting and decorating and full house refits

These activities are described in more detail below. All of these are delivered by a team made up of paid staff and volunteers. This team is described in section 7.

4.2 CORE SALES OF REUSED OR REFURBISHED HOUSEHOLD ITEMS

To carry out this service we repeat the process of donation, refurbishment and sorting, sale and delivery.

4.2.1 Donation

With the exception of new white goods and new furniture items all of our stock is donated. All donated stock that is accepted is of good condition, meaning that it is either re-useable (instantly saleable) or is refurbishable and legally compliant for resale. Other donations are filtered and broken down to salvage useful parts. The donations that are left over from this process go to landfill – this amounts to about 20% of all donations.

10% of donations are received directly from the public who deliver it directly to the warehouse. The rest is actively collected and we have built up a reputation for collecting items directly from the public, local authorities, businesses, and other organisations. We collect items on a daily basis and all items are collected free of charge from anywhere in County Durham.

The following illustrates the types of donations that we accept as stock; household furniture, electrical equipment, utensils, soft furnishings, bicycles, paint, computer equipment. All household furniture that is accepted is CE certified and legally saleable.

4.2.2 Refurbishment and sorting

Items are refurbished by a team of paid staff, apprentices and volunteers managed by the Operations Manager.

When an item arrives at CDFHS a decision needs to be made of the quality of the item and what needs to be done to it to make it saleable. These judgements and decisions are mainly made by the Operations Manager or the Unit 22 Supervisor based on their prior experience. We are also working to upskill other employees and volunteer trainees to be able to make these decisions. The process flow in

figure 1 illustrates the decisions that are made and the actions taken from them, using the example of a donated bicycle.

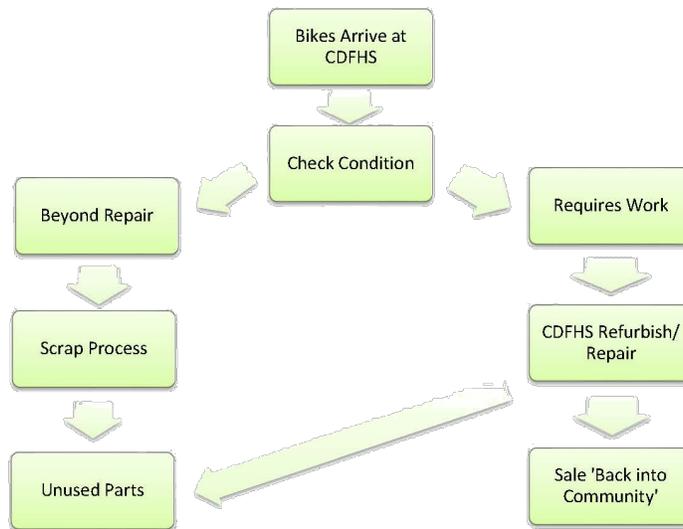


Figure 1: Bicycle re-use and refurbishment process flow

We have recently started a new range of shabby chic furniture. This adds a 30 to 60 minutes of extra time of painting to the refurbishment process but also adds 25% - 50% to the value of a piece of furniture. This has allowed us to expand into new markets, detailed in the market section of this document.

We receive many non-furniture and non-electrical items such as kitchen utensils and soft furnishings. When these are received they are sorted through by the team of trainees and volunteers to establish what is suitable for redistribution. Many of these items are then put into 'home starter packs'. These are packs that clients can take away that contain an array of items that help an individual start a home. The rest of the items are either sold, stored for sale or donate to another charity.

4.2.3 Sales and referrals

We sell items from our main warehouse. In April 2015 we also opened a temporary high street shop in Chester-le-Street. This high street presence generated a high volume of interest and sales and we will look to repeat this experiment in the future.

We have seen an increased demand for reused or refurbished items and has seen total sales rise from £55,000 to £235,000 between 2009/10 and 2015/16.

The method of sale depends on the customer segment. Our sales fall into three broad categories; cash, account and benefit payments. For a list of customer segments see Appendix 1. Cash sales are completed directly on the day and make up 68% of total sales. Account sales are completed within 30 days and make up 3% of total sales. Benefit payment purchases are completed through a referral system that CDFHS has agreed with the local authority and local social landlords. Payments are on

average received after 7 days and make up 29% of total sales. A description of the referral process is below.

Around 15% of customers of CDFHS are referred to us. These customers have a higher than average spend and represent 29% of total sales in 2015/16, this has risen to 36% in April 2016 and the average value of each sale has risen by 91% compared to April 2015. This increase is because of an introduction of sales of white goods. We have an established referral system with several organisations including local authorities and social landlords. These organisations are referral agents which can vouch for the genuine need of the customer. The referral agent fills out a simple form which the customer brings to CDFHS and this official referral ensures that these individuals are offered the goods at discounted prices. Organisations may only be classed as a Referring Organisation after agreements have been reached between their designated representative and CDFHS.

4.2.4 Distribution

Items are either collected directly from our sites by customers or we deliver items directly to customer's homes. The vast majority of goods purchased are delivered directly to customer's homes. Delivery is made using one of our 5 vehicles and are often combined with collections. Items are delivered for free within a 12-mile radius of the warehouse. Items delivered outside of this incur a small charge calculated to cover fuel and other vehicle costs i.e. depreciation, insurance, MOT, servicing etc.

This distribution section applies to all of the other goods provision sections in this business plan.

4.3 LOW COST WHITE GOODS AND LOW COST NEW FURNITURE

In an effort to provide a full household goods service to customers we have started supplying new low cost white goods and new flat pack furniture. These goods are purchased in small batches (currently 5 – 10 units at a time) and sold within one month. We provide delivery to customers within 12 miles within the purchase cost.

This new strategy is having a large and positive effect on we top line revenue growth as the price per item is much higher than reused or recycled furniture. It has seen particular growth from customers referred to CDFHS through the government welfare system.

4.4 PAINT DISTRIBUTION

Community RePaint schemes collect reusable, leftover paint and re-distribute it to individuals, families, communities and charities in need, improving the well-being of people and the appearance of places across the UK.

We do not have a fixed price for paint. But takes a donation for each sale which is capped at £2 per litre.

4.5 BIKE AND COMPUTER REFURBISHMENT AND MAINTENANCE

The process of refurbishing bicycles and computers is the same as described in Figure 1.

The sale of bikes is capped at £40 per children's bike and £60 per adults bike.

4.6 HOME CLEANING, PAINTING AND DECORATING AND FULL HOUSE REFITS

We provide a home cleaning and minor repair service. This service is offered at the rate of £200 per home and sees moderate use.

This service is developing into a full house service including cleaning, painting and decorating and full refits of furniture. This full service is priced individually per house depending on the level of refit required.

5 MAIN MARKETS

5.1 OVERVIEW

Through the services we provide we are addressing two core problems. The first is that many households are unable to afford durable furniture – this is caused by both the cost of purchasing new furniture and the households ability to pay for furniture. We reduce this issue by both providing low cost furniture and training to get individuals into employment. The second is that the disposing of household items contributes to the very high levels of unnecessary waste going to landfill. We reduce this issue by refurbishing and recycling old furniture so that it becomes appealing again.

5.2 TARGET MARKET

5.2.1 Customers and beneficiaries

The vast majority (we estimate around 95%) of our customers and beneficiaries are low income individuals and households from County Durham. These are the beneficiaries that CDFHS was originally set up to benefit. We have also been actively expanding our customer base to include students and members of the public who are not from low income households, and now have some customers from other areas outside of County Durham. We also works with local third sector organisations and statutory bodies on both a direct account basis and a referral basis. For a full list of customer segments see appendix 1.

We also look to benefit low income households by providing work experience, apprenticeship opportunities and work opportunities to individuals from these backgrounds.

5.2.2 Market

The primary market place for CDFHS is County Durham. The county is primarily rural with a very low population density ([238th out of 326 English Counties](#)) and more than half of the population live in settlements of less than 10,000 people. The county does have areas of affluence (i.e. City of Durham) but also has large and significant levels and areas of multiple deprivation. The county as a whole is within the top 30% most deprived counties in England. Areas in the county that fall within this statistic house [42% of the county's population](#). Some key challenges of the area include:

- An ageing population ([over 85s have increased by 31% since 2001](#))
- A declining and sizable public sector. Public sector roles have declined by [2.5% from 2009-2013](#). And made up 27% of total jobs in the county in 2010 ([within the highest 25% of local authorities in the UK and 4% above the UK national average](#)).
- Below average:
 - National and regional average employment ([5% and 1% below respectively](#))
 - Gross Value Added ([just 80% of regional GVA and 59% of national GVA](#))
 - Businesses per capita ([57% less than the English and Welsh average](#))
 - Gross Disposable Household Income ([2% less than regional GDHI and 16% less nationally](#))
 - Life expectancy – [1.5 years lower](#) for both men and women than the English average
- Above average

- Levels of deprivation in income, employment and health
- General unemployment rates (0.5% lower than the region but 2% higher than the national average)
- Long term unemployment (0.2% lower than region but 0.3% higher than the national average)
- Rates of youth unemployment (2.5% higher than the region and 1.5% higher nationally)

These challenges highlight the need for affordable goods. We aim to fill this gap through providing affordable household items and training for employment.

County Durham can be broken down into 14 Area Action Partnerships. These partnerships have been set up to help people have a greater voice and choice in local affairs. There are four of these partnerships that CDFHS immediately serves geographically. Together these represent over 60% of the 12-mile radius that we consider our main and immediate geographical market. The two partnerships that we are most immediately close to have even higher levels of deprivation (figures in table 2) showing that we are well positioned geographically to serve its target market. When acquiring a new site, we are looking to strengthen our links with our 2 geographically closest AAPs.

	Percentage of population in most deprived areas					
	County Durham		4 closest AAPs		2 closest AAPs	
	Top 10%	Top 30%	Top 10%	Top 30%	Top 10%	Top 30%
Overall	11%	45%	19%	56%	26%	68%
Income	9%	42%	16%	50%	18%	60%
Employment	31%	65%	44%	81%	54%	87%
Health	28%	71%	50%	94%	59%	98%
Education	15%	47%	21%	56%	27%	62%
Housing	2%	8%	1%	5%	2%	8%
Crime	4%	22%	7%	31%	13%	40%
Environment	0%	1%	0%	3%	0%	5%
Child index	5%	35%	7%	44%	8%	53%
Older person index	6%	40%	13%	54%	19%	61%

Table 2: Multiple deprivation index scores

Note to table: These scores are percentages of people that live in areas within the AAP that score within the top 10% and top 30% most deprived Lower Super Output Areas in England and Wales.

The overall reuse and refurbishment market received a boost in 2012 when Durham County Council introduced collection costs for bulky waste. This provided a boost to all furniture help schemes in the county and it increased the stock held by CDFHS by around 50%. It is not expected that the county council will reverse this decision, and is expected that the council will increase their charge for this service. Durham County Council also encourages residents to donate unwanted furniture to the 5 different furniture help schemes through its County Durham Reuse Forum. It is expected that the council will continue this encouragement as it is in line with local, national and EU government policy of

waste reduction. Both of these actions help us increase and maintain our stock levels. The below describes how we are increasing our customer base to ensure that this stock is sold.

5.2.3 Competition

For the sales of reused and refurbished furniture we are competing with 5 other furniture help schemes in the County Durham area. Our other competitors include charity shops, appliance removal and repair services, Waste Collection Centres and Argos, DFS and large supermarket chains who offer similar quality products brand new. Pay weekly appliance sellers like Brighthouse and pay-day lenders like Wonga target potential CDFHS customers with credit that enables them to purchase more expensive, newer household items. We are also in competition with free to use websites like Freecycle.

5.2.4 Current and expanding position in the marketplace

We hold a niche position within this market with the following advantages:

- In 2015/16 we were the second largest furniture help scheme in County Durham, second to East Durham Partnership (EDP). EDP are in the process of scaling back their furniture help activities dramatically which opens up opportunities in the east of the county. We are far larger than other furniture help schemes in County Durham and are therefore able to supply a large and wide range of stock to customers compared to other local furniture help schemes
- We are 80%-90% cheaper than outlets like Argos, DFS and large supermarkets that offer the same products brand new (e.g. on furniture items like bedside tables)
- We are cheaper to use CDFHS than Brighthouse or Wonga to finance the purchase of new goods
- We deliver stock for free within a 12-mile radius (and a small fee outside of this radius)
- We have developed relationships with large institutional clients i.e. Durham County Council, Durham University and local housing associations
- We have developed a strategic partnership with Monkey (a community transport provider) that enables more customers to access the warehouse facility that do not have access to their own transport and is also a referrer to CDFHS.
- We have developed a strategic partnership with NE First (a credit union) – this has been the highest grossing collection point in the North East within the first 3 months of the relationship
- We have a much higher level of stock available in comparison to free sites like Freecycle which is very lightly used in County Durham

The core market of CDFHS is individuals who cannot afford to go anywhere else to purchase household items. 15% of these individuals purchase goods through state benefits and are referred directly to us from other organisations. It is a core aim of CDFHS to serve other customer groups as well, and ensure the individuals and households come to us out of choice, drawn in by our ethics, value and quality. We are starting to break into new customer segments and now attract customers that would have previously shopped at Argos, DFS or large supermarket chains. These customers are attracted by the 80%-90% price reduction compared to buying comparable products brand new while still purchasing a high quality product. A broad indicator of the size of this market is the number of Argos stores open in County Durham. There are 7 Argos stores in County Durham and 10 stores within 15 miles of our current location (including in other counties) which indicates that there is a healthy market for us to target. This market is primarily made of individuals and households that can afford low cost new furniture and students. This is a market that chooses to come to CDFHS rather than being referred to us.

We have looked to target this market by reviewing our customer experience. We have upgraded our display and sales area within its main warehouse and have trailed a pop up shop on the high street in Chester-le-Street. In both of these examples, prospective customers can browse both the stock available and display items in these areas before making a purchase. We have also rebranded our marketing materials and raise awareness of reuse and refurbishment and its services. We build this brand through our website, press contributions, social media (mainly Facebook) and leaflets as well as direct engagement. We have also built links with Durham University: the university brings 450 students over two distinct periods a year to us by coach to view and purchase goods which we then deliver, and we collect unwanted items from its student accommodation at the end of the academic year.

We are planning on raising awareness of its services and its brand through:

- Leaflet distribution to residents in County Durham about reuse and refurbishment and tracking the response through the inventory and tracking system
- Engaging corporate partners targeting their CSR departments with the aim to clear office, shop and warehouse spaces or gain pro bono support (i.e free training services through Profound Training)
- Highlighting the new showroom and lesser used parts of the our service i.e. bicycle reuse and repair to the CDFHS website and local press
- Further develop social media presence on LinkedIn, Facebook and Twitter
- Further local partnership work (i.e. Monkey, Durham County Council, NE First)
- Develop sales leaflets for home refitting service – CDFHS will also look into options around a virtual show room on the CDFHS website

5.2.5 Performance within marketplace

We have been steadily building an increasing track record of delivering our reuse and refurbishment services in County Durham. This is demonstrated in figure 2 which show a year on year increase in revenue derived from this service.

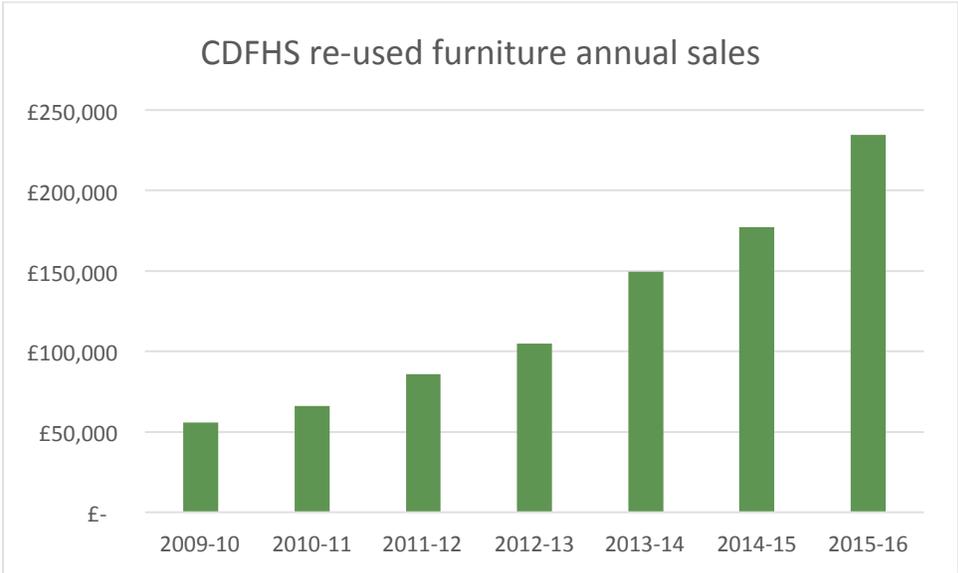


Figure 2: Income from the sale of reused and refurbished goods

This steady upward trend has been driven by the value of average purchases increasing. This is demonstrated through the following two graphs showing downward trends:

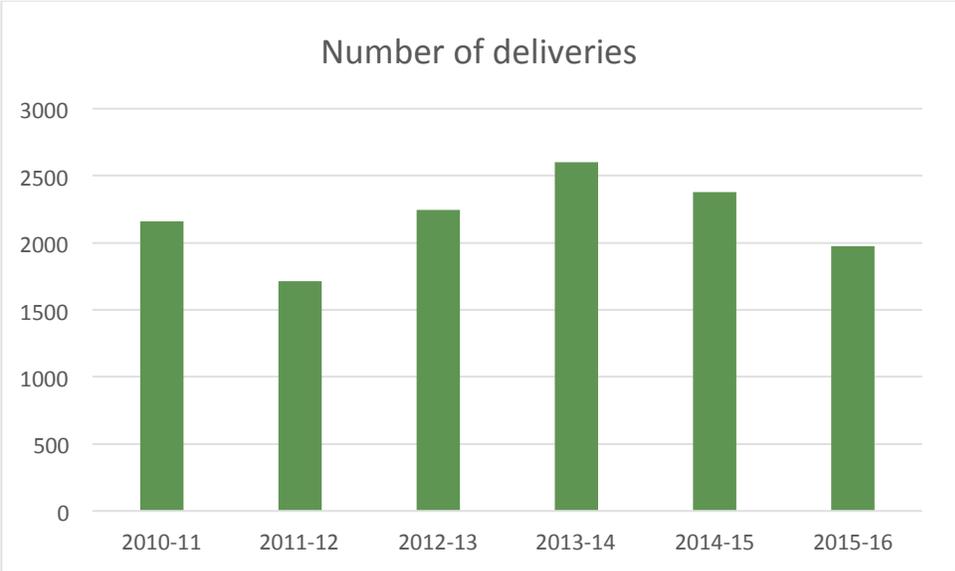


Figure 3: Number of deliveries

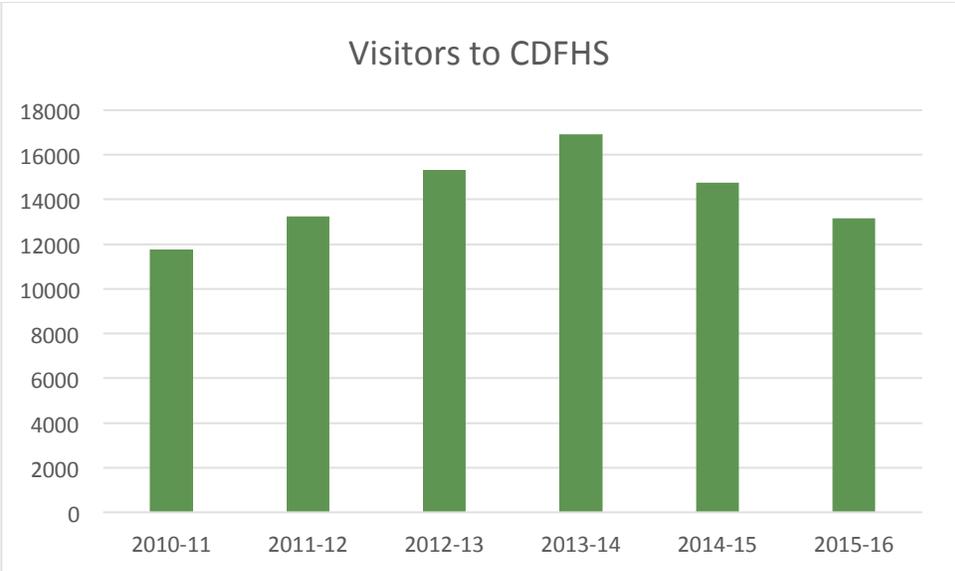


Figure 4: Number of visitors to CDFHS

These trends are also roughly in line with a decreased level of environmental impact generated in figure 5. This demonstrates that CDFHS sold items on average at a higher value in 2015/16 than in previous years. Through this CDFHS has been able to increase the average contribution to overall costs of each item sold.

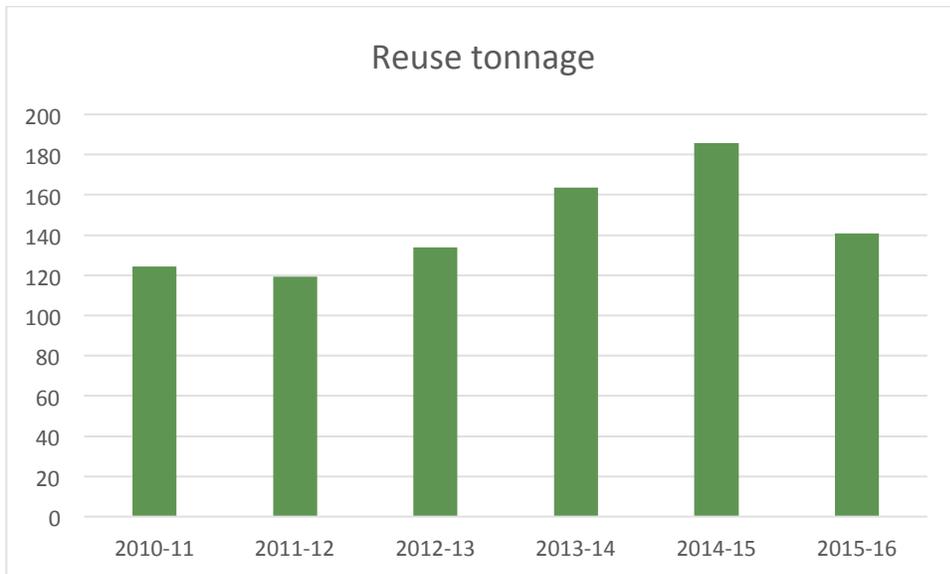


Figure 5: Tons of waste diverted from landfill

Figure 5 shows a one-year lag in the decrease of waste diverted from landfill. This is due to a change in the way that this figure is calculated. This was changed in 2015/16 which made the figures more accurate, but resulted in a decrease to the 2015/16 results.

5.2.6 Market penetration

The following table shows the amount of customers that are available to CDFHS in the immediate geographical area and the county as a whole. For the purposes of this we have assumed the following:

- The number of individuals that fall within the top 30% most deprived in the different geographical areas are our target market i.e. individuals in receipt of benefits and low income households
- The number of students that have visited us is the number of students at Durham University only

	County Durham		4 geographically closest AAPs		2 geographically closest AAPs	
	Top 10%	Top 30%	Top 10%	Top 30%	Top 10%	Top 30%
Most deprived levels of the population						
Overall percentage of population	11%	45%	19%	56%	26%	68%
Total population in deprivation bracket	58,232	231,905	19,799	59,601	15,303	40,422
Average household size in County Durham	2.2	2.2	2.2	2.2	2.2	2.2
Number of households	26,469	105,411	9,000	27,091	6,956	18,374
Number of household deliveries in 2014/15	1,975	1,975	1,541	1,541	1,047	1,047
Market penetration	7%	2%	17%	6%	15%	6%
Average sale value	119	119	119	119	119	119
Total market value of each area	£3,145,903	£12,528,422	£1,069,625	£3,219,864	£826,704	£2,183,763
Total current sales value of each area	£234,734	£234,734	£183,093	£183,093	£124,409	£124,409
Total remaining market value of each area	£2,911,169	£12,293,688	£886,532	£3,036,771	£702,295	£2,059,354

Table 3: Core market penetration

Notes to table: We are targeting non-low income households. Currently individuals cannot be identified as low income individuals or not unless they pay for goods with a benefits voucher. There are no plans to start identifying customers as low income or not. The number of customers that use CDFHS are all treated as all being low income or students, as currently the assumed level of non-low income individuals visiting CDFHS is assumed to be very low and no more than 5% of all visitors/customers.

The following table shows the amount of student customers that are available to CDFHS from universities in the local area. For the purposes of this we have assumed the following:

- The total market is the same as the number of students that attend the university. In reality this number would be lower as many students live at home while studying which would reduce their need for household goods.

	Student customers				
	Durham University	Newcastle University	Northumbria University	University of Sunderland	Teeside University
Number of students	17,505	23,864	27,075	16,979	29,285
Number of student customers	330	-	-	-	-
Market penetration	2%	0%	0%	0%	0%
Potential market available total	17,175	23,864	27,075	16,979	29,285
replicates the Durham University relationship with other universities	330	450	510	320	552
Average sale value per student (2015/16)	£10	£10	£10	£10	£10
Maximum market value of each university	175,050	238,640	270,750	169,790	292,850
university	£3,300	£0	£0	£0	£0
Durham University relationship with other universities	£3,300	£4,499	£5,104	£3,201	£5,521

Table 4: Student market penetration

Both of these tables demonstrate that although we have grown significantly over the last 6 years there is still a very sizable potential market place that we can grow into. We are not aiming to serve the whole of this market within our model, but we are aiming to grow significantly by the end of 2019/20.

5.2.7 Targeted growth within marketplace

CDFHS is targeting to grow by 100% by the end of 2019/20. Current levels of activity are achievable within the current skill and experience level of the workforce and pool of trainees and volunteers. We recognise that to grow, we need to build capacity in the areas of pricing and sales, stock management, storage and display. These are detailed in section 7.3.

The above table shows that these growth targets are achievable within the current marketplace. This marketplace demonstrates the ability for our core furniture re-used service to grow. To boost the potential of our growth we are also targeting increased revenue to other areas – such as new furniture and new white goods are seen in table 6.

It is anticipated that a move to a new premises will cause disruption to our growth in the year of the move, but following this initial disruption it we should benefit from the larger premises and more attractive geographical positioned. We aim to remain within our 2 geographically closest AAPs but would now be on a retail park, as opposed to the current industrial park, with subsequent increased visibility and passing trade.

5.3 KEY PARTNERS

We have established our current business through strong partnership working arrangements with local job centres to gain access to the voluntary time of JCA claimants through traineeships. The key partnerships that we hold are below in table 4, and a full list can be found in appendix 2:

Table 5: Key strategic partners

	Strategic partners	What the partnership provides	Ranking
1	Great Annual Savings	Energy and innovative stance on new building	1
4	Profound Training	Partnering and ALL Training	1
6	Cornforth Partnership	Employability and additional holistic services	1
7	University of Durham	Green Move Out, partnership working	1
8	Shaw Trust	Employment funding and counsel	1
10	Durham County Council Strategic Waste	Waste license, formerly re-use credits, advice, best practice, Joint University work	1
11	Business Durham – (DCC)	Property holders some negotiations in past positive, promotion and contacts	1

1 2	DCC, Employability and Regeneration	Cross promotion triangulating funding and national policy re employment	1
1 3	DCC Elected Officials	As high as Vice Chairman DCC and Chair of Planning	1
1 4	Area Action Partnerships	Intelligence and funding from 5 out of the 14	1
1 5	Deputy Chief Execs Office	Subcontract and housing / goods supply work	1

5.4 EVALUATION OF BUSINESS PERFORMANCE MEASURES AND IMPACT PERFORMANCE MEASURES

The way our business models works means that our impact performance is automatically generated by our business performance. All of our environmental impacts are created through our business activities of helping people access affordable household goods and have been reused. And our employability impacts are created through our staffing model.

This means that all of our business performance metrics and impact performance metrics are interlinked. We therefore present them together in the table below.

Table 6 shows 7 activities. Highlighted in grey is a rating of the level of financial contribution the activity makes to CDFHS, the level of social impact it creates and the overall cost level to CDFHS. The second, highlighted in green, is the measures that CDFHS will calculate, what a successful outcome would be and what baseline the calculation is based on. The third, highlighted in orange, is the statements in the mission that each measure relates too.

Activity	Financial contribution	Social impact	space cost to CDFHS	Impact performance measures and business performance measures	Measure of success	2015/16 baseline	Link back to
1 Sale of reused and refurbished household items	High	High	High	Value of reused and recycled furniture sold	Increase sales of recycled furniture by at least 10% in 2016/17, 18% in 2017/18 and 23% in 2018/19 and 25% in 2019/2020 (all from a 2015/16 baseline on a year on year growth rate)	165,404	1, 2
				Number of households that accessed CDFHS	Increase the number of households that accessed CDFHS by at least 10% in 2016/17, 16% in 2017/18 and 21% in 2018/19 and 23% in 2019/2020 (all from a 2015/16 baseline on a year on year growth rate)	1,975	
				Tonnes of landfill waste saved	Increase tonnes of waste saved from landfill by at least 10% in 2016/17, 16% in 2017/18 and 21% in 2018/19 and 23% in 2019/2020 (all from a 2015/16 baseline on a year on year growth rate)	165	
2 Sales of low cost white goods	Medium	Medium	Low	How many units of white goods sold	Sell 38 units per month in 2016/17 and increase this by 20% a year thereafter	NA	1
3 Sales of new furniture	Medium	Medium	Low	How many units of new furniture sold	Sell 38 units per month in 2016/17 and increase this by 20% a year thereafter	NA	1
4 Paint distribution	Low	Low	Low	How many litres sold (from 1st April 2016)	Match baseline sales in 2016/17 then increase litres sold by 20% each year	2,201 litres	2, 3
5 Bike and computer sale and maintenance	Low	Medium	Medium	How many bikes and computers are sold.	Match baseline sales in 2016/17 then increase bikes sold by 20% each year	114 bikes, but 100 used as a baseline	2, 3
6 Home cleaning, painting and decorating and full house furniture fitting	Medium	Medium	Low	Number of houses cleaned, painted and decorated or fully fitted	Increase houses cleaned by 20% per year Target 18 homes to be refurbished in 2016/17 and increase this by 20% thereafter	35 houses cleaned. 0 house refurbishments	2, 3
7 Employability training	Medium	High	Medium	Number of people trained in employability skills	Increase number of individuals trained in employability skills by at least 10% in 2016/17, 16% in 2017/18 and 21% in 2018/19 and 23% in 2019/2020 (all from a 2015/16 baseline on a year on year growth rate)	212	1, 3
				Number of people trained who then gained employment	Ensure that one third of trainees go on to access employment within 13 weeks of finishing their training with CDFHS in any given year	30%	
				Number of people trained who volunteered beyond their referred time period	15% of volunteers volunteer beyond their current time period in any given year	Unknown	

Table 6: Business performance measures and impact performance measures

6 GOVERNANCE

6.1 LEGAL STRUCTURE

CDFHS has a history that goes back to 1980s when it was a one-person operation from a household garage. In 2003 it started scaling as an informal group without a constitution and formally became CDFHS and a registered charity in 2004.

6.2 THE BOARD OF TRUSTEES OVERVIEW

We are governed by a board of trustees with a mix of community knowledge and business skills.

Although we have 5 trustees we recognize that we have gaps in our knowledge and experience at a senior level in the organisation. For any future recruitment of trustees we will be targeting potential trustees that can fill these recognised skills gaps in the current board and senior management team.

The gaps that we are aiming to fill are:

- Financial expertise
- Training expertise
- HR
- Legal expertise

A weakness of the current Board of Trustees is that it contains a married couple. Individually these individuals bring different skill sets, but it is recognised that this poses a risk that two members of the board may make very similar decisions. We now have a board of 5 trustees to mitigate this risk.

6.3 BOARD OF TRUSTEE PROFILES

Two of the trustee (Ray Brown and Diane Brown) contribute voluntary assistance over and above their roles as trustees. This amounts to a total of 12 hours a week between them.

Name	Role	Skills and experience
Ray Brown	Chair of Trustees	Ray brings over thirty years business experience from the motor vehicle repair trade, and owned businesses in Portsmouth before moving to the North East in 2013. Ray co-founded CDFHS in 2004.
Diane Brown	Treasurer	<p>Diane was a founding member of CDFHS and has historical knowledge of its accounts for the entirety of its operations.</p> <p>Diane led the review and development of the CDFHS accountancy systems, including the appointment of Community Accounting as financial management of CDFHS.</p>
Julian Capell	Trustee	Julian joined CDFHS as a Trustee 2013 and has a background in commercial property. Julian is now in his fourth year of Trustee of the CDFHS
Christopher Trotter	Trustee	Chris has supported the CDFHS for many years. Has worked strategically with us in winning funding for our Recycling Bicycles scheme, supporting in other areas with advice and guidance. Chris is a senior member of a local materials recycling business and took up trusteeship readily bringing additional commercial experience with him.
Glyn Hanratty	Trustee	Glyn has an antique furniture business in SW Durham and has been well known at CDFHS for many years, a regular buyer and provider of sound market intelligence.

Table 7: Board of Trustees

7 MANAGEMENT AND OPERATIONAL DEVELOPMENT

7.1 OVERALL STAFFING MODEL

The CDFHS model and service works through employing a combination of full time paid management, part time paid staff and part time unpaid volunteers. As of May 2016, we are operating with the following management, staff and rolling volunteers:

Role	Number of positions	Number of hours per position	Total time contributed per week
Senior Management	4	35	140
Paid staff	3 + 8	32 + 16	224
4 day a week volunteers	16	24	384

Table 8: number of management, staff and volunteers

This is a model that can be flexed to increase or decrease the number of paid staff and the number of volunteers to meet the changing demands in the overall service and the amount of volunteers received through referral agents.

Currently we have 3 paid staff per member of management and just under 1.5 volunteers to paid staff members. This could be increased to 5 paid staff per member of management and 3 volunteers per paid staff members depending on levels of demand for services and voluntary placements.

7.1.1 Management team

CDFHS is managed by a core management team of 4 individuals:

Name	Role	Who they report	Who reports to them	Roles and responsibilities	Experience
Steve Mitton	CEO	Board of Trustees	Operations Manager Training and Employment Co-ordinator	Long term planning New project development Partnership working Funding	Almost 40 years business experience in steel. Steve managed a billion euro order book for an international steel firm. Driven CDFHS's growth over the last 6 years.

Lee Heightley	Operations Manager	CEO	All operational staff and volunteers	The day to day work of operational staff and volunteers Stock management Stock collection Sales and customer service Stock delivery	4 years' experience with CDFHS. Has gained both management experience internally with one on one development from CEO.
Shannon Heightley	Training and Employment Co-ordinator	CEO	All volunteers	The induction, welfare and exit of all volunteers in tandem with the Operations Managers operational management of the volunteers	4 years' experience with CDFHS. Has gained both management experience internally with one on one development from CEO.
Matthew Sutherland	IT Manager	CEO	None	Maintenance of current IT systems Development and implementation of an electronic tracking system for stock Maintenance of CDFHSs IT suite Ensuring PAT testing of all electrical products Refurbishment of IT equipment that arrives in CDFHS	Holds a Foundation Degree in Computing from Sunderland University. 3 years internal experience in developing systems within CDFHS.

Table 9: CDFHS management team

CDFHS is receiving £21,500 funding to cover the costs of the management team in 2016/17. This is from The 4 Together AAP (£10,000) and Destination AAP (£11,500).

7.1.2 Paid staff

Paid staff outside of the management team are almost all on 16 hour per week contracts.

All paid staff are on a short term contracts of varying lengths and 2 are on apprenticeships ending August 2016.

CDFHS is receiving £13,450 funding to cover the costs of the staff team in 2016/17. This is from The Shaw Trust (£5,000), DWP (£1,900) and Durham County Council (£6,550).

7.1.3 Volunteers

Our model, and ability to provide household items at prices accessible to people on low incomes, is underpinned by its access to voluntary placements through the governments Work Programme. Almost all of these come either through direct government referral (80% through the Job Centre) or through indirect government referral (20% through other sources; through a partnership with training provider Profound Training, Welfare to Work providers Groundworks, Ingeus and Avanta, other voluntary organisations and social workers).

The length of these placements are driven by referral requirements. In 2016/17 placements will be on average shorter than in 2015/16 with 4 week placements being preferred by referring bodies over 8 or 13 week placements for initial referrals. All placements get more effective over time and it is predicted that the reduction in length of placement will continue which means that on average each placement will be less efficient. This has been taken into account in the above management to paid staff to volunteer ratios.

The majority of these placements do not bring us direct revenue but do provide free assistance in return for work experience and employability training. We also provide lunch to all volunteers and travel to and from the warehouse for as many volunteers as possible through a car share scheme at the cost of around £1,600 per month. The government breaks down participants in the scheme into the age brackets shown in table 10. This table also shows the number of people, on average, that we have in each age bracket as of May 2016 and how many we predict to have on average in each age bracket for the rest of 2016/17, as well as detailing possible funding streams that can contribute towards costs of volunteers:

Age bracket	Average number of volunteers as of May 2016	Predicted monthly average of volunteers during 2016/17	Potential funding available	Average funding received by CDFHS from the Job Centre Plus	Referral partners
16-18	0	7	Safety equipment from the Job Centre Plus Average of £200 per week from the Youth Employment Initiative – awaiting award confirmation	£25 value of safety equipment £120 value of travel	Job Centre Plus Profound training Welfare to work providers Voluntary organisations Social workers
18-24	6	6	Safety equipment from the Job Centre Plus Average of £200 per week from the Youth Employment Initiative – awaiting award confirmation	£25 value of safety equipment £120 value of travel	Job Centre Plus Profound training Welfare to work providers Voluntary organisations Social workers
25+	10	3	Safety equipment from the Job Centre Plus	£25 value of safety equipment	Job Centre Plus

				£120 value of travel	
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Table 10: CDFHS volunteers

From March 2017 we expect to begin receiving approximately £750 a month from DurhamWorks for volunteer placements.

CDFHS is able to attract referrals for employability skills training as it able to take on volunteer placements in a warehouse setting in large volumes - furniture help schemes such as CDFHS and East Durham Partnership (EDP) are unusual in this, as most other warehouse placement providers (i.e. supermarkets) only accept small volumes of placements at any one time. Figure 6 shows that we have been able to increase the amount of volunteers that we have taken on each year. It also shows that in 2015/16 we were less successful in helping volunteers into employment after their training had finished., but this is because we are now working with more marginal groups that have less prior work experience than in previous years. These individuals therefore can find it harder to get into paid employment after their training finishes with CDFHS.

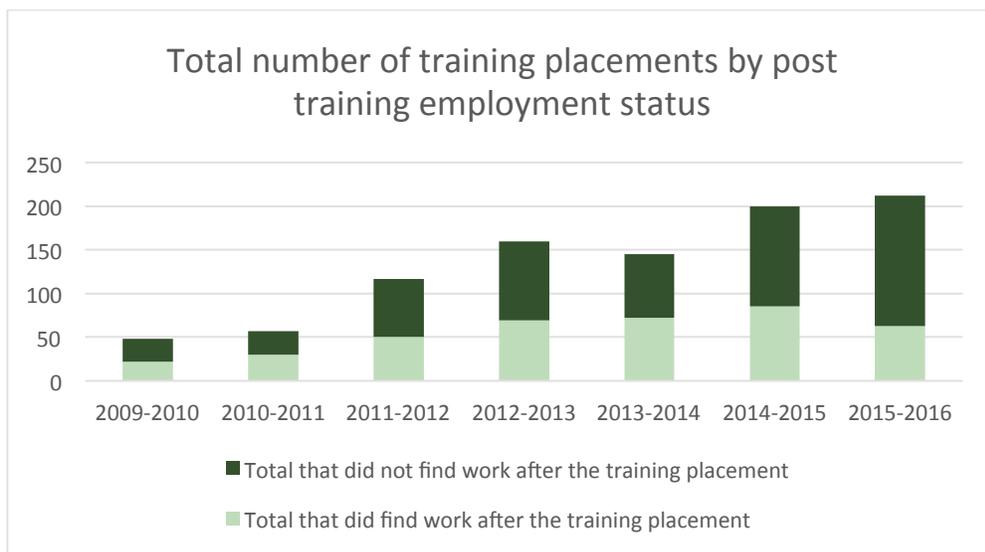


Figure 6: Total amount of volunteer traineeships

We also look to retain volunteers for a long as possible as they are generally far more productive at the end of their placement than at the start as they have gotten more efficient in the role. To keep placements for as long as possible to work with both the referrer and the volunteer. We work with the referrer to encourage official extensions to placements and we work with the individual by providing training, transport, meals and use of an IT suite to encourage them to stay either officially through a referred employability scheme, or independently by their own choice.

7.2 MANAGEMENT SYSTEMS

7.2.1 Accounting systems

We use a bespoke accounting system that is provided by Community Accounting CIC who specialize in charity accounting. This is an Excel based system developed specifically for CDFHS.

Community Accounting CIC also create management accounts for us which are reviewed on a monthly basis.

We subcontract all of our tax responsibilities to Community Accounting CIC.

7.2.2 Payroll

We subcontract our payroll entirely to Community Accounting CIC.

7.2.3 Health and safety

This is completed through a combination of time committed in house (the CEO is ultimately responsible, but most of the day to day responsibility is taken on by the Operations Manager). We also receive pro bono support on an ad hoc basis to help review different policies.

We use the fire brigade's standard fire policy.

7.2.4 Complaints procedure

The majority of complaints are operational regarding sales or deliveries.

Sales complaints are where a customer fundamentally disagrees with the cost or quality of an item. The majority of these are dealt with by the paid members of the sales team. If these cannot be resolved by the sales representative, they are escalated to the Operations Manager who has the authority to negotiate prices to ensure that CDFHS clients are satisfied. If the complaint is still unresolved it is escalated to the CEO.

All complaints regarding deliveries or returns that require a refund are directed immediately to a trustee (the company treasurer). In the vast majority of cases this is resolved through CDFHS issuing a refund or a credit note.

A minority of complaints that are received (around 2%) are regarding employability skills provision. These focus around an individual's expectations of what they expect to both contribute and receive from this arrangement. These are primarily dealt with by the Training and Employment Co-ordinator who is able to re-affirm the parameters of the process. If these cannot be resolved by the Training and Employment Co-ordinator they are escalated to the CEO.

Any complaint received from a referral organization is primarily dealt with by the CEO and a member of the board of trustees.

7.3 OPERATIONAL DEVELOPMENT, SYSTEM DEVELOPMENT AND MARKETING

7.3.1 Pricing and sales

Up until now we have worked within an informal pricing structure, based around the customers' ability to pay. The premise behind this was the aim to ensure that all customers could use their services which has been very advantageous to our social impact. This has been a process driven by market knowledge held mentally by the Operations Manager and the Board of Trustees. As we expand we are bringing in a formal pricing structures to ensure that more members of the team are able to sell high quantities of goods. The first example of this is the introduction of a price list for large and fast moving goods. We are in the process of re-evaluating these prices to ensure that all items are recovering core costs. This review is being conducted through the new electronic stock management system.

We will maintain the ability to discount furniture to the customers' ability to pay if necessary. This means that we can scale while still serving the widest possible community. It will therefore maintain its high levels of social impact, and still remain competitive with other furniture help schemes in County Durham.

All sales staff are able to discount a maximum of £5 on any sale between £30 and £100. Sales over this amount referred to the Operations Manager.

The Operations Manager is able to discount further on evaluation of the customers needs.

7.3.2 Customer credit

CDFHS is in the process to setting up the ability for customers to access credit through a credit union (NE First) while on the CDFHS premises. This would be done by having a member of NE First on site who is able to sign up customers at the point that they need to arrange a credit facility. This would operate in a similar manner to customer credit desks in high street department stores. We predict that this facility will increase overall sales by around 10%. However, the main benefit of this service is to reduce the risk of cuts to welfare sales by providing an affordable line of credit to current welfare customers.

CDFHS and NE First have been building up a relationship since 2013. Since 2015 CDFHS has acted as a collection point for NE First, meaning that NE First customers have been coming into CDFHS and making payments against their NE First loan. CDHFS have then been recording these payments and sending them back to NE First. In this time CDFHS has been the fastest growing collection point of NE First.

7.3.3 Electronic payments

We aim to introduce the ability for customers to pay electronically before the end of 2016/17. The cost of this is a £500 fee monthly plus 2% of electronic takings. We anticipate this to be used for 15% immediately of existing sales and to generate an uplift in sales of 20% by 2020.

7.3.4 Stock management

We are in the process of introducing an electronic stock management system. This will allow volunteers and trainees to easily be able to understand the breadth of stock available for sale even if it is not on display in the shop area.

It will also allow management to understand key business metrics such as: length of time stock takes to be refurbished, length of time stock spends in the warehouse before it is sold, quantity of different items sold, items' average price and other sales trends. This will enable our management to understand the average profitability of each item and then set target margins for different lines of stock.

7.3.5 Storage

We are looking to purchase one property to house all of our stock in. Currently stock is spread over 3 sites which carries a high cost per square metre. Moving to a larger purchased property will mean that we are able to increase the level of stock we can keep, keep all of our stock in one area and be able to reduce the cost of storage.

7.3.6 Display

We seeing higher levels of benefit claimants using the service, in particular refugees. However, to achieve the levels of growth that we aspire to we needs to be more attractive to other customers. To do this we have already made our warehouse sales area more inviting and experimented with a high street

shop front. If we are able to purchase a single property to house all of our operations we will invest in creating a custom build, inviting shop space to attract customers who can afford to look elsewhere.

7.3.7 Building sales capacity of volunteers and trainees

The above sections on pricing and sales and stock management are how we are going to introduce systems to help its volunteers and trainees scale up the sales side of the business. This is being and will continue to be matched with training in how to use the new systems and active mentorship from the CEO and Operations Manager. The primary aim of this is to ensure that more individuals can competently sell our stock.

7.3.8 Rewards scheme

We recognise that any move to a new location risks alienating existing clients that will find it harder to get to us after the move. To counter this we are planning on introducing customer loyalty cards to existing customers. These would reward existing customers for still using us after the move.

7.3.9 Collaboration

We have grown using a collaborative approach, using this to bring in stock and access clients that we would not otherwise reach. We will continue to use this approach and look to strengthen it where possible. A full description of organisations and initiatives can be found in appendix 2. Below is a summary of the organisations and initiatives that we partner with:

- Social landlords
- Monkey Project – umbrella for housing associations, provides community transport
- Durham University
- Welfare Assistance Scheme and Help and Advice Network Durham
- International Waste Management – metal recycling firm
- Durham County Council
- County Durham Reuse Forum

We will also be targeting relationships with other north east universities including Newcastle, Northumbria, Sunderland and Teeside.

7.3.10 Radio messaging

We have been offered a recurring slot (without cost) on a local radio station. This is to provide the station's audience with updates on our move and the development of our service offer. We intend to use this as a way of publicising our move cheaply and ensuring that listeners are periodically made aware of how they can use our services.

7.3.11 Cafe

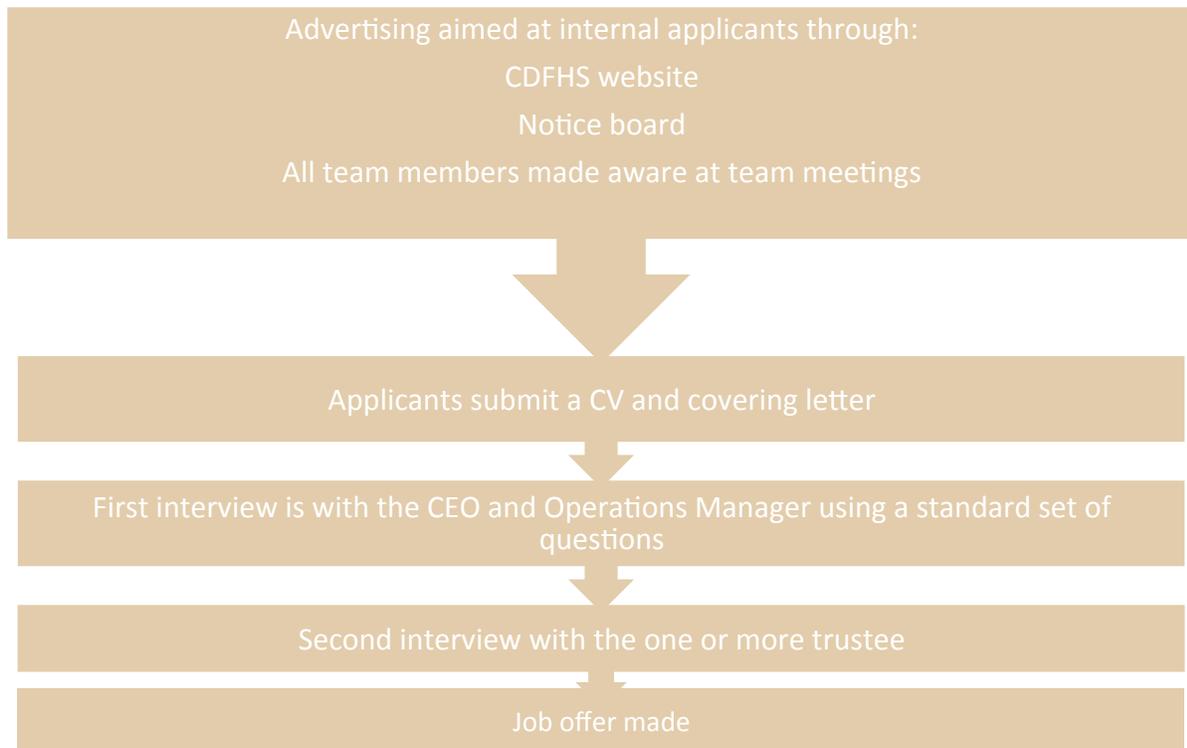
Our plan is to open a café in the new premises after we have established our core businesses. This would be a development from our current kitchen that is used to make meals for staff. We would like to expand this in a new premises to also cater for customers and generate revenue.

7.4 HR POLICY

HR and HR policy is ultimately the responsibility of the CEO. Most policies are developed professionally through pro-bono support.

7.4.1 Recruitment policy

It is our policy to recruit paid staff who are currently unemployed. This is done through recruiting directly from its pool of volunteers through the following process:



7.4.2 Retention policy

It is our policy to retain staff through providing training opportunities. We source all of this training for free either by providing it ourselves internally, or by receiving it from Profound Training on a pro bono basis.

Much of the training that staff and volunteers receive is on the job and unaccredited, teaching them how to complete all of the different tasks that we complete daily to ensure they have the widest range of experience either to work with us or to gain employment with another employer.

Classroom style accredited training is delivered by Profound Training who recently trained all of the predominantly front of house staff in customer services. In 2015/16 we provided staff with the following training to staff; customer services, equality and diversity, team leadership through Profound Training. We have provided multiple skills based training session internally and brought in the police, fire brigade and trading standards to provide talks to staff and volunteers. We plan to provide multiple training courses to staff and volunteers through Profound Training in 2016/17, a full list of these courses can be found in appendix 3.

8 FINANCE AND FUNDRAISING

On the following page we give a summary of our income statement for years 2015/6 to 2019/2020. In our forecasting we have the following targets:

Revenue goals (in line with targets as given above):

- *Re-used furniture: 10% y/y growth in sales 2016/17, 18% y/y 2017/8, 23% y/y 2018/19, driven by increased volume of items (rather than price)*
- *White goods: Sell £73k in 2016/17 and increase this by 20% y/y thereafter, driven by increased volumes*
- *New furniture: Sell £48k in 2016/17 and increase this by 20% y/y thereafter, driven by increased volumes*
- *Non-furniture (i.e. small items): 10% growth per year*
- *Paint sales: increase litres sold by 20% each year*
- *Bikes: Increase bikes sold by 20% each year*
- *Number of houses cleaned, painted and decorated or fully fitted: Increase houses cleaned by 20% per year. Target 18 homes to be refurbished in 2016/17 and increase this by 20% thereafter*

These are ambitious, but we note that the new building will add a minimum of 33% additional floor space more space and is better positioned to run the operation from. Forecasts do not include potential revenue streams from a community café or our partnerships with credit unions.

We have factored in an increase in volunteers and staffing to also drive growth. From 2017 we assume part-time employment of a Finance Director. Full details are available in our financial model.

	15/16	16/17	17/18	18/19	19/20	Growth rates, y/y			
						16/17	17/18	18/19	19/20
Income									
Re-used furniture sales	196,628	208,880	246,876	304,588	382,337	10%	18%	23%	26%
<i>Re-use items sold</i>	0	4,682	5,425	6,563	8,076		16%	21%	23%
Sales of new furniture/whitegoods	0	121,370	147,743	177,875	216,513		22%	20%	22%
<i>New items sold</i>	0	916	1,104	1,316	1,586		21%	19%	21%
Non-furniture sales (small items)	38,107	43,200	48,460	54,444	61,115	13%	12%	12%	12%
<i>Non-furniture items sold</i>		4,320	4,751	5,233	5,759		10%	10%	10%
Paint sales		3,302	3,965	4,752	5,706		20%	20%	20%
Bike sales		5,050	6,050	7,250	8,650		20%	20%	19%
House cleaning & refurb		41,250	50,000	58,750	67,500		21%	18%	15%
Income from volunteers (Durham Works)		0	9,000	9,000	9,000			0%	0%
Grants	114,390	64,000	85,680	87,394	89,141	-44%	34%	2%	2%
Other income	7,565	11,834	2,448	2,497	2,547				
Interest	21	18	21	22	22	-17%	22%	2%	2%
<i>of which welfare sales:</i>									
Re-used furniture sales	69,331	93,996	111,094	121,835	133,818	36%	18%	10%	10%
New sales		54,617	66,484	71,150	75,779		22%	7%	7%
Total welfare	69,331	148,619	177,581	192,986	209,599	114%	19%	9%	9%
TOTAL INCOME	356,711	498,903	600,243	706,571	842,532	40%	20%	18%	19%
<i>y/y growth</i>		40%	20%	18%	19%				

	242,321	434,903	514,563	619,177	753,390				
Expenditure									
Staffing costs	-135,963	-196,450	-235,008	-260,100	-279,522	44%	20%	11%	7%
<i>of which: subsistence</i>	-8,624	-9,000	-11,501	-14,045	-16,873	4%	28%	22%	20%
Volunteer costs	-22,920	-19,200	-19,584	-19,976	-20,375	-16%	2%	2%	2%
Stock (inc. refitting homes)	-24,273	-108,404	-134,320	-160,348	-195,141	347%	24%	19%	22%
<i>of which: home refits</i>	0	-18,000	-22,000	-26,000	-30,000		22%	18%	15%
Vehicle and fuel costs (inc. insurance)	-15,858	-20,680	-38,204	-26,990	-46,301	30%	85%	-29%	72%
Resources for refurbishment	0	-3,960	-4,685	-5,783	-7,255		18%	23%	25%
Phone & Internet	-4,054	-3,300	-3,366	-3,433	-3,502	-19%	2%	2%	2%
Meetings & travel	-2,712	-2,400	-2,448	-2,497	-2,547	-12%	2%	2%	2%
Promo & marketing	-1,321	-2,400	-2,448	-2,497	-2,547	82%	2%	2%	2%
Legal & Professional	-36,787	-6,000	-6,120	-6,242	-6,367	-84%	2%	2%	2%
Other miscellaneous	-2,353	-7,698	-2,448	-2,497	-2,547	227%	-68%	2%	2%
Insurance (Charity Care Policy)	-10,441	-5,200	-6,018	-6,138	-6,261	-50%	16%	2%	2%
Rent	-51,758	-35,504	0	0	0	-31%	-100%		
Utilities	-17,396	-17,950	-15,912	-16,230	-16,555	3%	-11%	2%	2%
Maintenance	-18,356	-16,850	-12,240	-12,485	-12,734	-8%	-27%	2%	2%
<i>y/y growth</i>		-8%	-27%	2%	2%		233%	-107%	0%
Moving costs	0	-49,500	0	0	0				
Dumping costs	0	-6,050	-7,018	-8,492	-10,445				
LOAN PAYBACK	0	0	0	0	0				
TOTAL EXPENDITURE	-344,192	-501,547	-489,819	-533,708	-612,099	46%	-2%	9%	15%
<i>y/y growth</i>		46%	-2%	9%	15%				

Notes:

- Income statement prepared on a cash basis and excludes depreciation. We have assumed new assets are bought on a cash basis and exclude depreciation, but this is something we will confirm before the investment is finalized with CDFHS' accountants.
- Actuals for 15/16 and April & May 2016, forecasts afterwards
- Forecast includes rent up to October 2016, and moving costs of £49,500 (labour, taxes, etc) in the income statement spread over Oct-Dec 2016.

Below we summarise CDFHS' cash position prior to any external investment (which we are seeking).

Cashflow	15/16	16/17	17/18	18/19	19/20
Income (minus grants)	324,578	434,903	514,563	619,177	753,390
Expenditure	-346,150	-501,547	-489,819	-533,708	-612,099
CFO (exc. Grants)	-21,572	-66,644	24,744	85,470	141,291
Working capital adjustments		-11,431			
Capex	0	-645,000	0	0	0
Free cash flow before debt repayments	-21,572	-723,075	24,744	85,470	141,291
Grants	114,390	64,000	85,680	87,394	89,141
Free cash flow with grants	92,818	-659,075	110,424	172,863	230,433
Cash balance	41,132	-617,943	-507,519	-334,656	-104,223

Investment Assumptions:

- £694,500 total spend on move, building and associated building works, of which:
 - Capital expenditure of £500,000 property acquisition and £145,000 additional renovation costs (£30,000 for immediate renovation work, £60,000 for showroom, £55,000 for building roof)
 - Operating expenditure of £49,500 for moving (legal fees, extra labour, temporary rent)

9 RISK MANAGEMENT

Risk description	Likelihood	Impact	Indicators	Contingency planning
1 Loss of key staff	Medium	High	Departure of key staff	CDFHS are currently developing systems and processes, and described in section xx CDFHS to consider key staff member insurance policy
2 Loss of leasehold property	Low	High	DCC policy changes and/or sale of other DCC property	CDFHS looking to purchase a single property to work from
3 Loss of revenue to maintain leasehold / freehold	Medium	High	Reduction in revenue Increases in costs Reduction in collections Changes to the governments work programme Changes to the states benefits system	CDFHS are aiming to increase sales by; taking action to diversify into new market segments and aiming to expand geographical reach CDFHS are aiming to reduce costs by; purchasing a property at a lower monthly cost than current rental charges and increasing volunteer to staff member ratio
4 Increased cost of leasehold property	High	Medium	Council refurbishment (planned for Autumn 2016) Council review	CDFHS are aiming to move to a purchased property within the next 12 months
5 Lack of availability of volunteers	Medium	High	Reduction in volunteers Unable to increase the numbers of volunteers in-line with overall growth targets Reduction in potential volunteers referred Reduction in JSA claimants Policy changes	CDFHS now actively presenting at 4 local job centres. CDFHS to develop similar relationships with other job centres in a wider catchment area. CDFHS is also looking to build relationships with other organisations that would look to employ individuals with the type of skills gained at CDFHS. This is to ensure entry into employment rates that would encourage volunteers to take up an employability placement with CDFHS.
6 Lack of credit purchasing facilities available	Medium	Medium	Suppliers of white goods and flat pack furniture do not extend terms when requested, or actively reduce terms	CDFHS in discussions with white goods supplier to extend terms. If this does not work CDFHS will consider holding less stock but improving delivery times to maintain level of sales
7 Increased level of competition	Medium	High	Other furniture help schemes opening or offering free collection or delivery in area	Continue to offer free delivery within direct catchment area and look at introducing customer loyalty cards

8	Loss of custom due to moving location	Medium	Medium	Current customers indicate whether they would stop using CDFHS if they moved.	CDFHS is analysing the geographic spread of customers to understand level of risk. CDFHS will then target existing customers with a customer loyalty card scheme to ensure continued custom. CDFHS is also aiming to move to an area which would have a high level of need for their services, and therefore have the potential to increase custom
9	Fire and structural damage	Low	High	Professional advice on buildings shows issues; arson; increased fire hazards; random acts of god	Professional advice will be sought in the new building for advice on the buildings structure. CDFHS currently does not stockpile cardboard or plastic for resale to limit fire hazards. CDFHS currently has stock insurance and will take out buildings insurance on any purchased property
10	Unable to secure new project initiatives	Medium	Medium	Poor bid writing Policy changes that make it harder for CDFHS to access initiatives	CDFHS will ensure that time of the CEO is ring fenced for this activity
11	IT failure	Medium	Medium	Server glitches Computer failure in the IT suite Issues with implementing the new electronic stock management system	CDFHS recently installed a back-up server, and will look into the options of moving to a cloud based platform. CDFHS has a dedicated IT manager who is responsible for all of the systems, IT suite and stock management system. All staff and volunteers are being trained to use the stock management system
12	DCC removing charges for bulky collections	Low	Medium	DCC policy changes	This is not expected as it would constitute a reversal in DCC policy since 2012. It is expected that DCC may increase the charges which opens up an opportunity to CDFHS to charge a fee. If DCC did remove this fee CDFHS would look at options of targeting certain areas.
13	DCC charging CDFHS to dispose of waste at the tip	Medium	Medium	DCC tip not extending free tip use credits or refusing to reissue free tip use credits	CDFHS talking to both DCC and the tip directly about increasing its quota of free use credits. This is a predicted risk f £5,500 per annum
14	Reduction in welfare furniture and white goods sales	Medium	Medium	Policy changes	CDFHS building a relationship with a local credit union to provide potential credit to clients who previously would have purchased furniture through welfare credits
15	Theft of cash	Medium	Low	Reduction in cash takings	CDFHS banks cash 3 times a week to reduce this risk and is looking at options of banking cash on a daily basis

16 Reduction in free training support from Profound Training	Medium	High Frequency of class sizes under 8 Lack of new courses being delivered	Develop relationship with new CEO (current CEO leaving) Maintain relationship with the Head of Training at Profound
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10 APPENDIXES

10.1 APPENDIX 1 – CUSTOMER SEGMENTS

CDFHS customer segments	
1	Individuals and households that are classified as the top 30% most deprived by the index of multiple deprivation
2	Unemployed (some long term), mentally or physically disabled or disadvantaged;
3	Individuals and households that can afford to purchase new items of furniture from elsewhere but are attracted to CDFHS as an ethical and low cost choice
4	Pensioners and ex-servicemen on various war pensions (such as SAFA);
5	Ex-prisoners and substance abusers trying to set up and go “straight”;
6	People moving home to pursue work;
7	Families and individuals fleeing domestic or other violence;
8	Statutory body referrals including Local Authorities and social services;
9	Voluntary bodies such as CVS’s, Church groups, Neighbourhood Association, Housing Associations, Foundation housing; and
10	Members of the public.

10.2 APPENDIX 2 – COLLABORATIVE PARTNERS

	Strategic partners	What the partnership provides	Ranking Scale 1-3 (1 being the most important and strategic)
1	Great Annual Savings	Energy and innovative stance on new building	1
2	Proctor and Gamble	Donated goods and equipment	2
3	Kier Construction	Donated time and advice	2
4	Profound Training	Partnering and ALL Training	1
5	NE First Credit Union	Rolling loan and partnership working	2
6	Cornforth Partnership	Employability and additional holistic services	1
7	University of Durham	Green Move Out, partnership working	1
8	Shaw Trust	Employment funding and counsel	1
9	Durham Foodbank	Occasional referrals out and spot warehousing	
10	Durham County Council Strategic Waste	Waste license, formerly re-use credits, advice, best practice, Joint University work	1
11	Business Durham – (DCC)	Property holders some negotiations in past positive, promotion and contacts	1
12	DCC, Employability and Regeneration	Cross promotion triangulating funding and national policy re employment	1
13	DCC Elected Officials	As high as Vice Chairman DCC and Chair of Planning	1
14	Area Action Partnerships	Intelligence and funding from 5 out of the 14	1
15	Deputy Chief Execs Office	Subcontract and housing / goods supply work	1
16	Adult Learning and Skills Service	Supposed County adult education commissioners	3
17	Principal Economic Officer	Partnering correctly economic expertise across County	2
18	Advice in County Durham	Networking and accreditation our advice	2
19	WA Smith Insurance Brokers	Priceless advice	2
20	Community Repaint	Franchise re paint and décor matls	2

	<i>Newer and developing Corporate Partners</i>	<i>What</i>	
21	J Denham Metals	Advice and some commercial input, job outcomes for volunteers	2
22	PCP	Health joint working funding and finance	2
23	Team Wearside	Potentially to replace Profound	2
24	New Walk C.I.C	Buying of goods and advice	2
25	University of Northumbria	Some surpluses of goods and promising a lot more	