

**21 March 2017**

**ITEM: 7**

## **Housing Overview and Scrutiny Committee**

### **Key Worker Housing Scheme**

**Wards and communities affected:**

All

**Key Decision:**

Key

**Report of:** Dawn Shepherd, Housing Development Manager

**Accountable Head of Service:** John Knight, Head of Housing

**Accountable Director:** Roger Harris, Corporate Director of Adults, Housing and Health

**This report is Public**

#### **Executive Summary**

The Council has experienced difficulties in recruiting staff to key roles in the borough including teachers and social workers. In addition the NHS locally has faced similar difficulties in recruiting to front line positions especially nursing staff.

The Council is determined to show leadership to help shape the local skills market and it is acknowledged that money alone is not enough to support key skills in local public service roles.

In order to meet the demand the Council and NHS have been recruiting outside the borough and the UK. In a highly competitive market it is essential that Thurrock can offer incentives to work in the borough.

One of the issues facing workers is housing, particularly in the first year for those who do not live in the borough or country.

This report outlines a pilot scheme which provides shared accommodation during the first year of employment for key workers.

#### **1. Recommendation(s)**

**The Housing Overview and Scrutiny Committee are asked to:**

- 1.1 Support the proposal to assist key workers from outside the borough with shared accommodation, during their first year of employment.**

## **2. Introduction and Background**

2.1 It has been identified that a number of working roles within Thurrock are difficult to recruit to; these include teachers, social workers and NHS staff (especially nurses).

There is no universal definition of a 'key worker' however the term is generally accepted to include teachers, social workers, nurses and other public sector workers.

2.2 In order to fill vacant posts the Council and NHS has undertaken a number of recruitment drives both nationally and abroad. These include recruitment fairs across the country and most recently in Spain, Ireland and Australia.

2.3 Two of the key issues obstructing recruitment are:

- Wage levels - Thurrock's close proximity to London provides easy access to London jobs with weighting allowances. Commuters benefit from lower accommodation costs (compared to London) in return for a 20 minute train journey into Fenchurch Street;
- Housing costs - although lower than London, Thurrock housing prices have substantially increased in the past three years. Thurrock is now the most expensive place across the Thames Gateway Sub region<sup>1</sup> to rent a property, at £161 per week for a 1 bed. This represents an increase of £29 per week compared to three years ago.

2.2 Recruits from abroad face extra challenges:

- They may have no experience of living abroad or renting in a foreign country
- They may have no family, friends or other contacts in the UK
- They may have difficulty in securing accommodation from a distance

2.3 Recruits are unlikely to be in a position to purchase a property since, for many this will be their first job. Incentive payments are provided to social workers but these are not generally counted in any assessment for mortgage purposes.

2.4 Non-UK recruits will experience difficulties in arranging shared accommodation unless there are options to link in with other potential sharers.

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<sup>1</sup> Basildon, Southend, Thurrock, Castle Point and Rochford local authorities

- 2.5 To meet these challenges, and to offer an attractive incentive, the option of providing shared accommodation during the first year of employment has been considered. Such an incentive may improve recruitment and retention rates for key workers.

### **3. Issues, Options and Analysis of Options**

#### **3.1 Options within Essex**

- 3.1.1 Southend Council do offer some priority to key workers for empty high rise flats but this has not proved a popular option and the take up has been very minimal – only one allocation to date

None of the other local authorities in our sub region<sup>2</sup> are successfully operating a key worker housing scheme:

- 3.1.2 Swan Housing association operates three schemes in Essex, which are primarily for NHS staff and are based near to the local hospitals, but where there is insufficient demand, the properties are made available for other key workers. Properties are let on a minimum term of 6 months as assured shorthold tenancies; they are all fully furnished and within walking distance of the local hospitals.

The local general hospital for Thurrock is in Basildon and there are a number of other more specialised units within the borough. However, none of the Swan schemes are near to these hospitals.

- 3.1.3 In Thurrock, William Edwards School have been offering accommodation to teachers via their School House for the past 5 years; the house has 6 bedrooms and is usually full to capacity although at present they have 2 vacancies. Accommodation is initially offered to William Edwards's staff but has been offered to other local schools when there has been capacity. Rent is calculated at the market rate based on the property value and includes Council Tax, electricity and repairs. There is a flexible approach to renting the rooms; usually each room is rented on a 6 month tenancy agreement which can be extended where appropriate, however, free accommodation for a fixed period of time has been offered in the past as part of a recruitment package. When there is capacity they have also allowed teachers to rent a room when in transition i.e. in process of moving from one accommodation to another. The scheme has been very successful and if possible they would like to extend the scheme further

#### **3.2 Council owned accommodation**

- 3.2.1 Thurrock Council stock consists of around 10,000 properties which must be allocated in line with its allocations policy.

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<sup>2</sup> Sub region – Basildon, Southend, Rochford and Castle Point

- 3.2.2 The policy requires that applicants meet the local connection criteria of 5 years with the borough before a property can be allocated to them – either through residence, employment or family members. This would exclude key workers who live out of borough or who have only recently moved here.
- 3.2.3 Council tenancies can only be issued to applicants from abroad if they have recourse to public funds. This would therefore exclude non UK applicants unless they were from the European Union exercising their treaty rights.
- 3.2.4 The Council has a waiting list of over 7,000 applicants, many with competing housing needs including homelessness, medical needs and overcrowding.
- 3.2.5 The policy does not give a priority banding for key workers but does give an advantage to working households whereby 15% of all lettings are made available for households with a working member.
- 3.2.6 Where key workers meet the criteria for Council housing they may apply but it may be many years before they are housed so this option is unlikely to prove suitable in most cases.

### **3.3 Shared accommodation**

- 3.3.1 Single staff, particularly those moving into the area from other parts of the UK or abroad, could be offered shared accommodation. This would be in the form of a single room within a shared house with 2 or 3 other recruits.

Benefits to keyworkers include

- Lower rent and deposit for keyworkers to find since the costs are divided amongst the 3 or 4 sharers
- Immediate contact with other recruits facing similar circumstances – this is particularly helpful to recruits who don't have local connections

- 3.3.2 Lettings would be via a fixed term agreement for a one year period – which could be extended for special circumstances

Properties would be offered at market rent rates, to key workers new to the area. The average rent for a 3 bed house in Grays is £1227 per month<sup>3</sup>. This equates to £94 per person per week in comparison to the average £161 noted above.

The council would assume responsibility for paying the rent and keyworkers would be expected to pay the Council – this can be arranged via a direct payment from the employee's salary with their consent.

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<sup>3</sup> Average price for Grays in March 2017 – Home.co.uk

At the end of the tenancy it is anticipated that workers would find their own accommodation and the places would be offered to new key workers for the following 12 months.

### **3.4 Our Plan :**

It is intended that the Council would initially rent 8 x 4 bedroom properties providing 32 spaces for key workers and then as the scheme develops, more properties would be procured.

Initial discussions with Public Health, NELFT, Adult and Children's Social Care indicate that up to 200 spaces (50 properties) could be required over the next three years – this is broken down as follows:

- 75 - Teachers
- 10 - Occupational therapists
- 15 - Social workers
- 90 – Nurses and physiotherapists

The properties could be procured by the Housing department through a number of routes:

#### **3.4.1 The development at St Chads Road, Tilbury**

The St Chad's development in St Chad's Road Tilbury is due to be completed by August 2017 and will be rented out on the open market.

This provides an opportunity for the council to rent 3 and 4 bedroom properties on a long lease (3 -5 years); the properties would then be made available for recruits to share for a period of one year commencing July 2017 on a fixed term tenancy.

The properties would be Houses of Multiple Occupation (HMO) and would need to meet the required safety standards. Basic furniture and white goods would need to be provided

Since the properties would be brand new, there is an added benefit of reduced maintenance costs and the attraction of a new property.

It is envisaged that the majority of properties would be procured through this route

#### **3.4.2 Private sector leasing**

The Council could also lease a number of suitable 3/4 bedroom properties from the private sector using general funds. With the owner's permission, the properties could be sublet to recruits.

The Council would expect to lease the property for at least 5 years at below market rents, but would be responsible for minor repairs, decorating etc.

### 3.4.3 Right Size

Right Size is a new scheme due to be piloted by the Council and targeted at owner occupiers over the age of 60 who would like to down size into smaller more appropriate accommodation that better meets their needs. Initially the scheme was aimed at procuring properties for homeless households but some owner occupiers may be only willing to let to professionals.

The council could lease the properties for a fixed period of 5 years, and subsequently rent to key workers for a fixed period of 1 year at a time. The council would maintain the inside of the building – decorating and minor repairs, but the property owner will remain responsible for all structural repairs. The cost of repairs would be accounted for within the rent along with any other service charges.

### 3.5 Criteria for allocation

Properties would be allocated to key workers who meet the following criteria

- Single newly qualified or junior front line staff
- Recruited to work within Thurrock on a new permanent contract
- Employed by the NHS or Thurrock Council
- Unable to reasonably access their own accommodation

Applicants would need to be approved by a Director or CEO for their organisation by an agreed eligibility criteria and would be reassessed at the point of offer by the housing team to ensure that they still qualify

### 3.6 Housing Management

The Housing department would manage the tenancies; this would include

- Signing tenancy agreements
- Rent collection
- Regular property checks
- Dealing with any health & safety issues
- Dealing with any tenancy breaches

Tenants would be charged a service charge to cover the housing management and a charge for the shared utility costs.

The model is similar to accommodation provided at university.

#### **4. Reasons for Recommendation**

- 4.1 The Council recognises that staff shortages in key areas are having an impact on service delivery. A key worker housing initiative such as this will address part of this problem and potentially reduce the use of expensive agency staff.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

Relevant NHS and other partners.

#### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 Improved recruitment opportunities will enable the Council to meet its priorities to

- Create a great place for learning and opportunity
- Encourage and promote job creation and economic prosperity

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Julie Curtis**  
**HRA and Development Accountant**

Funding for the initial cost of leases will be required but this will only apply to private rentals and could be fully recouped through rental charges to key workers

When an employee leaves the service the charge would end; if this is prior to the end of the fixed term the Council will need to find an alternative tenant in order to mitigate any financial impact.

##### **7.2 Legal**

Implications verified by: **Martin Hall**  
**Housing Solicitor / Team leader**

The Council will be required to enter into lease arrangements with Gloriana and/or property owners; this will place a legal and financial responsibility on the Council.

The Council can issue one year fixed term tenancies to workers so that accommodation is provided for the first year of employment only; after the first

year employees would be expected to find alternative accommodation themselves

### 7.3 **Diversity and Equality**

Implications verified by: **Natalie Warren**  
**Community Development & Equalities**  
**Manager**

The purpose of the provision is to provide an advantage for key workers and therefore this will positively discriminate this group of people.

This is mitigated by the need for the Council to meet its statutory obligations to provide educational, social care and health services to the borough and the inability to do so without the positive discrimination described.

The group itself may cover a diverse group of people in terms of age, disability, gender and sexual orientation.

### 7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

The provision should have a positive impact on the Council's ability to recruit suitable staff for vacant posts within the borough

### 8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

### 9. **Appendices to the report**

- None

### **Report Authors:**

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