

# **AFFORDABLE HOUSING FOR KEY WORKERS' PROJECT GROUP**

**AUGUST 2015**

# 1. INTRODUCTION

## Purpose of this report

**1.1** This paper reports on the work of a group set up by the Scottish Government to consider the specific affordable housing needs of key workers, and identify the most suitable form(s) of policies and practices that will address these needs.

## Background

**1.2** In July 2014, ministers consented to the development of a pilot key worker affordable housing project on the site of the former Craiginches Prison, Aberdeen. When complete this housing will be targeted at key public sector workers, with particular attention being paid to the needs of NHS staff.

**1.3** Following approval of the Craiginches project, and at the request of ministers, a short-life project group – comprising of stakeholders with interests in housing, health and recruitment and retention of staff elsewhere in the public sector – was set up to:

- consider the affordable housing needs of a range of key workers
- assess the current extent of problems in meeting demand for affordable housing from key workers
- identify whether specific groups of key workers have particular housing requirements
- identify a range of feasible policy and practice responses, especially those suitable for application at local levels, and
- make recommendations to ministers and COSLA about the balance between national and local approaches to key worker housing issues.

## The work of the group

**1.4** The membership of the group is detailed in **Annex A**. Two meetings of the group were held in the first half of 2015, with the Scottish Government chairing the group, providing secretariat support, and drafting this report.

**1.5** At its first meeting, the group agreed to produce and circulate a set of questions on key worker housing to a number of public sector employers with a view to collecting information on key worker issues for each organisation.

**1.6** At its second meeting, the group considered the evidence obtained from the work outlined in paragraph 1.5 and other evidence gathered and – from the emerging conclusions – agreed that a draft report should be prepared and circulated for comment.

## Status of this report

1.7 This report sets out the final collective conclusions of the group for consideration by ministers and others.

## 2. EVIDENCE GATHERING

### 'Key worker' definition

2.1 It is acknowledged that different **employment** sectors define key workers in different ways, according to the specific needs of the individual business or service. However – based on current experiences in the North East (including progressing the affordable housing project at Craiginches, Aberdeen) – for the purpose of this exercise the group agreed that a 'key worker' should be defined as a **public sector employee who provides an essential service**. (As well as workers in the public sector, it was noted that this definition could also apply to low paid employees in the private sector/ service industries who are also providing essential services.)

2.2 The group also noted and agreed that the nature of the essential service can cover a wide range of functions and salary bands, both of which can change over time. Any affordable housing policies for key workers would therefore require to be sufficiently flexible to accommodate changing needs at differing times.

### Questionnaire for public sector employers

2.3 In particular, the group was interested in finding out more about the difficulties which public sector organisations were experiencing with the recruitment and retention of key workers so that it could consider how these could potentially be eased through local housing policies and practices. To gather this information, the following questions were circulated to NHS Health Boards and COSLA members:

- *What issues do you face with regard to recruitment and retention of staff?*
- *To what extent do you believe that accommodation issues have an impact? Do you have evidence?*
- *To which groups of staff and in which locations do these issues particularly apply? Which groups of staff would you consider to be key?*
- *What recruitment and retention mechanisms/ approaches do you use, or have you tried to date, to overcome the difficulties at points 1 and 2?*
- *What factors would make key worker housing attractive, where you believe it is required?*
- *From these answers, could you describe characteristics – for example – rough salary or household income bracket, age band, and household composition of key workers who would benefit from a targeted affordable housing policy in the relevant areas?*
- *What would you like to see included in such a policy?*

### 3. FEEDBACK RECEIVED

#### ***NHS Health Boards***

**3.1** 13 Health Boards responded to the questionnaire. From the responses received it was noted that, with the exception of Grampian, ***larger territorial Health Boards*** do not face significant problems with the recruitment and retention of staff – albeit that localised issues can exist. In this respect, recruitment and retention issues appear to vary from Health Board to Health Board – some cited difficulties in recruiting clerical and support staff, home care assistants, and domestics; others recorded difficulties in recruiting middle grades (band 5/ 6 nurses); while some noted difficulties in recruiting higher paid members of staff.

**3.2** While ***non-geographic Health Boards*** did identify issues with recruitment and retention in and around Aberdeen, for the most part issues were not location based.

**3.3** Significant problems were however experienced by ***Health Boards operating in island and rural communities***. Typically issues included:

- *geography* – location is an issue in initially attracting people
- *cost of living and fuel, public transport and schools* – these factors escalate the further the location is from main centres of population
- *seasonal fluctuations with demand* – homes are often required to be available for let to summer holiday-makers
- *access to housing to buy and/ or rent* – this is a challenge for all workers, not only those on low incomes
- *lack of affordable accommodation, particularly in the outer islands* – this shortage impacts on the ability to recruit health care workers across all disciplines
- *very low levels of house sales* – as properties do not often come onto the market prices are often higher than they otherwise would have been, and
- *broadband connectivity and mobile signals* – this dictates to a large extent where people who are 'on-call' can live.

#### **COSLA**

**3.4** 18 councils responded to COSLA with views on the questionnaire. A summary of the main findings is provided in paragraphs 3.5 to 3.9 below, with **Annex B** containing further detail on the replies received from councils.

**3.5** The main issue affecting recruitment and retention of staff was geographic location. Transport costs, transport links and the high cost of living were however also identified as impediments.

**3.6** Most councils reported that accommodation issues were not a factor – or that they were unaware of accommodation issues being a factor – in the recruitment and retention of staff. Of those that did make comment, it was felt that a lack of suitable accommodation may impact specifically on the recruitment of:

- fixed term or temporary staff, or perhaps younger workers or first time buyers
- teachers and social care staff, and
- staff on lower grades.

**3.7** Four councils noted that cost was a factor in making key worker housing attractive, while two councils cited having a variety of accommodation to reflect different life stages as being important. Other factors in making key worker housing attractive ranged from short term availability to housing being located in the main areas of population.

**3.8** A number of councils have adopted a variety of recruitment and retention mechanisms and approaches. For example, a few councils have offered resettlement packages, some have launched targeted recruitment campaigns, and one has offered recruitment incentives to teachers.

**3.9** Of the six councils which responded to the question '*could you describe [the] characteristics (age, salary, household composition) of key workers who would benefit from a targeted affordable housing policy ...?*', the majority referenced key workers on low to modest incomes as benefitting most, while a couple of councils also mentioned younger employees in this context. In addition, the need for robust and transparent application criteria – and also the requirement for regular reviews of key worker status – were specified by a couple of councils as needing to feature in any targeted affordable housing policy.

### ***Association of Local Authority Chief Housing Officers (ALACHO)***

**3.10** 25 councils responded to a separate survey issued by ALACHO (**Annex B**). In line with the questionnaire responses, the replies also indicated that the issue of key workers and access to affordable accommodation is a localised one – whether that be because a local housing market is pressurised, or due to the availability of accommodation in more remote locations.

**3.11** As only nine councils advised that they had considered the issue of key workers in their Housing Need & Demand Assessment or Local Housing Strategy, ALACHO requested that guidance be issued requiring that the housing needs of key workers be considered when Housing Need & Demand Assessments and Local Housing Strategies are being drafted.

### ***Scottish Government Fire and Rescue Division***

**3.12** The Scottish Government Fire and Rescue Division advised that while recruitment and retention problems exist in and around Aberdeen this is not tied to the cost of housing: it is more a problem of trained staff moving to better paid jobs locally.

**3.13** Recruitment is however a problem for the Retained Duty System – particularly in remote rural areas – but again this is not a housing related issue but a factor of people no longer working in the same village as they live and communities not having enough people in the right age bracket to provide a crew.

### ***Scottish Government Learning Directorate***

**3.14** The Scottish Government Learning Directorate confirmed the view that teachers fell within the definition of ‘*key worker*’ and echoed feedback from the NHS Health Boards, COSLA and ALACHO which stated that localised issues exist with high costs of housing, notably in Aberdeen and Aberdeenshire.

### ***Police Scotland***

**3.15** Finally, it was noted that Police Scotland is working with councils and other public sector employers to look into the issue of affordable housing for police recruits given issues it is experiencing in Aberdeen and Aberdeenshire. Similar problems were not however identified in other areas of Scotland.

**3.16** While there are other locations where it can be challenging to recruit and retain staff, affordable housing is not the issue: relocating people to remote areas and finding them suitable accommodation can be difficult but is generally sorted out locally, for example, via hostels and rented homes.

## **4. CASE STUDIES**

**4.1** **Annex C** provides a set of case studies outlining instances where local solutions have been/ are being developed to address local issues around the recruitment and retention of key workers. As well as providing narrative on the specific projects (including details of proposed lettings’ policies and funding sources), these case study solutions could be replicated or adapted for other parts of the country which are experiencing difficulties with the recruitment and retention of key workers.

## **5. CONCLUSIONS AND RECOMMENDATIONS FOR ACTION**

**5.1** Given the above, the group concluded that the development of a national policy on the provision of affordable housing for key workers is not necessary as the recruitment and retention of key workers is not a widespread problem across the country – rather issues are localised and require local solutions. Furthermore, the group concluded that even where difficulty is experienced (a) affordable housing is just one of many factors affecting recruitment and retention and (b) issues are currently only pressing and require housing-specific solutions in parts of the North East and possibly also in the most remote and rural areas of the country (where positive experiences of what works well are already shared).

**5.2** When developing their Housing Need & Demand Assessments and Local Housing Strategies however, councils should consider whether there are any issues surrounding the provision of housing for key workers which should be reflected therein. Where such issues exist, the group recommends that:

- housing authorities should work closely with local employers on local solutions – across the public sector and possibly more widely – as both employers and key workers need confidence that appropriate housing will be available at the right time, in a suitable place, and at a cost that will be sufficiently affordable
- any affordable housing policies for allocating homes to key workers should be sufficiently flexible to accommodate changing needs at differing times as the nature of the essential service can cover a wide range of functions and salary bands, which can change over time
- allocation policies should be transparent<sup>1</sup>
- early negotiations take place – where appropriate – to secure suitable public sector sites for affordable housing that may include provision for local key workers, and
- the sharing of successful approaches among all public sector employers be encouraged to help find more appropriate local solutions for local problems.

**5.3** The Scottish Government and COSLA will update the Local Housing Strategy Guidance to reflect the recommendations

**5.4** In addition, the group noted that a number of existing funding mechanisms – including those illustrated in **Annex C** – have been used/ are being used in specific parts of the country to provide affordable housing solutions (including homes for mid-market rent) to aid with the recruitment and retention of key workers on low to moderate incomes. This is helpful.

**5.5** It was noted further that the Scottish Government will be considering some of the current issues about rent levels which can be charged for mid-market rent and the variations between Local Housing Allowance housing market areas, and discussing these matters with the affordable housing sector. That will – in time – help to promote the provision of mid-market rent homes in local areas, where these are needed to meet demand, including that from local key workers.

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<sup>1</sup> Social landlords must have a policy on allocations for their mainstream stock which is applied consistently across all of the stock. While they have some discretion in determining the detail of their individual policies, each policy must be based on giving reasonable preference to those in housing need, and must not allow for income to be taken into account when making an allocation. All other landlords, including those that are subsidiaries of Registered Social Landlords or councils, are free to let their properties as they wish.

**OFFICER PROJECT GROUP MEMBERSHIP**

ALACHO (Aberdeen City Council)	Graeme Stuart
Scottish Prison Service	Darren Moss/ Alan Strachan/ Fiona Kimber
NHS Grampian	Susan Coull
COSLA	Caroline Johnston
Scottish Government	Kay Barton (Chair) (HS&ID) * Pauline Innes (HS&ID) * Rhona Archibald (HS&ID) * Lorimer Mackenzie (Health Workforce)

\* *HS&ID: Housing Supply and Innovation Division*

## DETAILED QUESTIONNAIRE RESULTS

### COSLA (18 replies)

**Question 1:** *What, if any, location based issues do you face with regard to recruitment and retention of staff?*

**Answer 1:** *The following answers were given:*

<i>11 councils:</i>	<i>Geographic location/ remoteness</i>
<i>7 councils:</i>	<i>Transport costs/ links</i>
<i>3 councils:</i>	<i>None</i>
<i>2 councils:</i>	<i>Lack of affordable housing and availability of private rental and to buy accommodation</i>
<i>2 councils:</i>	<i>High cost of living</i>
<i>1 council:</i>	<i>Inability to offer competitive salaries</i>
<i>1 council:</i>	<i>Lack of amenities in more rural locations</i>

**Question 2:** *To what extent do you believe that accommodation issues have an impact? Do you have evidence?*

**Answer 2:** *The following answers were given:*

<i>13 councils:</i>	<i>No evidence/ not an issue/ none known</i>
<i>1 council:</i>	<i>Fixed term or temporary recruits may find it difficult to find suitable accommodation</i>
<i>1 council:</i>	<i>Not an issue for the council but real issue for local NHS</i>
<i>1 council:</i>	<i>Perhaps for younger workers/ first time buyers</i>
<i>1 council:</i>	<i>Hard to determine – does not seem to deter people from applying</i>
<i>1 council:</i>	<i>Some</i>

**Question 3:** *To which groups of staff and in which locations do these issues particularly apply?*

**Answer 3:** *The following answers were given:*

<i>7 councils:</i>	<i>Not an issue/ not known</i>
<i>4 councils:</i>	<i>Teachers and social care staff</i>
<i>2 councils:</i>	<i>Low grades where public transport is an issue</i>
<i>2 councils:</i>	<i>Professional grades</i>
<i>1 council:</i>	<i>Temporary/ fixed term staff</i>
<i>1 council:</i>	<i>Recruitment and retention problems exist across a wide range of posts</i>
<i>1 council:</i>	<i>Difficult to determine</i>

**Question 4:** Which groups of staff would you consider to be key?

**Answer 4:** The following answers were given:

7 councils:	Teachers and social care workers
5 councils:	Not applicable
4 councils:	Wide range of staff
1 council:	Specialist temporary staff to work on a specific council programme
1 council:	Front line staff

**Question 5:** What recruitment and retention mechanisms/ approaches do you use or have you tried to date to overcome the difficulties at points 1 and 2?

**Answer 5:** The following answers were given:

3 councils:	Targeted recruitment campaigns
1 council:	Market forces supplements
1 council:	Consideration of recruitment and retention payments, but not implemented
1 council:	Greater use of social media
1 council:	Encourage use of LIFT share equity schemes
1 council:	Offered recruitment and retention incentive for teachers
1 council:	Hold open days and advertise jobs in local libraries
1 council:	Relocation packages and advertising how close to central belt
1 council:	Resettlement scheme for new staff over a certain grade
1 council:	Local recruitment
1 council:	Fostering and maintaining links with universities
1 council:	Marketing as an employer of choice
1 council:	Car leasing

**Question 6:** What factors would make key worker housing attractive, where you believe it is required?

**Answer 6:** The following answers were given:

4 councils:	Cost
2 councils:	Variety of accommodation to reflect different life stages
1 council:	Short-term availability
1 council:	Shared ownership and properties for rent at an affordable price
1 council:	Targeting towards young people, maybe more likely to remain in area
1 council:	More affordable housing in all areas would benefit residents and improve the catchment of employees
1 council:	Location to main areas of population

**Question 7:** From these answers could you describe characteristics (age, salary, household composition) of key workers who would benefit from a targeted affordable housing policy in the relevant areas?

**Answer 7:** The following answers were given:

2 councils:	Young workers up to 30 years
1 council:	Salary of £20k – £35k p.a., generally younger employees
1 council:	Single people or couples (salary bracket £18k –£25k p.a.)
1 council:	Low income earners
1 council:	Difficult to describe the characteristics of a key worker due to the diverse range of jobholders who could be categorised as such and the fact that individual circumstances vary

**Question 8:** What would you like to see included in such a policy?

**Answer 8:** The following answers were given:

2 councils:	Recognition that key worker status would be regularly reviewed/ clarity on how long they would qualify for key worker status
1 council:	Robust and transparent criteria for applying for affordable housing
1 council:	Very specific guidelines on who was eligible
1 council:	Ability to adapt to suit local needs
1 council:	Help for younger people to find affordable housing
1 council:	Targeted to specific issues
1 council:	Clear link to additional economic activity or employment opportunities

## ALACHO (25 replies)

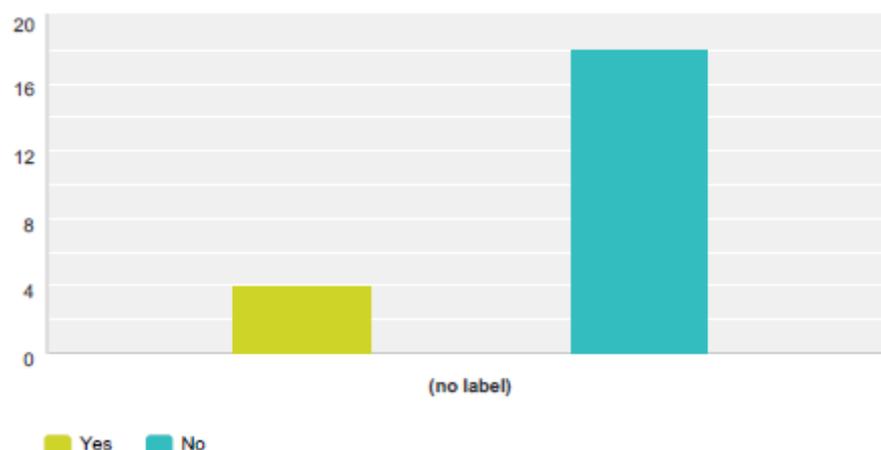
**Question 1:** As a Housing Authority have you considered the housing needs of key workers as part of your Housing Need & Demand Assessment, Local Housing Strategy & Other Policy review?



**Answer 1:** Nine authorities had considered the issue of key workers in their Housing Need & Demand Assessment and the same number in their Local Housing Strategy.

The authorities who have considered the issues are spread across Scotland with no particular geographic concentrations.

**Question 2:** As a Housing Authority have you implemented any local policy response to the housing needs of key workers?



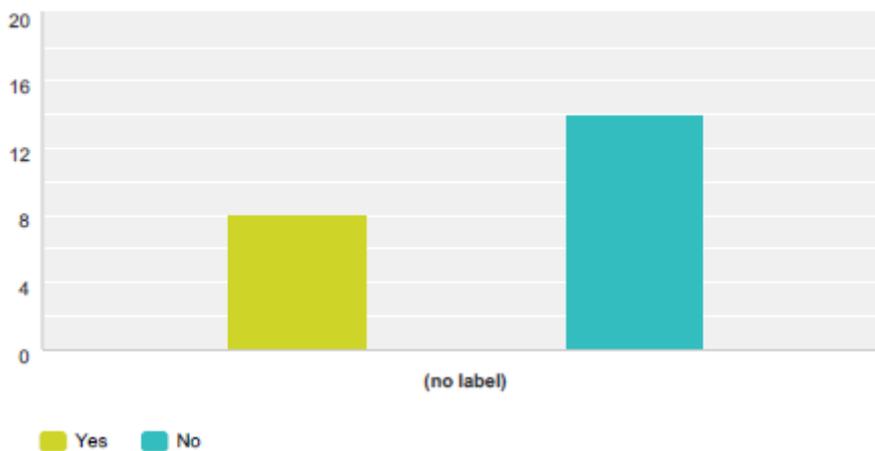
**Answer 2:** Four authorities indicated that they had implemented policy responses – three related to allocation policies and one to current work to deliver mid-market rent accommodation with other public sector organisations.

A number of responses referred to allocation policies and points for households relocating to an area, but did not refer specifically to key workers.

A number of responses also stated that there were no issues around access to housing, with the private rented sector and entry level ownership allowing good access at affordable levels.

Aberdeen City and Aberdeenshire Councils both stated that they were working on potential projects with other public sector organisations to deliver accommodation targeted at key workers.

**Question 3:** As a landlord have you considered any local letting or other policies in relation to key workers?



**Answer 3:** Orkney Islands Council detailed a policy of housing head and probationer teachers on outer isles, with Angus, East Dunbartonshire, East Lothian and South Ayrshire Councils giving key workers a housing priority for allocation of social housing. Other authorities also advised that they give additional points to key workers.

## 1. CASE STUDIES

### **Inchard Place, Kinlochbervie**

**1.1** The local community has benefitted from the provision of this key worker affordable rented house since its purchase by the Highlands Small Communities Housing Trust (HSCHT) in 2003. Since then, the HSCHT has been able to offer the home to a range of key workers – including incoming workers to the area. While the house has been used mostly to provide accommodation for new teachers and their families, it has also been rented to a fisherman as fishing is one of the main employment opportunities in Kinlochbervie.

**1.2** The total cost of the project was £38,000, funded mostly from contributions received from the Scottish Land Fund and Highlands and Islands Enterprise.

**1.3** Fifteen other communities in the Highlands, including Borgie, Watten, Lochcarron and Lochaline, also benefit from similar arrangements.

### **Craiginches Prison, Aberdeen**

**1.4** Plans are progressing to secure Scottish Prison Service owned land at the site of the former Craiginches Prison in Aberdeen for affordable housing for key workers. Using the principles set out in the Scottish Public Finance Manual the land will transfer via the Housing Minister to a subsidiary of Sanctuary Housing Association in autumn 2015. Subject to achieving the necessary planning approvals, it is hoped that construction work will start in early 2016 (with the homes being ready for occupation in early 2018). The completed development – which will receive funding support from the Scottish Government Affordable Housing Supply Programme budget – will provide around 120 new rented homes at a rent level that is no more than the relevant Local Housing Allowance. Properties will be let on a Short Assured Tenancy basis, or equivalent, and will be allocated to individuals who meet the qualifying criteria.

**1.5** It has been agreed that the Council and the landlord should finalise the qualifying criteria nearer to the date of completion, reflecting the fact that there could be changes in who is defined as a *'key worker'* in the intervening period. However, it is expected that this will be based on applicants filling a key post in a public sector organisation, with a household income not exceeding an agreed maximum (likely to be £40k p.a.), thus addressing a recruitment issue for that organisation. Should partners agree, the housing may also be offered as a way of retaining key workers who are currently employed but in danger of leaving due to a lack of affordable housing.

**1.6** The current priority for key workers in the North East is focussing on the recruitment of nurses, teachers and police officers and it is expected that the housing at Craiginches will help address the housing needs of this group of individuals.

## **Smithfield Court, Aberdeen**

**1.7** In view of recruitment issues across the public sector, Aberdeen City Council has made properties available within Smithfield Court multi-storey flats for allocation to key workers.

**1.8** The Council has implemented a local lettings initiative at this development with the aim being to attract key workers to Aberdeen who may otherwise be dissuaded from accepting employment in the area due to the availability and high costs of housing. The Council has based the initiative on evidence from its own employees and from partner organisations on the difficulties faced by key workers in obtaining affordable housing in Aberdeen.

**1.9** The 57 flats at Smithfield Court recently underwent refurbishment. The development was let from August 2015, and is funded primarily from the Council's Housing Revenue Account (with a small element of funding coming from the Scottish Government's Affordable Housing Supply Programme budget). Lease agreements with partner organisations will be for an initial period of between three and five years, with the properties being let to key workers on a temporary basis to allow them to take up employment in the city. This will give people the opportunity to get to know the city before identifying permanent accommodation that meets their needs. Ten properties have been leased directly to Police Scotland and the University of Aberdeen.

**1.10** Occupations which the Council will consider as 'key workers' include: teachers; police officers, community support officers and some civilian police staff; social workers; environmental health officers; residential support workers (children's services); family resource workers; firefighters; and personal carers.

**1.11** The key worker should be employed with a pay of no more than c.£35k p.a. given the aim to help key workers access accommodation at an affordable level. Key workers employed at salaries beyond this level are deemed to be able to resolve their own housing needs without access to a subsidised rent.

## **Blackhall Road, Inverurie**

**1.12** In order to address the need for affordable housing for key workers in Inverurie, Aberdeenshire Council and Police Scotland are working together in an innovative way to deliver a development in Inverurie to provide affordable flatted accommodation to police staff and other public sector key workers.

**1.13** Create Homes Aberdeenshire LLP is a partnership established between the Council and the Scottish Futures Trust through the National Housing Trust initiative (NHT) council variant scheme<sup>2</sup>, and is designed to enable the provision of housing at a mid-market rental level. Accommodation will be targeted at tenants who are on a moderate household income but not able to access housing on the open market.

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<sup>2</sup> Under this scheme, the Council would lend funds to the LLP to allow it to purchase the completed homes. The Council's borrowing would be supported by a capped Scottish Government revenue-only guarantee (set at £3,000 per completed home (on a portfolio basis)).

**1.14** A vacant piece of land extending to just under 0.5 acres lies adjacent to the existing Police Scotland facility on Blackhall Road, Inverurie. The site is thought to be suitable for residential development purposes, subject to a more detailed planning investigation. Initial feasibility suggests a block of up to 15 flats could be accommodated within the boundary.

**1.15** Discussions between Police Scotland and Aberdeenshire Council have focused on combining the police land asset and the Council's mid-market rental vehicle to develop the site. Assuming the project progresses in accordance with initial discussions, Police Scotland is expected to pass ownership of the site to Aberdeenshire Council at nil cost subject to agreement on a mechanism to realise the value of the site at a later date. Police Scotland will have priority to nominate tenants to a proportionate number of the flats, with other public sector key workers given priority over the remaining flats. All of the flats would be made available to rent at no more than the relevant Local Housing Allowance, with the scheme existing for a period of between five and 10 years.