



**Devon Key
Worker Housing
Study**

Final Report

**Devon Local
Area Agreement
Strategic
Housing Group**

July 2007

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1 Executive Summary

1.1 Introduction

EKOS consulting have undertaken this study on behalf of the Devon Local Area Agreement Operational Group for the Housing theme. It represents Stage 1 of a project to scope out the issues affecting key workers in Devon. This stage has focused on employer and provider perspectives. The study has involved a review of existing research and secondary data and two sets of telephone interviews with key worker employers and with housing providers/stakeholders.

1.2 Key Findings:

A range of secondary research and data indicate a serious affordability problem for Key Workers in Devon. The implication is that there will be a linked problem with key worker recruitment and retention which could affect service provision. The primary research undertaken for this study presents a less clear picture as a significant number of employers claim not to have recruitment and retention difficulties. However a key conclusion of the study is that lack of information and communication may mean that employers do not have a clear understanding of the relationship between housing and recruitment. and that future growth in the key workforce, within the context of rising housing demand, is likely to escalate housing affordability as a barrier to recruitment and retention. The remainder of the findings are as follows:

- Exeter, coastal areas, and some rural areas are affordability hotspots. Some employers observed that while they do not have a problem with recruitment and retention, many of their employees commute to areas that are more affordable. These journeys are often by car and will undermine objectives for environmental sustainability.
- Secondary data shows that nurses and firemen have particularly high income to price ratios. The primary data suggests that affordability is particularly likely to affect recruitment and retention for those in entry level and low grade posts. Affordability can also act as a barrier to retention for these occupations as workers may move away when they want to move into home ownership. Where key workers are required to live close to their place of work, high property prices will present a greater barrier.
- There is a strong case for reconsidering the key worker definition to include non public sector employees who are involved in delivering essential public services. Provision of affordable housing to support Devon's economy is entirely appropriate. However, it is more properly a general affordable housing issue and broadening the definition this far could dilute the impact of key worker focused interventions.
- Key worker specific housing provision in Devon is limited and the study indicates that the majority is provided by health organisations. The main forms of assistance available are relocation packages and the priority given to key workers for the HomeBuy products. There is potential to improve access to

existing affordable provision for key workers. There is also scope for improving uptake through better information and support. Measures to improve existing affordable housing products and their take-up by key workers should be developed and implemented quickly.

- The Strategic Housing Market Assessment for Exeter and Torbay¹ was published as this study was being finalised and provides additional information on public sector households. The findings support the view that the key worker housing issue in Devon is more complex than immediately apparent and may worsen in the future.
- Key worker employers should develop systems to collect information that allows better understanding of the relationship between housing and recruitment. Employers also need to undertake effective assessment of their future recruitment requirement. Both will be essential to understand and plan for existing and future key worker housing needs.
- There is a need for better communications and links between organisations with a stake in key worker services so that effective measures to mitigate housing affordability as a barrier can be developed in a responsive and appropriate way. These may be key service providers but are also those organisations whose objectives are linked with the development of sustainable communities such as the South West Regional Development Agency and Housing Corporation and English Partnerships.

¹ Opinion Research Services, *Exeter and Torbay Strategic Housing Market Assessment 2007: Main Report of Study Findings*

2 Introduction

House price inflation has accelerated at an unprecedented rate over the last 10 years, pricing many potential home owners out of the market. In a country of limited land supply and growing demand due to a trend towards smaller households, including the growth of single person households, balancing demand with affordable supply presents a challenge.

The impact of rising prices has been most apparent in areas of already high values and for those groups on low incomes, including key workers, as well as first time buyers. This is a particular issue for the recruitment and retention of key workers at a time when a shortage of trained staff, for example teachers, is being reported. Providing a housing offer that can accommodate the needs of all groups, whether through rental or ownership, has become an increasingly important issue with expansion of affordable housing provision becoming central to achieving this objective.

This report provides a robust evidence base to understanding definitions of key workers, policy around affordable housing for this group, the current situation within Devon and how activity is being progressed. Our findings have been informed by a desk based review of policy, consideration of baseline statistics and consultation with key worker employees and affordable housing providers to understand the scale of key workers in the county and current provision. From this report it is anticipated that New Devon's Local Area Agreement Operation group for the Housing Theme will be able to take forward development of an affordable housing offer to help attract and retain key workers.

The remainder of this report is structured in 7 sections to consider:

- the policy context and key worker and affordable housing definitions;
- currently available affordable housing products;
- the Devon housing market and implications for key workers;
- the scale of the potential key worker housing market in Devon and associated issues;
- employers' perspectives of the need for key worker affordable housing and implications of rising house prices;
- providers and stakeholders perspectives on available provision and its adequacy in meeting key worker needs; and
- conclusions and recommendations of the research including a suggested approach to stage 2 of the work.

This report is focused on the affordable housing requirements and products for key workers rather than affordable housing as a whole. This enables a comprehensive picture of the issues facing this group to be assembled to inform targeted responses.

3 Key Workers and Affordable Housing in National Policy

3.1 Introduction

Affordable housing has become a prominent issue in policy during the last five years. The acceleration of house prices ahead of income levels has resulted in affordability issues across much of the country rather than the initial focus on London and the South East. Increasing pressure has been placed on government to recognise the scale of housing affordability shortfalls and develop policy in response.

3.2 Defining Key Workers and Affordable Housing

Understanding what is meant by the terms 'affordable housing' and 'key workers' is central to an assessment of need and supply.

Planning Policy Statement 3 (PPS3) Housing provides the following definition of affordable housing:

"Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."*

Across the country there is variation in the definition of key workers. This may reflect different contexts when the term is used to respond to local circumstances. Research has shown that the absence of a comprehensive definition of key workers regularly causes confusion, including around eligibility for housing assistance. Examples of key worker definitions used in England include:

Communities and Local Government define a Key Worker as:

- Clinical NHS staff (with the exception of doctors and dentists);
- Teachers and nursery nurses in schools and further education/sixth form colleges;
- Police officers, Community Support Officers and some civilian staff;
- Prison Service staff in certain prisons;
- Probation Service staff;
- Social workers, nursery nurses, educational psychologists, and therapists (e.g. occupational therapists) employed by local authorities, CAFCASS or the NHS;
- Local Authority Planners;

- Firefighters and other uniformed staff below principal level in Fire and Rescue Services;
- Connexions Personal Advisors employed by a local authority or a Connexions Partnership; and
- MoD (certain personnel) qualify for new build products (New Build HomeBuy and Intermediate Rent).

The City of London, where key worker housing needs have long been considered, identifies key workers as people working in the following sectors:

- Emergency Services;
- Health;
- Education;
- Public Transport;
- Local Government;
- Prison and Probation staff; and

Within the South West, the Regional Housing Board defines a key worker as:

“Any public sector employee delivering an essential public sector service provided that clear and specific evidence is produced from employers in that market area. That they are experiencing real recruitment and retention difficulties for those job types, at least some of which can be attributed to local house prices”.

For the purpose of this report, key workers are taken to comprise:

- Teachers;
- Health professionals;
- Police;
- Local authority staff;
- Fire and rescue; and
- Prison and probation officers.

A number of groups that could be identified as key workers are excluded from current definitions. This includes private sector employees and people working within the voluntary sector. For example, employees that provide essential services but that have been subcontracted out of the public sector and those where a voluntary organisation provides what is arguably an essential service. The lifeboat service provided by the RNLI is an example of the latter that is often highlighted. Also excluded are those whose jobs are essential to sustaining the local economy, and are therefore key to building sustainable communities in a broader sense. For example, agricultural workers who would struggle to meet local housing costs and those working in the tourism sector.

More discussion on definitions is provided in later sections of the report that set out the study’s empirical evidence from interviews with employers and providers/stakeholders (sections 6 and 7). Our final section draws conclusions to inform the development of a new definition appropriate to the Devon context.

Any definition of key workers in Devon, for the purpose of targeting affordable housing provision, would benefit from reflecting those sectors where recruitment and retention of staff is proving most difficult. An initial focus on offering

assistance to those groups and sectors of the economy worst affected would help achieve early results, with the potential to roll out assistance to other groups at a later stage.

3.3 Policy Consideration of Key Worker and Affordable Housing Requirements

Recognising the requirement for affordable homes

A desire to increase levels of home ownership has been evident since the Right to Buy initiative for Council housing tenants was introduced in 1980. This increased levels of owner occupation and reduced the number of tenants and stock levels in the social rented sector, the primary form of affordable housing at the time. As house prices have increased, home ownership through the open market has become less accessible to many sections of society due to house price inflation growing far ahead of income rises. Even in areas identified to demonstrate low demand at the start of the decade, properties are now changing hands for greatly inflated sums at a time when supply of social housing has been gradually reducing. As a consequence, the need for affordable housing policy, particularly to ensure households can enter the property market, has become more urgent.

Affordable housing policy has evolved over time through a range of government plans and policy. The Government's 'Communities Plan', published in 2003, recognised the need to invest in housing and planning to establish sustainable communities. Part of this recognition was the requirement to increase provision of high quality, affordable homes in areas of high demand within the south of England. The plan articulated the government's belief that everyone should have the opportunity of a decent home, which they can afford.

The Barker Review of Housing Supply, 2004, recommended an increase in levels of social housing, to accommodate a growing need for social housing and compensate for a loss of stock through Right to Buy. The government has begun to invest in new social housing provision and has identified this investment programme as a priority for the Comprehensive Spending Review 2007.

Establishment of the Affordable Rural Housing Commission came in 2005, responding to increasing affordability concerns in rural areas. The Commission had responsibility to identify the scale, nature and implications of affordable housing supply across England's rural areas and present recommendations for how to address unsatisfied need. The Commission's report, published in 2006, highlighted the need to target the needs of rural communities independently. A recommendation was made that 11,000 units of affordable housing be provided per annum in settlements with a population below 10,000. Responding to this recommendation may be important to addressing the housing needs of key workers in parts of rural Devon.

The Shared Equity Task Force was established to consider the case for Government intervention to assist 'intermediate' households into owner occupation through use of shared equity products. The Task Force was advised by a spectrum of relevant organisations including housing trusts, local authority housing departments, house builders, the finance sector and the Chartered Institute of Housing. In December 2006, the Task Force presented their report, considering how the private sector could be engaged in the offer. The report recommended that the Government stimulate interest within the private sector to increase the range of lenders and reduce the government's equity share whilst focussing its own assistance on those households whose needs will not be met through private shared equity schemes. The findings and recommendations of the Task Force will be reflected in the Comprehensive Spending Review.

Incorporation of affordable homes within developments, delivered through the planning system, has become a greater focus. As house prices have increased the scope to secure developer contributions towards affordable homes and secure units through planning obligations has grown.

Guidance issued by Communities and Local Government in November 2006 requires local authorities and delivery agents to provide more high quality affordable housing. It highlights the opportunity to make effective use of planning obligations to secure affordable units and the requirement to offer affordable units across a range of tenures rather than associating 'affordable' with 'mono-tenure'. There is potential for the Comprehensive Spending Review 2007 to prioritise resources for housing with advocacy work advanced to highlight the requirement to secure an increased budget.

Sections 3 and 4 of the report examine affordable housing products available to key workers nationally and in the South West and Devon.

Responding to the needs of key workers

Much of the progress made around affordable housing has not been specific to the needs of key workers. Given the number of households now affected by a shortfall between earnings and house prices, targeting of initiatives on those groups of greatest need, and/or the greatest impact on the provision of socially important services, will be required.

In 2001, the government launched the Starter Homes Initiative, providing housing options for key workers in the South East of England. The initiative provided assistance to teachers, police and nurses to secure their first home. The Starter Homes Initiative later evolved into Key Worker Living (KWL) which helps key workers² in London, the South East and East of England to buy a home, upgrade to a family home or rent a home at an affordable price. The programme was announced in March 2004 with a budget of £690m (for the period 2004-06) providing housing options through Open Market HomeBuy, New Build HomeBuy and Intermediate Rent. The programme only operates in three regions – London, the South East and the East of England - where there are recognised recruitment and retention difficulties linked to housing affordability. KWL originally funded New Build HomeBuy schemes specifically for Key Workers but the Housing Corporation stopped doing so in April 2006. However, under KWL still provides additional resource for the Homebuy Intermediate Rent products, together with specific targets for providing key worker homes, in those regions. Eligibility for assistance varies across the target regions, depending on recruitment and retention difficulties. The scheme offers assistance to key workers with an annual income of up to £60,000 either to buy a first home or to buy a larger home to satisfy their requirements.

Since April 2006 key workers can also be eligible for assistance through LCHO products in other regions if they are included amongst Regional Housing Body Priority groups.

Clawback provisions apply to the Homebuy products in the KWL target regions if key worker status is used to secure eligibility. In the non KWL regions clawback applies to Open Market Homebuy. Clawback is intended to ensure that grant is used for the purpose intended and the provisions mean that if a key worker leaves a qualifying form of employment they must repay the equity loan within 5 years for New Build Homebuy or two years for Open Market Homebuy. Clawback also applies to the First Time Buyers Initiative if key worker status is used to gain priority.

² Defined as someone employed by the public sector in a frontline role delivering an essential public service in health, education and community safety within an area experiencing serious recruitment and retention problems.

3.4 Researched Key Worker Housing Needs

Introduction

Research has now been undertaken by a number of bodies to explore the housing requirements of key workers. This section considers a selection of some of the most prominent research reports published around the topic, and the impact on key workers' career and location choices. This provides an overview of the issues to be considered in the development of any housing assistance policies for key workers. Further detail on the South West and Devon context is provided within section 4.

Key Public Sector Workers: Exploring Recruitment and Retention Issues and Housing Preferences (ODPM, August 2005)

Research published by ODPM in 2005 considers the links between housing choices and the decision to take up and remain in a key worker post or profession. Although the report focuses on key workers in London and the South West, its conclusions are relevant to Devon. The report establishes that *"having the opportunity to own a home is important in terms of overall quality of life for key workers"* so *"a key aim is to get on the property ladder as soon as possible to provide security, stability and future financial independence."*

The report suggests that while key workers are willing to compromise the location and type of accommodation in order to pursue career goals during the first five years, in later years they consider a move to secure an affordable home and associated higher quality of life. However, in the early years of their career key workers are affected by student loans, limiting their ability to access comparatively high cost accommodation. Research therefore suggests that a lack of affordable housing provision for key workers adversely affects junior level recruitment as well as impacting on retention, particularly among experienced staff under 40. It is suggested that junior staff prefer the flexibility of shared or rented accommodation whilst longer serving staff prefer assistance with home ownership.

The study found that awareness of Government key worker housing schemes was low across all professions and that the schemes had a poor reputation. Perceived shortcomings of the schemes included unclear eligibility criteria, inadequate support to help with renting or saving for property deposits and purchase costs, insufficient levels of financial assistance to allow for property purchase and that schemes prevent owners benefiting from any value they add to the property.

Can Work, Can't Buy: Local Measures of the ability of working households to become home owners (Steve Wilcox, Joseph Rowntree Foundation, 2003)

Can Work, Can't Buy recognised previous difficulties in the assessment of affordability due to inconsistencies in comparison of local house prices and local household (as opposed to individual) incomes. Using consistent data, the report considers affordability under the three analyses of ratios, access and key workers, all based on the ability to purchase a 4/5 room dwelling.

The analysis found the national house price to income ratio in England to be 3.4:1 whilst the ratio was 4.2:1 in the South West. Use of consistent earnings and housing price data highlighted the extent of affordability issues in the South West relative to the South East that are missed by more simplistic analyses. Data for 2002 showed 16 of the top 40 ratios to be in the South West, the same number as reported in the London Boroughs.

The access analysis uses lower quartile rather than the mean house price figures in the ratios analysis to assess the relative difficulty of accessing home ownership, assuming a maximum mortgage of three times working household income. Of the top 12 ranked authorities, five were found to be in the South West including North Devon where only 16.4% of working households can afford to buy at lower quartile prices.

Of greatest relevance to this study, the key worker analysis considers the ability of identified key workers to access home ownership within their local area. The analysis concludes that only if key workers “place a high value on a specific job in a high cost area...that outweighs lower housing and living standards, would they rationally decide to work in a high housing cost area.” The analysis is based on the salary point of nurses, police officers, social workers and teachers who have been in post for 3-4 years and therefore may be settled to consider house purchase.

The key worker analysis identified 46 areas with the greatest shortfall of earnings to household costs. Within these there are income shortfalls of more than 50% of the level required to purchase a 4/5 room dwelling at lower quartile prices. Only one part of the South West (East Dorset) fell within this category.

The Geography of Affordable and Unaffordable Housing and the ability of younger workers to become home owners (Steve Wilcox, Joseph Rowntree Foundation, 2006)

Although not focused on key workers, this report sets the context for growing issues of affordability with property prices shown to have increased as a ratio of earnings from 2.7 to 1 in 1995 to 5.4 to 1 in 2005. Despite falling interest rates, by 2005 mortgage costs accounted for 34% of incomes, a rate double the 17% reported in 1995. The report notes that mortgage costs as a percentage of incomes are now higher in the South West than they are in London and the South East, in part due to additional housing market pressures resulting from the in-migration of older and retired households as well as demand for second homes. Indeed, household formation in the South West between 1991 and 2003 has outstripped the rate of new house building further driving up prices whilst the balance nationally has been maintained.

The report raises concerns that, although DCLG have now increased investment in the South West as a result of their own affordability ratios, it continues to under-estimate the extent of affordability difficulties in the region relative to the South East. The report’s examination of the ratio of average house prices to younger working household (household head aged 20-39 years) income showed six of the least affordable authorities to be in London whilst 14 were in the South West, including West Devon where the ratio was 6.05 to 1 in 2005.

Moving on to consider demand for intermediate housing markets, the South West is shown to report 56.5% of younger working households unable to buy at local lower quartile house prices. This comprises 12% unable to meet social rent without recourse to housing benefit, 37% who fall into the narrow intermediate housing market and 9% who can afford to buy at lowest decile house prices but not at lower quartile prices. The report recognises that households will often move to a cheaper area to buy, although the ability to do this is often dependent on the presence of good transport linkages. The need to consider the presence of cheaper housing options within an accessible area, rather than solely within a local authority boundary, is emphasised. Policy may therefore benefit from facilitating mobility rather than considering development of local housing policies and may be of great relevance to the housing choice of key workers, some of which will work on shift patterns outside normal working hours.

4 Understanding the Affordable Housing Offer

4.1 Variety in the Affordable Housing Market

Affordable housing no longer means solely Council or Registered Social Land rented stock. Housing options have expanded to include a range of innovative options for households requiring support to secure a home. Whilst social rented accommodation remains an important option, development of intermediate housing products have represented a significant step in allowing households to enter home ownership of properties they otherwise would not be able to attain.

PPS3 offers the following explanations of the different forms of assistance:

Social rented housing is: *“Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime...It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements...agreed with the local authority or with the Housing Corporation as a condition of grant.”*

Intermediate affordable housing is: *“Housing at prices and rents above those of social rent, but below market prices or rents...These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.”*

A growing range of affordable housing products are now being offered to respond to the needs of different groups in society affected by high levels of house price inflation.

4.2 Affordable Housing Products and Agencies

As the national Government agency for affordable housing and regulation of housing associations in England, the Housing Corporation manages the National Affordable Housing Programme (NAHP). During 2006-2008, the NAHP aims to provide 49,000 new homes for social rent and 35,000 new homes for low cost ownership. Housing associations and unregistered bodies can bid for resources through the programme to develop affordable homes.

Whilst the NAHP is the primary source of public subsidy for new affordable housing, other potential sources include:

- local authority cash reserves and receipts;
- local authority land;
- developer contributions through planning obligations;
- funds collected through Council tax on second homes;
- commuted sums from other development sites where off-site contributions are required; and
- assistance from other public agencies such as English Partnerships.

Affordable housing products are offered through a variety of agencies including:

- Registered Social Landlords;

- local authorities and Arms Length Management Organisations; and
- private companies and community-led groups.

Intermediate affordable housing provides homes between market and social rented accommodation and can take the following forms:

Intermediate rented homes – those at rent levels above those of social rented but below private rented;

Shared equity – where more than one party has an interest in the home, for example an equity loan agreement or shared ownership lease. There may be a charge on the loan and restrictions on price, access and resale. Increasingly, shared ownership (and to a lesser extent homes for intermediate rent) are being developed by private companies and community sector groups. Section 4 provides Devon/South West examples including Affordable Homes UK (ahUK) and Sunnybanks Homes;

Shared ownership – a form of shared equity where the purchaser buys an initial share in a home from a housing provider, who retains the remainder and may charge a rent on the balance. The purchaser can buy additional shares with the funds recycled for more affordable housing.

Although low cost market housing falls outside the Government's definition of affordable housing it can present an important element of provision. Ensuring that affordable homes remain available on a rolling basis should, however, be a priority. To be categorised as affordable properties should be available at a discount to subsequent, as well as the initial, purchasers.

The primary currently available affordable housing products include:

HomeBuy which was launched in April 2006 and provides three intermediate affordable home ownership products based on equity sharing. The products enable key workers (in areas with serious recruitment/retention problems), social tenants and other priority first time buyers to gain a step on the housing ladder. The three products are:

- **Social HomeBuy** enables tenants of participating local authorities and RSLs to buy a discounted share in their home;
- **New Build HomeBuy** allows people to buy a share of a new build property whilst paying rent on the remainder. Initial equity shares can range from 25-75% of the value of the property;
- **Open Market HomeBuy** provides people with an equity loan to purchase a property for sale on the open market. Purchasers are typically required to fund around 75% of the purchase through a mortgage and/or savings with the remainder secured through an equity loan.
- **Intermediate rented** accommodation can also be offered with rent set at a level between social and private rented accommodation with units provided by Registered Social Landlords. Rents are typically 75%-80% of the local market rent for the property type.

To be eligible for HomeBuy support, anyone within these categories is required to have a combined income of less than £60,000 per annum and have at least five years to serve before retirement. Key workers on temporary contracts can apply for support as long as their initial contract was for at least 12 months with a minimum of 6 months remaining and there is a reasonable prospect of the contract being extended.

RSLs act as HomeBuy Agents on behalf of the Housing Corporation to assess eligibility and manage applications under the scheme. Both the initial and subsequent purchaser of properties through the HomeBuy initiative are taken from the HomeBuy Agent's listing of eligible households on the waiting list. The activity of Home2Own, the HomeBuy Agent for Devon, is considered in Section 4.

Launched in January 2005 as part of the Government's commitment to 'Sustainable Communities: Homes for All', English Partnerships' is delivering CLG's First Time Buyer Initiative (FTBI). The initiative is increasing the ability of households with an income below £60,000 per annum to enter home ownership through increased supply of affordable housing units. The FTBI is part of the HomeBuy programme whereby English Partnerships provide assistance to purchase the property and retain an entitlement to share in future proceeds. For the first three years purchasers do not pay rent on the share of the property retained by English Partnerships with a monthly fee payable after this point, based on EP's remaining entitlement. The purchaser has the ability to increase their share of ownership by making additional payments. The scheme will deliver up to 15,000 homes across England up to 2010 with 50% to be made available to key workers.

Regional variations in affordable housing options for key workers remain, with the focus still heavily on London and the South East despite the challenges faced elsewhere, including in the South West, as illustrated through this report. Building on experience in the South East and specifically in London may, however, identify suitable approaches to providing affordable housing for key workers in the South West.

Housing solutions are offered by some key worker employers to help address recruitment and retention difficulties. As an example, the NHS provides some short term intermediate rental accommodation to key worker employees with information provided through the NHS housing website.

4.3 Barriers to the Take up of Assistance

Although the affordable housing offer for key workers is increasing a number of barriers remain to maximising take up and provision. The gap that now exists between house values and earnings has presented a great affordability challenge. Demand for housing assistance has increased but it is not possible to provide support to all groups making prioritisation important, including on key workers as a target group. However, even prioritisation of this group does not mean that everyone can benefit.

A barrier to increasing the variety of support available is a need to engage the private sector. Lenders remain wary of part mortgaging a property acquired through HomeBuy because it can not be sold at full market value and the lender would not be able to dispose of the property quickly in the event of mortgage default. Ensuring that lenders are educated about the terms of assistance and opportunities to exploit the equity loans market should be a priority.

Barriers to take up of assistance can also include inadequate information and explanation and disinclination to take up assistance with conditions attached to employment status. In addition, the level of support available is not always sufficient for the value of properties in the area. Home2Own advise that anyone with an income below £15,000 is unlikely to be able to afford to purchase a home even with assistance. They advise that an income considerably higher than £15,000 is required in most areas. Support therefore does not address the needs of those on the lowest incomes.

A growing number of key worker posts are filled by staff from overseas. Whilst this approach was originally intended to be a short term solution the length of stay of overseas staff is increasing. Staff from non-EU countries are not eligible for support through the Key Worker Living programme although they are able to access the HomeBuy products as restrictions on EU citizenship have been removed.

More discussion on barriers within the Devon and South West context is provided in Sections 5 and 6.

4.4 The Ability of Local Authorities to Influence Affordable Housing Provision

Local authorities have a series of routes through which they can influence levels of affordable housing and series of considerations to take in determining policy. Ensuring local authorities understand demand for affordable homes, to balance this with supply, is important to the development of forward strategy.

Local authorities are able to engage with the Housing Corporation to understand the level of grant available to set affordable housing targets and secure support for individual developments. Service Level Agreements can also be entered into with HomeBuy Agents to protect nomination rights and align sales policies for homes.

Use of the planning system to secure affordable homes within development has become more common. The Government wishes to ensure that developer contributions provide genuinely affordable homes. This includes not only ensuring that affordable units are provided but also that they are integrated within developments and are of a high standard. Whilst the level of affordable units secured by local authorities varies, in 2004-2005 it is estimated that 46% of all affordable homes built on sites supported by social housing grant included a developer contribution through planning obligations.

Local authorities can also use Local Occupancy Conditions (LCOs) to restrict affordable housing provision to households who are current residents or have family or employment ties to the area. This measure is often used in rural areas and may be appropriate within the Devon context where it can assist key workers to remain within their local community.

Ensuring that Devon's local authorities make full use of their ability to control numbers of affordable housing units - and how these are targeted on priority groups - will be important as the scale of the issue continues to escalate.

5 The South West and Devon Context

5.1 Introduction

This section of the report considers why the need for affordable housing provision has become more prominent in the South West and Devon specifically and the assistance being made available to key workers. Consideration is given to recent research findings, the latest statistical evidence of affordability difficulties and an overview of local affordable housing policy and products for key workers.

5.2 Responding to Research Findings

National Housing Federation research (*The South West Housing Timebomb: Affordability and Supply 2006-2011*) identifies the South West as the only region in the country to report above average house prices but below average incomes. The report highlights the region as the most unaffordable place to buy in the UK with house values 9.3 times income. The supply of affordable housing is limited with building rates less than half the level required at a time when demand is growing, evidenced through housing waiting lists rising by 50% over five years. Even at the lowest end of the market, an income of £35,557 would be required to service a mortgage. The severity of the challenge is forecast to continue to grow with average house prices forecast to reach £280,000 (40% above current levels) by 2011.

Within Devon, the report identifies the problem to be more severe. Across the county average house prices are now more than 10 times local incomes. The report specifically highlights that as a consequence of the rising gap between incomes and house prices “*key public sector workers may move to cheaper parts of the country to ease their housing problems, making essential public services more vulnerable.*”

Three Housing Market Assessments (HMAs) will eventually cover the whole of the county. The Plymouth HMA is already complete whilst the Exeter & Torbay HMA is due to be finalised in Spring 2007 and the North Devon HMA remains to be tendered. Recognising the affordable housing requirements emerging through these assessments, and the requirements of key workers specifically, will be important to the development of forward policy in the county.

The Plymouth HMA 2006 forecasts population growth of 75,301 and household growth of 41,000 between 2006 and 2026 with the over 65 age group to form a significant component. A growing population places pressure on public services and will create demand for more key workers in the area, particularly within the health sector to support an ageing population. The assessment highlights employment reasons as the primary reason for household moves. Across all forms of housing the assessment identifies a net market shortfall of 2,237 homes in the area which is causing prices to rise further.

Migration data shows 287 net households unable to buy or rent in the housing market area with 146 existing and 141 concealed households out-migrating due to a lack of affordable rented housing and an inability to buy. It is forecast that over the next three years, 5,721 existing households will require affordable housing as will 3,305 concealed households. The assessment suggests an annual affordable need for an additional 1,648 units which is not deliverable within the Devon Structure Plan provision for 670 units per annum or the draft RSS provision of 1,575 dwellings per annum, with both provisions for all properties rather than affordable provision. The report identifies that

demand for shared ownership (HomeBuy) is significantly under-supplied and should be incorporated within new development.

The HMA showed key workers to have a preference for owner occupation, with a high of 75% amongst NHS and clinical staff, although cost is a barrier. Based on the cost of acquiring the cheapest one bedroom flats within the City, the proportions of key workers unable to afford owner occupation are:

- 46% of local authority staff;
- 33% of nurses and other NHS clinical staff;
- 29% of school, FE and college teachers; and
- 21% of police officers.

For concealed key worker households access to owner occupation is particularly problematic with 45% of the survey sample earning less than £15,000 per annum, substantially below the level required to support or mortgage or rents in much of the private rented sector (entry level rents in Plymouth City are £397 for a one bedroom flat and £473 for a terraced house). Of the key workers considered through the survey, 10% were existing households looking to leave the City with 39% of these households moving due to employment/access to work reasons.

5.3 Understanding Market Change

Population growth together with increasingly smaller household sizes provide a very clear indicator of future demand for housing. The table below shows that between 1991 and 2001 all districts in Devon with the exception of Plymouth witnessed population growth while household size decreased within all districts except Torbay. Overall, the population of the former County of Devon area grew by 6.4% in parallel with a decrease in the average household size from 2.39 to 2.38 people. Between 2001 and 2031 the population is estimated to grow by a further 17.5% to 1,264,800.

Table 4.1 Population and average household size change (1991- 2001)

	1991 Resident population	2001 Resident population	Intercensal population change	1991 Average household size	2001 Average household size
Devon CC	646,903	704,499	8.90%	2.39	2.28
East Devon	115,873	125,525	8.30%	2.28	2.22
Exeter	98,125	111,078	13.20%	2.35	2.27
Mid Devon	64,258	69,772	8.60%	2.51	2.38
North Devon	84,800	87,518	3.20%	2.44	2.33
South Hams	77,565	81,846	5.50%	2.41	2.29
Teignbridge	108,258	120,967	11.70%	2.38	2.29
Torridge	52,129	58,985	13.20%	2.47	2.2
West Devon	45,895	48,808	6.30%	2.48	2.34
Plymouth	243,373	240,718	-1.10%	2.44	2.29
Torbay	119,674	129,702	8.40%	2.27	2.32

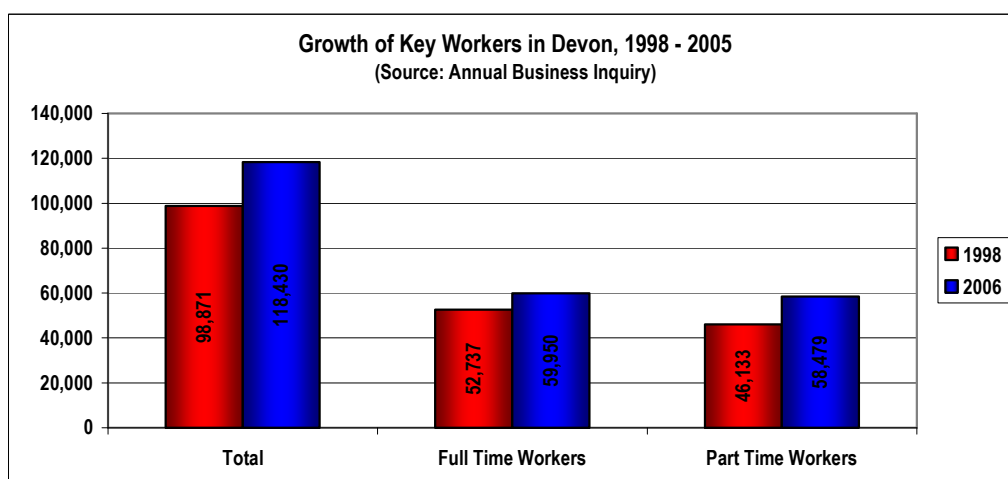
County of Devon	1,009,950	1,074,919	6.40%	2.39	2.28
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Source: 1991 and 2001 Censuses via Devon County Council

National Insurance registrations show over 662,000 non-UK nationals in Devon during 2005/6. Registrations have been made by people from a variety of origins with high concentrations recorded for those with Eastern European origins – 25.9% originated from Poland and a further 8.8% from the Slovak Republic and Lithuania combined.

The key worker population of Devon has grown substantially between 1998 and 2005. In total there were almost 100,000 key workers³ employed in Devon in 1998, accounting for 53,000 full time and 46,000 part time workers. An increase of almost 20% key worker posts was experienced up to 2005, compared to 25% across England. According to the latest statistics there are now over 118,000 key workers employed in Devon, representing the potential target market for key worker housing products.

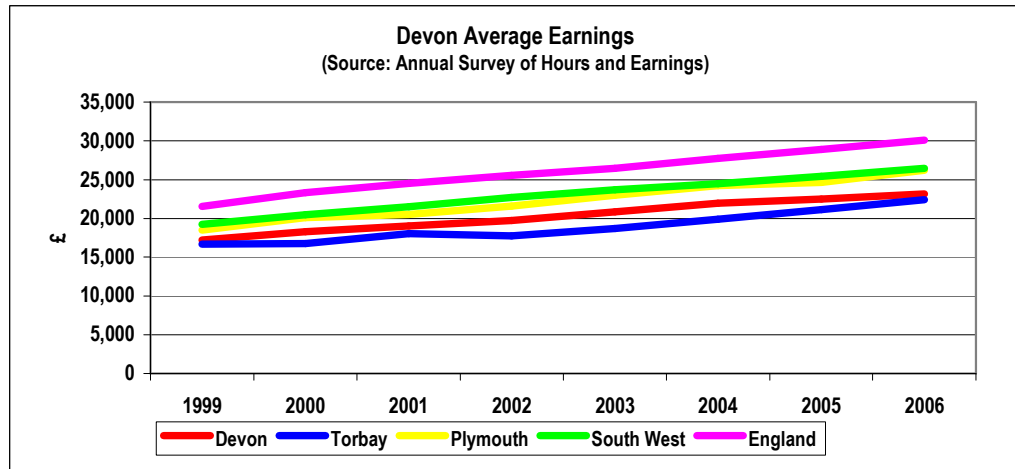
Table 4.2 Change in Devon's Key Worker Population (1998 – 2005)



Average full time earnings in the three local authority areas of Devon are lower than those experienced regionally and nationally by between 10 and 15 percentage points. Further exacerbating the problem is lower income growth rates in Devon and Torbay between 1998 and 2006, which has increased the gap with the national average from approximately £4,000 to approximately £7,000. Plymouth experienced growth in its average earnings exceeding that seen nationally. However, average earnings in Devon remain more than 10%, or £4,000, below the national average. This has exacerbated affordability concerns for Devon residents at a time of rising house values.

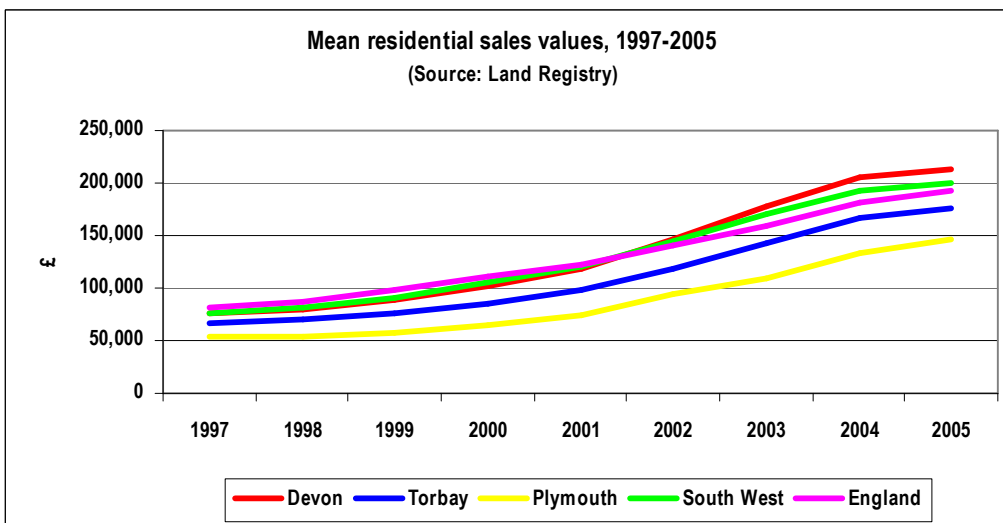
³ Based on the following occupation categories: education; human health activities; public security, law and order activities; public administration; social work activities; sewage and refuse disposal, sanitation and similar activities; fire service activities; and justice and judicial services.

Table 4.3 Average Earnings in Devon 1999 - 2006



By 2005, Devon’s average residential sale value was 283% of the level recorded in 1997, a rate exceeding the national increase by 50 percentage points. In Plymouth and Torbay growth of 273% and 260%, respectively, were reported. The gap between values in Devon and those across the South West and nationally is growing, reaching £25,000 against the national average by 2005. This gap alone, discounting the sales value, exceeds the annual earnings of Devon residents. The housing prices in Plymouth and Torbay remain below the national level, although prices are rising at a faster rate. The importance of developing an affordable housing offer, if key workers are to be attracted and retained in Devon, is therefore growing.

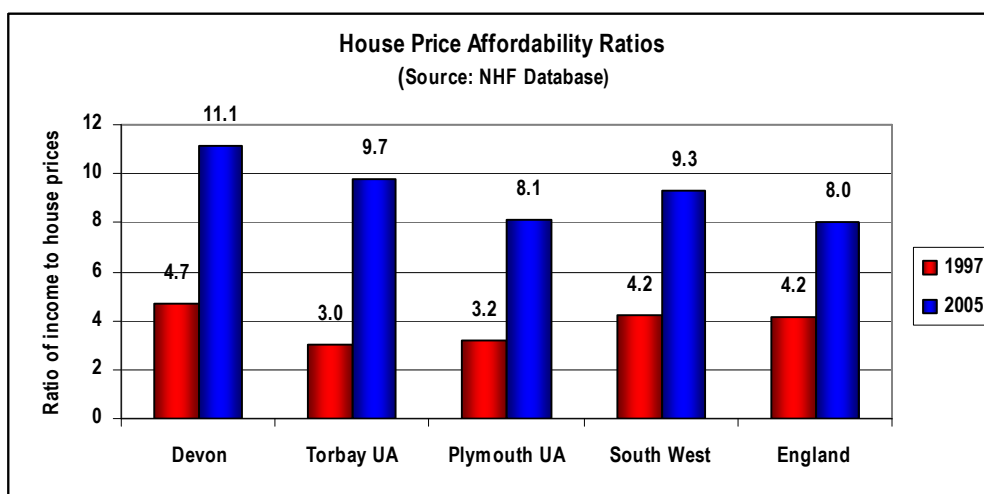
Table 4.4 Residential Sales Values 1997 - 2005



The ratio of average earnings to house prices provides a broad assessment of affordability. In 1997, Devon residents required 4.7 times their average earnings to purchase an average value property, a rate in excess of both regional and national averages. Between 1997 and 2005, the ratios in each of the Devon local authorities more than doubled, with a growing gap evident between the local and national positions. Across the area, the income required to service a standard mortgage (based on 3.5 times income plus a 5% deposit) increased from £14,545-£20,380 (depending on the local authority) to between £39,760 and £57,586. The income required to service an average mortgage in the

area is more than double the recorded average income across full and part time workers, which range from £17,975 to £19,115. This indicates the scale of Devon's growing affordability problem.

Table 4.5 House Price Affordability Ratios (1997 and 2005 comparison)



Properties in the lowest quartile of values tend to be bought by first time and lower income buyers and may therefore be attractive to some key workers. Income to house price ratios in Devon remain noticeably above the national level even for the lowest quartile of properties. This is a result of lower incomes than nationally but also, in Devon LA and Torbay LA, a result of higher prices in the lowest quartile. The income required for a 100% mortgage on a property in the lowest quartile far exceeds the average earnings and the gap is greater in Devon LA and Torbay UA than both regionally and nationally. Growing demand for properties at the lower end of the market, reflecting increasing values and affordability constraints, can be expected to force values to rise further. Table 4.7 presents House Price Affordability ratios for each of Devon's districts taken from the Devon's Housing Evidence study⁴ which identifies South Hams and Torridge as the least affordable.

Table 4.6 2005 House Price Affordability Ratios for Devon and UAs with South West and England Comparison

House Price Affordability ratios 2005 (Earnings versus lower quartile prices)			
	House Price	Ratio	Income required for 95% mortgage
Devon	£ 140,000	7.3	£ 38,000
Torbay UA	£ 122,500	6.8	£ 33,250
Plymouth UA	£ 105,000	5.8	£ 28,500
South West	£ 131,000	6.1	£ 35,557
England	£ 115,000	4.8	£ 31,214

Source: NHF Database

Table 4.7 2004 House Price Affordability Ratios by District

House Price Affordability Ratios 2004 (Earnings versus lower quartile prices)

	House Price	Ratio	Income required for mortgage
East Devon	£144,454	9.9	£39,209
Exeter	£143,117	9.6	£38,846
Mid Devon	£115,702	8.5	£31,405
North Devon	£124,961	9.0	£33,918
South Hams	£163,786	12.0	£44,456
Teignbridge	£125,290	9.3	£34,007
Torridge	£117,285	10.4	£31,835
West Devon	£126,615	9.3	£34,367
Plymouth UA	£97,504	6.6	£26,465
Torbay UA	£114,922	9.4	£31,193
Devon	£121,165	8.6	£32,888
Devon CC	£135,381	9.7	£36,746
<i>Source: Devon County Council based on ASHE and Land Registry data for 2004</i>			

By 2005, data collected through the Halifax First Time Buyer Annual Review showed that the average price paid by first time buyers was 212% the level paid in 1995.

The Halifax Key Worker Housing Review tracks affordability for five groups of public sector workers: nurses, teachers, police officers, fire fighters and paramedics. The study focuses on 517 post towns across Great Britain. The 2007 review identifies the South West – alongside London – as the region with the worst problem. These were the only places where 100% of the post towns surveyed were unaffordable for key workers. The report also shows the situation to be an escalating one with considerably higher price earning ratios in 2007 than in 2002. The table below provides a comparison between 2002 and 2007 of the average house prices and the price earning ratios for each key worker group within each of the eight post towns surveyed in Devon. It should be noted that average house prices are used and the ratios are not directly comparable to others in the section which use lower quartile prices.

Table 4.8 Average House Prices and House Price Affordability Ratios for Key Workers in Devon

Post Town	Average House Price		Price to Income Ratios								
	2002	2007	Price to Income Ratio - March 2002				Price to Income Ratio - March 2007				
	Mar	Mar	Fire Services	Police Officers	Teachers	Nurses	Fire Services	Police Officers	Teachers	Nurses	Ambulance
Exeter	124,186	206,538	6.0	4.3	4.8	5.7	8.0	6.4	6.5	7.9	6.4
Bideford	99,535	204,559	4.8	3.5	3.8	4.6	7.9	6.4	6.4	7.8	6.4
Newton Abbot	129,720	202,156	6.3	4.5	5.0	6.0	7.8	6.3	6.4	7.7	6.3
Barnstaple	104,529	195,842	5.0	3.6	4.0	4.8	7.5	6.1	6.2	7.5	6.1
Tiverton	133,595	195,644	6.4	4.6	5.1	6.1	7.5	6.1	6.2	7.5	6.1
Paignton	109,615	189,700	5.3	3.8	4.2	5.0	7.3	5.9	6.0	7.2	5.9
Torquay	93,634	175,717	4.5	3.3	3.6	4.3	6.8	5.5	5.5	6.7	5.5
Plymouth	89,718	163,799	4.3	3.1	3.4	4.1	6.3	5.1	5.2	6.3	5.1

The data demonstrate affordability to be consistently worse for fire services and nurses. Of the towns assessed the highest ratios were in Exeter (with a ratio of 8 for fire services and 7.9 for nurses). Plymouth, though still high with a ratio of 6.3 for both fire services and nurses and just over 5 for other groups, has the most affordable 'average house' for its key workers. When compared to overall affordability ratios for Devon, these key worker ratios suggest that affordability is poor for key workers but not as extreme as the 11.1 across Devon (see table on page 18).

Rising sales values are driving demand in both the private and social rented sectors. The ability of residents of rented accommodation to enter home ownership is being limited by house price inflation far exceeding income inflation. The level of deposit required to secure a property is a further barrier with 85% of those in Plymouth's private rented sector and 89% of residents of council housing, as an example, having savings of less than £5,000 against an average deposit requirement of £26,359 for a first time buyer property.

Devon has a total housing authority (HA) and local authority (LA) stock of 62,856, split 52% HA and 48% LA. In line with the national trends, the three local authorities of Devon have experienced a reduction in their housing stock between 1997 and 2005 due to right to buy transfers. For Devon as a whole, the reduction in the local authority stock, 40%, was marginally higher than the national reduction of 36%. Figures across the local authorities show that housing association stock has increased at a greater rate than nationally. The aggregated figures for Devon also demonstrate growth in HA stock in excess of that experienced nationally.

However, the actual numbers demonstrate an overall reduction in the HA and LA stock; the number of HA properties increased by 19,143, whilst the LA stock reduced by 20,724 resulting in a net loss of 1,581 units. Given the income to house price ratios in Devon, key workers are likely to be accommodated in the rental sector. The reduction of HA and LA stock indicates the erosion of one form of low cost housing (although not necessarily appropriate for a high number of key workers due to income levels) at a time when demand is increasing due to rising market values. There are now 131,193 households on affordable housing waiting lists, an increase of 42,749 on 2000 figures.

Table 4.9 HA and LA Housing Stock Change, 1997-2005

HA and LA Housing Stock Change, 1997-2005		
	HA Stock	LA Stock
Devon	204.2%	-50.8%
Torbay UA	226.3%	-100%
Plymouth UA	27.1%	-15.6%
South West	98.1%	-39.2%
England	90.9%	-36.3%
<i>Source: NHF Database</i>		

Growing demand for housing in an area of limited supply is driving Devon's housing sales values. Devon's economic growth is attracting people to relocate to the area for employment reasons creating new demand for homes. Demand for retirement properties, second homes and accommodation for holiday lets is also strong creating further competition for homes and driving prices upwards. A trend towards smaller household sizes is a further stimulant of demand with households in the Plymouth HMA forecast reduce from 2.51 residents in 1991 to 2.09 in 2026.

5.4 Examining the Key Worker Affordable Housing Offer

The Key Worker Living programme is not implemented in the South West and there has been very limited development of schemes intended specifically for key workers. The principal means through which key workers are given priority access to housing assistance through their employment status is through HomeBuy and the First Time Buyers initiative. There are also cases where affordable housing has been developed outside the grant system through private companies and community organisations for which key workers may be prioritised. Direct accommodation provision by employers appears to be very limited. The potential options for housing assistance available to key workers in Devon are described below.

Affordable Housing products

There are three HomeBuy agents in the South West. Of these, Home2Own operate regionally but are the only agent in Devon. Home2Own is the first point of contact for many people looking for assistance to secure affordable housing in Devon.

The products available through Home2Own are:

- Open Market HomeBuy;
- New Build HomeBuy; and
- First Time Buyers Initiative⁵

There are national priorities attached to these products and some scope for regional variation determined through the Regional Housing Body. While none of these are specifically key worker products, in the South West the priorities include key workers. The priority groups in the south west are:

- existing tenants of councils or housing associations;
- those on a local authority waiting list for rented accommodation, including those at risk of homelessness;
- key public sector workers; and
- other First Time Buyers.

Regional targets include for 15% of HomeBuy properties to go to key workers. Of this, 40% should go to those employed in health, 40% to those employed in education and 20% to 'other' key workers. A further target was originally set for 120 Open Market HomeBuy properties to go to key workers over the first two years of the scheme's operation. Because there was low take up of the product the target was revised to 80 properties and it is likely that this will be met.

Under the First time Buyers Initiative the target is for 50% of properties to go to key workers. The South West Regional Housing Body's definition, in conjunction with an applicant stating on their application form that they are a Key Worker, is used by Home2Own to determine eligibility for support. Two other affordable products typically offered by HomeBuy agents, Intermediate Rent and Social HomeBuy, are not currently available in the South West.

⁵ No developments under this initiative have yet been authorized by English Partnerships

Affordable homes are also being made available in the South West through a range of innovative development organisations and vehicles. The Ark Consultancy report 'Understanding and Measuring the Provision of Low Cost Home Ownership in the South West'⁶ provides case studies of a wide range organisations involved in provision of LCHO products. Examples of innovative approaches in Devon include Affordable Homes UK (ahUK) and Sunnybanks Homes.

Affordable Homes UK comprises a number of companies that are limited by guarantee. Their principal aim is to provide affordable housing without Government grant. The organisation currently operates in Devon and Cornwall. It develops properties for sale on a shared equity basis (either fixed equity or with the potential for staircasing up to 80%) and for rent. In some cases management of the rental stock is retained although rental properties are usually sold on to RSLs for an agreed price. ahUK will always retain the unowned equity stake in sale properties.

The type of properties developed by ahUK range from 1 bedroom flats to 3 bedroom houses depending on local need and based on market research.

ahUK's development model is broadly to develop on Section 106 sites where land is acquired from a land owner (usually a local authority) at a nominal price. Development is on a cost neutral basis so the sale price will equal the development plus the on-costs. The schemes involve standard house types and the developers of the larger site are used as contractors as this provides value for money. Any profits (such as from staircasing or resale receipts) are reinvested into the provision of affordable housing. The model depends on cheap or free land being provided by the local authority.

ahUK has developed properties where eligibility is restricted to key workers (using their own definition⁷) in the past but don't currently do so. The shared equity product is marketed through HomeBuy and eligibility is determined on whether applicants would have problems purchasing on the open market. To determine this, an assessment is undertaken that considers income and assets, local house prices (based on a reasonable travel to work area) and also takes local connections into account. The lower income level necessary to purchase a property is typically £15k pa as an individual or £30 pa as a couple. The table below provides examples of pricing for various property type in typical developments together with qualifying incomes where mortgage repayments would equate to 30% of the net household income.

Table 5.1 Affordability of Affordable Homes UK Properties

Property type	Sale Price	Household Income
1-2 bed apartment (1-2 person)	£56,850	£16,400
2 bed apartment (3-4 person)	£66,300	£19,100
2-3 bed house (4-5 person)	£77,500	£22,300
2-3 bed house (4-5 person)	£83,700	£24,100
3 bed house (4-5 person)	£90,000	£25,900
3 bed house (4-5 person)	£96,350	£27,800

Affordable Homes UK has one current development in Modbury where six two bedroomed apartments with restricted eligibility for key workers (using the ahUK definition) have been provided as part of an open market sale housing

⁶ Ark Consultancy (2006) Understanding and Measuring the Provision of Low Cost Home Ownership in the South West, The Housing Corporation for the South West Regional Housing Body

⁷ Implemented by use of a clause containing the wording: 'any worker that may be employed within an essential service and also any worker that may be employed within a business that may be seen to be essential to the success of the local economy.'

development. The development was undertaken in partnership with Sunnybanks Homes (see below) The company has eight forthcoming developments in the locations below. However, none will be key worker specific.

Barnstaple	Cullompton	Northlew	Stoke Gabriel
South Molton	Crediton	Tavistock	Frogmore

None of the first wave of schemes brought forward through the First Time Buyer Initiative were in Devon although three are in the South West – one in Bristol and two in Swindon.

Sunnybanks Homes/ Devon and Cornwall Affordable Housing Community Interest Company

Sunnybanks Homes is primarily a house builder and comprises a number of small companies one of which is Devon and Cornwall Affordable Housing Community Interest Company (D&CAHCIC). The Government launched Community Interest Companies in 2005 and they are always Not for Profit. The principal interest of the D&CAHCIC is affordable housing and profits must be reinvested in its provision.

D&CAHCIC develops a fixed and variable shared equity product similar to ahUK's which are usually marketed as New Build HomeBuy It also develops properties for social rent and is planning to retain management of some of these although the details are still being finalised. A 'ladder of availability' is operated for determining who is eligible in terms of their current residency. The details depend on the specific agreement with the local authority but the principal is that properties are offered to local people first and letting is allowed on an increasingly broad geographical basis if they are not initially taken up.

The relationship between Sunnybanks Homes and D&CAHCIC allows the affordable element of Sunnybank's schemes to be developed (and potentially managed) within the same umbrella organisation. As with ahUK eligibility for the shared equity product is determined by income, social rent is linked to the various local authorities' Choice Based Lettings System. The company has developed no key worker specific products although where they are marketed as HomeBuy the key worker criteria apply.

Although the NHS nationally does provide some rented accommodation, there is currently no contact for housing information identified for the Devon PCT whilst the Plymouth PCT states that there is no accommodation available. None of the Devon employers interviewed provide accommodation for key workers.

Housing assistance from employers

The results of the employers questionnaire survey provide an overview of the means by which employers currently assist key workers with meeting housing needs. The survey results are discussed in more detail in Section 6.

- The study results indicate that **direct housing provision** in Devon was only made by two organisations, both NHS trusts. One local authority also provides local authority housing on a temporary basis if it is surplus to other local needs. The RNLI (not technically an employer of key workers under current definitions) provide some housing around the UK where local housing conditions make this necessary. In Devon, only two properties are provided by the RNLI and these are in Salcombe.
- **Relocation Packages**, usually up to a maximum of £8k, are commonly offered to relocating recruits. They are usually awarded at the discretion of managers for high level posts where relocation is anticipated and for posts which become difficult to fill. The RNLI block book holiday accommodation for their lifeguards to make relocation easier but don't offer any financial assistance.
- **Advice and Guidance** is offered by a few of employers with the police force – as one of the most active examples - advertising available affordable products on its website. Detailed awareness of

affordable products available through Home2Own is generally low. Many employers are only aware of shared equity schemes in a general sense.

5.5 Securing Affordable Housing Through Policy and the Planning System

The draft South West Regional Spatial Strategy identifies a target for 30-60% of new housing to be affordable. However, as highlighted earlier in this report, the level of new housing provision suggested through the RSS is insufficient to accommodate forecast affordable housing requirements within the area.

Steps have already been taken to ensure that the county can respond to the growing demand for affordable homes. The Devon Local Area Agreement identifies key worker housing as an issue within its economy block whilst the Devon Community Strategy aims to provide 'Homes For All'. Ensuring that appropriate activity is supported to take the objectives of these plans forward will be important to the attraction and retention of key workers in the area.

The Devon Structure Plan for 2001-2016 identifies dwelling provision of 65,500 across the county with a requirement for affordable provision to be determined on the basis of local circumstances but not to fall below 30% of new dwellings. Devon County Council has also issued guidance to local authorities on how to incorporate affordable housing requirements into Local Development Documents. An expectation is specified that Local Development Frameworks contain targets in excess of the region's 30% minimum target, with thresholds to reflect local housing delivery and need.

The affordable Housing policies for three of Devon's local authorities including the counties principal cities are detailed below:

- **Exeter City Council** - The current Local Plan policy requires affordable housing on sites over 15 dwellings or 0.5 hectare. The supporting text of that policy requires 25% of dwellings to be affordable with 15% intermediate. The emerging Core Strategy policy is similar but with a requirement of 35% affordable dwellings that should be split 70% for social rent and 30% for purchase (intermediate). There is no provision specifically for Key Workers.
- **Plymouth City Council** – The Core Strategy was adopted in July 2006 and contains the current policy on affordable housing. It is based on a Housing Needs Survey (HNS) which found that 50% of households in the City earning less than £18k pa giving rise to a severe affordability problem in general terms. Key Worker affordability is not considered to be a particular problem for the city (most earning more than £18k but the situation will 'be watched'. The HMS recommended a policy of 50% affordable provision on new developments. In view of market realities the policy was formulated to require 30% affordable housing on sites of 15 dwellings or above. This is an increase on the previous policy which was 25% on sites of 24 dwellings or more. Much of Plymouth's housing land is brownfield and the policy has been developed to address the need for affordable housing while maintaining development viability. There are no provisions specifically for key worker housing as it is considered
- **Torbay Council** - The emerging SPD (due to be adopted in October 2007) supplements policies in the emerging Core Strategy. The previous policy required 30% affordable housing on developments of 15 dwellings or above. 75% for social rent, the remaining 25% for Shared Ownership. The emerging SPD proposes 30% affordable of which 75% should be for rent and 25% for Shared ownership. However, a tapering tariff system is proposed that will require an appropriate financial contribution from smaller developments. The precise detail of this is to be agreed but could, for example, be as follows.

- 3-10 dwellings a financial contribution would be payable:
 - 3-5 dwellings equivalent to 5% affordable
 - Up to 4 equivalent to 10% affordable
 - Up to 7 equivalent to 15% affordable
- Up to 9 equivalent to 20% affordable
 - On developments over 10 dwellings:
 - 10 – 15 dwellings would require 25% affordable to be provided on site
 - Over 15 dwellings would require 30% to be provided on site

There are no specific provisions for key workers proposed.

6 Employer Views on Key Worker Housing Need

This section, together with Section 6 presents the findings from the empirical element of the study. The information presented here is based on a telephone survey aimed at collecting the views of key worker employers. The Fire and Rescue service declined to participate and an interview was undertaken with the Fire Brigade Union instead. An interview was also undertaken with the RNLI as the services it provides are arguably essential although not 'public sector'.

The study sought to gain qualitative and quantitative information to indicate:

- the size, nature and income of their organisation's key workforce;
- their own key worker definitions and their views on an appropriate definition;
- the extent to which housing affordability represents a barrier to recruitment and retention of key workers;
- what measures they take to assist key workers with accommodation; and
- their awareness and views of other housing products/ assistance available to key workers.

The interview was structured around a questionnaire which is provided at Appendix 1. A copy of the questionnaire was sent out by email to senior recruitment personnel at each of the selected organisations and was subsequently completed via a telephone interview.

A small number of organisations chose to fill in the questionnaire and return it by email. Twenty five interviews were achieved in total. Six organisations declined to participate and four interviews were not achieved as the relevant people were repeatedly unavailable. A list of organisations that participated in the study is included at Appendix 2.

6.1 Participating Organisations' Employees

Organisations were asked to provide a figure for the total number of employees and also asked what proportion of these are key workers using the SWRHB accepted definition. This information is provided in Table 5.1 below but it should be noted that using the SWRHB definition what constitutes a 'key worker' is somewhat subjective. Interpretation varied widely and the figures should be treated as indicative only.

Table 5.1 Key Worker Employers and their Employees

Organisation	Total number of employees	Proportion estimated to be key workers
Devon PCT	4200	80%
Connexions	236	The definition was considered

Organisation	Total number of employees	Proportion estimated to be key workers
		too vague to use. Connexions have 210 frontline staff
Devon and Cornwall Police	4000	62%
Devon and Cornwall Probation Service	420	0%
Devon County Council	25000	60%
Devon Partnership NHS Trust	2200	44%
East Devon District Council	480	20%
Exeter City Council	600	Not provided
Exeter Prison	1010	Not provided
Exeter University	2,600	25%
Royal Devon and Exeter NHS Foundation Trust	5,800	0%
North Devon District Council	450	0%
Plymouth City Council	13,480	0%
RNLI	270	0%*
South Devon NHS Trust	3500	Not provided
South Hams District Council	550	0%
South West Ambulance Service	600	45%
South West Fire Brigade Union	1400	100%
St Lukes Hospice	200	65%
Teignbridge District Council	800	0%
Torbay Council	4000	50%
Torridge District Council	250	0%
West Devon Borough Council	147	8.00%
* 0% as RNLI is not a public sector organization. The figure would be close to 100%.		

With the exception of Torbay, South Hams and East Devon, the local authorities did not identify any of their employees as key workers using the SWRHB definition. Other organisations that had no key workers included the Royal Devon and Exeter NHS Foundation Trust and the probation service. These organisations either had no recruitment or retention difficulties or, where difficulties were experienced, they were not related to housing affordability.

Within the larger organisations surveyed, significant proportions of employees are identified as key workers. This includes an estimated:

- 15,000 Devon County Council employees;
- 3360 Devon Primary Care Trust employees; 2480 Devon and Cornwall Police Service employees; and
- 2000 Torbay Council employees.

Organisations were asked to specify where their key workers were concentrated. The table below indicates the responses of those organisations with key workers. The survey data indicates that the main concentrations of key workers, using the SWRHB definition are Exeter and, to a lesser extent, Torbay.

Devon PCT	Workforce spread but a larger concentration in Exeter and Torbay.
Devon and Cornwall Police Service	Not concentrated
Connexions	Not concentrated
Devon County Council	Not concentrated (but urban areas?)
Devon Partnership NHS Trust	Exeter, Torquay and Barnstaple
East Devon District Council	Sidmouth
Exeter University	Exeter
Exeter Prison	Exeter, Channing and Dartmoor.
South West Ambulance Service	Not concentrated
South West Fire Brigade Union	Not concentrated
Torbay Council	Torbay
West Devon Borough Council	Tavistock
RNLI	Coastal areas (particularly near beaches)

Some employers indicated that although they may not have recruitment difficulties linked to housing affordability, many employees do not live close to their work and this is driven by the geography of affordability. Although not a specific topic on the form, some where their employees travel from which is useful for understanding local travel to work dynamics. It was suggested that while many Torbay Council employers live in Torbay, others travel in from Plymouth, South Hams and Exeter. In addition, many employees don't live in the South Hams district because of very high house prices but commute (by car) from Torbay and Plymouth.

6.2 Key Worker Definitions

The definition used to complete the questionnaires was that developed by the SWRHB and utilised by Home2Own.

The majority (eighteen) of the organisations surveyed do not define key workers, at least for recruitment purposes. Some acknowledged that other departments within the council (such as planning and housing may have definitions but they were not aware of what they are. The only organisation with a formal definition is the South West Ambulance Service which identifies a key worker as:

'a public sector employee that provides an essential public service'.

This differs from the SWRHB definition in that is not linked to recruitment and retention difficulties'. Devon Partnership NHS Trust does not have a formal definition but, prompted by the study, it has indicated that it will now prepare to formally adopt one which will be something similar to:

'professionally qualified staff that are essential to providing services, without which we would have difficulty in supporting quality service provision'.

When asked about the SWRHB definition, most respondents (11thirteen) thought it was 'appropriate', one that it was too broad and three that it was 'too narrow'. Some declined to answer the question in this way but provided comments on the definition.

Opinions from the range of interviewees included the following points:

- The key worker definition should be expanded to include workers outside the public sector as there is considerable overlap with services provided by the private and voluntary/charity sectors. This was noted with respect to health in particular. In addition, the RNLI are not within the public sector but provide lifeguard and lifeboat services which many consider to be essential.
- Inclusion of the word 'employee' seems to exclude voluntary staff. Essential services can be provided by volunteers and lifeboat crew – who all work on a voluntary basis are a case in point.
- The definition is too vague, particularly around the phrase 'essential public sector worker'. This was this queried during interviews and often interpreted differently. A number thought it should include staff in supporting roles as they are essential to providing services. Others wished to see a tighter and more specific definition to guide the allocation of resources.
- The respondent from the South West ambulance service didn't think that the definition should be linked to recruitment difficulties. The perspective offered was that providing better housing opportunities – for example by helping staff to become home owners – would improve their quality of life with a knock on effect on their work and the quality of service provided.

Affordable housing providers and stakeholders views on an appropriate definition are provided within Section 6.

6.3 Key Worker Incomes

Employers were asked to indicate the incomes of their key worker employees using a range of income bands. Of the twenty that took part in the survey, ten provided this information. It should be noted that the information is not necessarily precise, particularly for larger organisations. In many cases data is kept for the number of employees in pay bands that do not correspond with those used here and it has been necessary to make reasonable estimations. The intention has been to gain a broad understanding of key worker incomes. The key findings are that most key workers are within the £20,001 to £30,000 band. This is most often around forty to fifty percent of an organisations key worker employees and as high as seventy percent in two cases. However Devon County Council estimate that, of their estimated fifteen thousand key workers, they employ around twelve hundred (approximately ten percent) at the lower end of the £10,001 - £20,000 band. In addition, some key workers earn less than £10,000 (for the SWAS this is around four to five percent of its key workforce. At the higher end of the key worker income scale, most organisations have around 20% of key workers in the £30,001 - £40,000 band. The exception is the SWAS which has 35% when unsocial hours are taken into account. St Luke's Hospice has a significant figure (59%) of key workers in the £40,001 - £50,000 band St Luke's Hospice. Other's have no more than 10%. No organisations have key worker employees in the £50,001 - £60,000 and there are very small percentages for the few above £60,000 with the exception of St Luke's Hospice which has 9% in this category.

Examples within the lowest key worker pay bands identified by organisations include:

- admin staff technicians and Paramedics;

- junior lecturers;
- lifeboat crew (volunteers);
- call handlers;
- housing needs staff;
- trainee planners; and
- prison patrols.

Examples within the highest key worker pay bands identified by organisations include:

- emergency care practitioners;
- locality managers (ambulance service);
- governors;
- professors;
- high level Senior House Officers (medical);
- medical consultants;
- team leaders;
- police sergeants;
- ICT staff;
- Legal staff;
- Manager level planners.

6.4 Key Worker Recruitment

Most organisations that participated in the survey did not find recruitment of key workers to be a particularly lengthy process. Half were generally able to fill positions in under three months. Where recruitment was longer this tended to be because of internal processes such as a requirement to advertise posts internally before they are advertised externally. For academic staff and police officers long processes are the norm and can take around nine months. When asked how recruitment of key workers compares to recruitment of other staff, the responses were almost equally split between 'the same' and 'more difficult'. Slightly more found it more difficult. None responded that it is 'easier'.

The type of staff that organisations find hardest to recruit tended to be skilled and qualified staff and those where salaries are not particularly high given the pressures of the job. Where skills are a barrier, this was often linked to a national shortage but it was also noted that it can often be 'hard to attract the skills into Devon'.

For health providers, qualified nurses were identified as hard to recruit across a number of organisations. A number of other specific health professions were identified and included physiotherapists; audiologists; psychiatric nurses, high level ward managers and specialist therapists. Medical staff in general were identified by one employer. The ambulance service found paramedics and control staff difficult with control staff particularly difficult to retain while for

the RNLI, life boat crew were the most difficult to recruit. The probation service were unusual in that it had difficulties recruiting admin support while the prison service found prison officers were hardest to recruit. Personal advisors were hardest for Connexions and junior academic staff for the University of Exeter. For local authorities professional staff including Planners, Social Workers, Environmental Health Officers, Building Control Officers and legal and finance staff. These respondents often said that recruitment difficulties were with 'anything professional', Torbay City Council also noted that Housing Needs Officers were difficult to recruit and retain these jobs being high pressure ones and attracting relatively low salaries.

Employers were asked to identify what the main barriers to recruiting key workers are. The question was an open ended one and over half of respondents mentioned house prices as a barrier to recruitment. It was sometimes identified as a major barrier - most notably by the Fire brigade Union with respect to retained fire fighters. However, opinion on this varied significantly between organisations, even within particular sectors and for similar occupations and a number of respondents did not think housing was an important barrier and maintained that, using the South West accepted definition of a 'key worker' they did not have any for this reason. Devon Partnership NHS Trust indicated that it recognises housing affordability as a barrier to recruitment and has undertaken research that shows affordability of temporary, as well as permanent, accommodation to be a key risk. However, for the Royal Devon and Exeter Foundation Trust there were no identified problems with recruitment although it recognises that it is often difficult and expensive for its employees to secure accommodation.

Many organisations indicated that much of their recruitment is undertaken locally and the implication is that applicants already have accommodation. This may explain why, even where prices are high, recruitment is achieved relatively easily. Where housing was identified as a barrier, it was both in terms of prices but a lack of affordable housing was also specifically highlighted. Salary levels in Devon were sometimes observed to hamper recruitment and there would seem to be a clear link with housing affordability. In one case though, it was emphasised that the issue was more one of perception and status; people think they won't be well paid in the South West and perceive accepting less money to be a backward step despite that there may be no impact on disposable income. A small number of employers, most of which were local authorities, did not suffer recruitment problems but did observe that many staff can't afford to live in the district and live outside. These often commute by car due to inadequate public transport which will have associated costs and also has implications for wider sustainability objectives.

The availability of skilled and qualified applicants was mentioned frequently as a major barrier to recruitment. Low unemployment and a consequently 'tight' employment market was observed by the Exeter based probations service to make recruitment – particularly of admin support staff difficult to recruit. For recruitment from outside Devon, around a quarter of those interviewed identified personal circumstances as a barrier. This includes that, for professional couples, it may be more difficult for both partners to find appropriate jobs in the South West than other parts of the country.

Respondents were then asked to rank on a scale of 1 to 5 (where 5 is the most severe), to what extent housing represents a barrier to recruitment and retention of key workers, both for their organisation and across Devon. Not all respondents felt they were qualified to provide an answer to either all or parts of this question. The table below summarises the scores that were provided.

Table 5.2 Key Worker Employers' Perceptions of Housing Affordability as a Barrier to Recruitment and Retention

	Respondent's Organisation			Across Devon		
	1 and 2	3	4 and 5	1 and 2	3	4 and 5
Recruitment	9	7	6	4	4	9
Retention	16	3	3	9	4	3

The most notable points that emerge from analysis of these responses are that:

- respondents tended to identify housing as a less, rather than a more severe barrier to recruitment;
- housing represents a greater barrier to recruitment than retention. This is unsurprising and a number of respondents observed that once people were in post, they were not difficult to retain; and
- housing was perceived to be a more severe barrier across Devon than within the respondent's organisation. It was also perceived to be a less severe barrier to retention across the county.

This broadly corresponds with the responses provided through the open ended question on barriers to recruitment and implies that housing is perceived to be a significant, but not a particularly severe, barrier to key worker employment. Exeter was most frequently identified as a particular area where housing represents a particular barrier to the recruitment of key workers. Other areas include:

- Torbay;
- South Hams;
- Sidmouth;
- Dawlish;
- Coastal areas, particularly resorts;
- Paignton; and
- Brixham.

The evidence on which the answers to the questions on housing as a barrier to recruitment was usually anecdotal as the vast majority of organisations do not ask relevant questions at key points such as exit interviews. This is a significant finding in itself and has implications for the extent to which key worker employment can be understood and measured with respect to housing.

6.5 Anticipated Change in the Key Workforce

Organisations were asked to provide information on past recruitment, current vacancies and recruitment planned over the next 12 months.

Levels of key worker recruitment over the last year were not particularly significant and were mainly of replacement posts. Some organisations had very low, or zero levels, as they have been undergoing restructuring and redeployment. No organisations have particularly significant numbers of vacancies at present. This is possibly because some are 'holding vacancies' but, supports the finding that recruitment is usually achieved fairly easily. Levels of recruitment over the next twelve months were also not expected to be significant overall with most posts being replacement ones. These findings indicate that there has not been a large recent increase in the key workforce and that there is not likely to be one in the very near future. However, Devon PCT indicated that they are likely to need a recruitment drive due to an aging workforce coming up to retirement. If this is typical across organisations – and Devon's perceived popularity as a place to move to complete a career suggests that it may be, there are likely to be increased problems with recruitment linked to housing affordability. Many of our respondents indicated that they recruit from people living within the local area which is why high local house prices are not such a significant barrier to recruitment as they might otherwise be. An aging population will mean that it is less easy to recruit locally and recruitment may be affected by house prices to a greater extent.

6.6 Employer Housing Assistance for Key Workers

Current and Planned Employer Assistance

Employers were asked if their organisation offers any assistance to key workers to allow them to access housing of choice including provision of housing units. The majority do not, other than to offer relocation packages. These tend to be around £3-5,000 (although in one case this was as high as £10,000) and be offered at managers' discretion. Relocation assistance is typically provided for posts that become 'hard to fill' or for senior posts where relocation was expected.

Direct provision of housing is fairly limited. Three of the health organisations surveyed provide key worker flats and one local authority is able to offer council housing on a temporary basis to people who are relocating as long as the properties are superfluous to local needs. The RNLI will block book accommodation for its lifeguards - who are recruited on an annual basis - to make relocation easier but do not offer any financial assistance.

Only four employers explicitly stated that they provide assistance through advice and guidance on housing matters. The nature of this variously includes direction to housing associations, distribution of Home2Own leaflets and advertisement of affordable products on the Police Force's internal website. Devon Primary Care Trust used to distribute information on shared equity products as a result of a drive by the Department of Health but don't currently do so. Devon Partnership Trust NHS Trust have offered hostel type accommodation in the past but no longer do so.

A number of organisations have affordable housing on their agenda and are considering providing a greater level of assistance than they do at present. Torbay Council have indicated that it is considering offering housing assistance in the future and the University of Exeter is considering developing a shared equity product based on the approach taken by the University of Surrey. Devon Partnership NHS Trust is aware that additional recruitment connected to its new care accommodation at Langdon will trigger a potential need for associated housing. The Trust would consider

using land assets on the Langdon site for this purpose and say that it is keen to work closely with other health care partners and Local Strategic Partnerships to develop housing solutions. No organisations surveyed indicated that they had land or assets that are actively being considered for key worker housing.

Employer Views of Housing Products Available to Key Workers

Respondents were asked if they could name any forms of affordable housing assistance available to key workers. Seven mentioned the Home2Own organisation and three had attended seminar events which had covered Home2Own's products. Fifteen in total were aware that there are schemes that allow key workers to purchase property more affordable usually naming this as Shared Ownership and occasionally as HomeBuy. However, in some cases the knowledge was personal rather than organisational and was also often vague with respondents being aware of 'assisted purchase' or of 'schemes that provide help'.

Because there was a low awareness of the assistance available, when asked which were the most effective types the majority (seventeen) responded that they did not know. Two felt Shared Ownership was effective and one that assisted moves and a flexible approach to removal costs works well.

Employers were also asked if they thought there were barriers to key workers being able to access provision. Again, many (fourteen) didn't know. Barriers identified by the remainder include:

- current key worker definitions;
- that property prices can still be too high;
- lack of promotion/lack of product knowledge;
- clawback requirements if eligibility is based on key worker status;
- stigma of assistance as 'social' housing; and
- that prioritisation of those on local authority waiting lists can effectively deprioritise key workers due to their relatively high incomes.

The final question asked for views on what types of assistance should be made available for key workers. Again, there were a number that did not know (seven) or that that did not think further assistance should be offered (four). The view among most was that more affordable housing should be made available although one view was that altering markets could push up prices for others. Suggestions for improving provision of affordable housing to key workers were as follows:

- provide better information and support to help people access current provision;
- provide more housing for rent to include short term as well as long term options to help people become established if they move for employment;
- link properties for rent and vacant properties to employers;
- reconsider the HomeBuy product and particularly the rules around clawback;
- provide more Shared Ownership housing;
- provide subsidised and/or flexible mortgages;
- change key worker definitions; and

- a number noted the need to address deficiencies and imbalances in Devon's housing market to achieve a better general level of affordability.

The following section presents the material from interviews with housing providers and stakeholders. The findings of both sets on interviews are further considered in the conclusions (Section 7).

7 Views from Providers and Stakeholders

7.1 Introduction

To gain the views of housing providers and stakeholders, EKOS Consulting undertook a series of semi-structured interviews by telephone. These were with individuals from a range of organisations that provide key services and were identified by the client contact. The interviews sought broadly to understand what provision is available for key workers; who is eligible; how adequate existing provision is; and how it could be improved if necessary.

The information on available provision for key workers in Devon and the South West has mainly been included in Section 4.4. Material gained from discussion with officers at Torbay, Exeter and Plymouth Planning Departments has also been included at Section 4.5. A full list of the organisations that participated in this element of the study is provided at Appendix 2. A number of themes have emerged through analysis on the interview material and the findings are presented under the following headings:

- development of an appropriate key worker definition;
- limitations of current products for key workers;
- better information and promotion of products;
- linking key worker housing to wider strategic objectives; and
- broader housing supply and affordability considerations.

7.2 Development of an Appropriate Key Worker Definition

Definition of what constitutes a 'key worker' was frequently raised as an issue during interviews and there were a number of suggestions about what an appropriate definition might be. The majority of these included that the current requirement for a key worker to be employed in the public sector should be removed. One reason for doing this is that there are a range of services that could clearly be considered to be essential public services that are not, in fact, provided by the public sector. This includes the following scenarios:

- where services have been contracted out of the public sector but would otherwise be provided by public sector bodies;
- where services are provided by charitable organisations (such as the RNLI) but are essential; and
- where services are provided by the private sector but serve an important public function. For example, staff of private nursing homes, particularly in the context of Devon's aging population.

Other views were that there is a strong case for including all workers that are essential to supporting Devon's economy within the definition. The development organisation, Affordable Homes UK have used the following definition in a clause to limit occupancy to 'key workers' in their own developments:

'Any worker that may be employed within an essential service and also any worker that may be employed within a business that may be seen to be essential to the success of the local economy.'

The South West Regional Housing Body confirmed that it is currently revising its definition and, while a final version has not been agreed, it is likely to be:

'workers who help deliver services in the community'.

This is a much broader definition than the one currently used but would still seem to exclude what could be considered as the voluntary key workforce but to potentially include non public-sector services.

As a general point to consider in developing a new definition, it was observed by Home2Own that there are a number of different key worker definitions owned by different organisations and this is confusing for determining eligibility for affordable products. The suggestion was that it needs to be made clear whose rules apply and in what circumstances.

7.3 Adequacy and Limitations of Current Products for Key Workers

As already discussed, there are few key worker specific developments in Devon. Key worker accommodation is limited to healthcare organisations and is of the type traditionally provided. Indications were that the volume available has decreased and the quality is poor with buildings requiring redevelopment in at least one case. The principal option to most key workers seems to be the more generally available affordable housing options and these are rarely key worker specific. Developers and providers of affordable housing intimated that they are reluctant to develop key worker specific products if restrictive occupancy would be more likely to result in void properties which impacts on viability and achievement of performance targets. Where affordable products are provided through Home2Own key worker priority applies and this is the principal means by most key workers will experience any advantage over others in the local housing market. A number of limitations of currently available products were identified. Many of these relate to HomeBuy specifically but some apply to the 'affordable' provision more generally.

For both HomeBuy products and affordable products outside the HomeBuy system is still limited and beyond the reach of some key workers. This varies geographically. In particular, property prices in very high value areas are likely to be prohibitively high even with the Open Market HomeBuy product. A number of respondents felt that the products were being over targeted at those on local authority waiting lists rather than those with higher incomes that would be better able to take on the financial commitment of home ownership but still not able to purchase on the open market. In response to this concern, the SWRHB are currently reviewing the Regional Housing Strategy and this includes reconsideration of eligibility and affordability. It is likely that the new strategy will include a mechanism for achieving distribution of the products across a wider income spectrum. An average income midpoint will be calculated (using a reasonable upper ceiling) and 50% will be distributed above and 50% below that point. A target to have 25% of properties with three bedrooms within the lower price range will be implemented to avoid the anticipated tendency for development of small flatted properties above family homes. A further suggestion made for increasing affordability for key workers is to reduce the minimum proportion of equity that must be purchased. For a property of £130k a salary of £20,000 is necessary to purchase the required 40% share. If the proportion were reduced to 35% the property could be purchased with an annual salary of £18,000 making it affordable to an entry level nurse.

In terms of the supply of affordable housing there was generally perceived to be an inadequate supply of properties under the New Build HomeBuy scheme, or of similar type but marketed outside the HomeBuy product. Supply is geographically limited depending on where the developing organisations are building and this unlikely to meet demand where prices and demand are highest. Conversely, funding per unit for Open Market HomeBuy has recently been increased following initial estimation of property prices in the South West and there is not currently a shortage of funding to meet demand for this product. Rather there has been lower than anticipated take-up.

Low take-up of Open Market HomeBuy may, at least partly, be due to the 'clawback' provisions that apply when priority is awarded on key worker status. This view was offered by a number of respondents with one suggestion being that the FSA advise key workers not to access the scheme using their key worker status as they may find themselves in financial difficulties if their employment situation changes and they have to pay back their equity loan. A further barrier to take-up is that the package is not as attractive as the original HomeBuy model. This is because it is slightly more expensive, interest being payable on the 12.5% equity owned by the 'other lender'. In addition, as there are only four participating lenders, rates are uncompetitive. A further consequence of the limited number of lenders is that they are able to enforce a greater number of rules including eligibility restrictions and this has the potential to affect eligibility of overseas workers. Although EU citizenship is no longer a pre-requisite of HomeBuy eligibility, mortgage eligibility is. The view of Home2Own is that the number of lenders should be increased to improve competitiveness and will help improve take-up. There is also potential to increase take-up through better information and promotion (see Section 6.4). It was also observed that processing applications slows the process down and presents an effective barrier. It was also suggested that there is inadequate awareness of the HomeBuy product in the public realm, partly because the product has changed and the 'HomeBuy' label expanded to cover a wider range of LCHO products.

As well as improving the HomeBuy products, Home2Own, the HomeBuy agent for Devon, suggested that there is considerable scope for improving take-up rates. The Housing Corporation are running a competition to find better ways of improving take up. In addition, Home2Own have taken measures to improve take-up including various marketing campaigns, including mailshots to all Hospitals, Local Authorities and Schools in Devon and Cornwall. In addition, they have placed flyers in libraries and are in the process of organising marketing days at prisons with Prison Officers. An important point raised is that key worker employers have low awareness of the products that are on offer to their employees and are not engaged with Home2Own and the HomeBuy products and it has been difficult to develop links with employers. Home2Own would like to meet with employers and would encourage them to become familiar with the products and to develop systems for supporting staff in their applications rather than simply directing staff to Home2Own.

7.4 Linking Key Worker Housing to Wider Strategic Objectives

There has been no specific collaboration between the RDA and the RHS to link provision for key workers to the priorities of the RES on a spatial basis and the RES has no specific policy relating to housing for key workers. Rather, the priority is to ensure an adequate supply of housing so that the economy is not constrained. It was suggested that investment into affordable housing should not necessarily be focused where housing growth is planned but where affordability presents the greatest problem.

English Partnerships do not make provision for key workers other than through the First Time Buyers initiative. However, they indicated that they are keen to further Sustainable Communities objectives by providing locally appropriate housing which includes catering for specific needs. The mechanism through which this could be achieved is the developer bidding process. English Partnerships will invite bids for Joint Venture developments and can make specifications for criteria that proposed developments should meet. These can include requirement of provisions to ensure that specific groups are catered to. English Partnerships must be wary of fettering development and it was observed that over specification can impact on development viability. However, the general principle is a workable one. In Poole and Redruth in Cornwall English Partnerships are involved in an initiative to target provision of housing for young well qualified people with jobs to stop them leaving the area. The model could equally be applied to key workers or specific key worker groups. The key to delivering affordable housing for key workers in this way will be to

collect and communicate appropriate evidence and priorities. An effective way of doing this will be through the Regional Housing Strategy as English Partnerships have expressed their commitment to meeting RHS objectives.

7.5 Broader Housing Supply and Affordability Considerations

This study has specifically been about affordable housing for key workers and has deliberately avoided becoming overly concerned with issues connected to affordable housing and housing supply generally. However, interviewees did raise the point that the problem is one broadly of imbalance in the housing market. It was variously suggested that the wider focus should be on housing affordability as well as specifically affordable housing, and on improving housing supply generally. Specific points and suggestions made were:

- that planning applications for housing developments should be prioritised;
- improved communications between planning and housing officers should be encouraged and there should be better awareness among planning officers of affordable housing products;
- there needs to be better understanding of development viability within local authorities particularly as construction costs rise (use of the Three Dragons development appraisal tool was observed to be particularly effective in establishing the appropriate level of affordable housing and of helping to increase supply); and that
- there is a housing crisis and a pressing need to increase awareness of the housing crisis in the South West which necessitates gaining public and member support for housing development to reduce the number of proposed developments that become abortive at the planning stage.

8 Conclusions

8.1 Introduction

The study has sought to effectively scope out the issues around key workers and affordable housing in Devon. The purpose is to guide the Devon Local Area Agreement Operational Group for the Housing theme in making provision for key workers. This final section provides the study conclusions. Drawing on these, the report concludes with a suggested methodology for a second stage of work as required by the project brief.

8.2 Findings

8.2.1 Key Worker Housing Need in Devon

Sections 2, 3 and 4 of the report have presented secondary evidence to suggest that housing affordability for key workers in Devon is a growing problem. Average earnings are low in Devon compared to both the regional and national averages and prices are rising at a rate of 50% higher than the national average. Using lowest quartile prices and average incomes, the affordability ratio for the most recent information available is 11.1 or 7.3 if lower quartile prices are used, which is way in excess of the 3.5 that would indicate that properties were affordable. Low average earnings in Devon are likely to mean that key workers are not generally the worst off financially as their pay is usually linked to national rates. However, Halifax data on affordability for specific key worker occupations across several post towns in Devon still suggests that key workers in the county are not easily able to afford local house prices. The South West region was found to have the worst affordability problem next to London using average house price ratios. Within the towns surveyed in Devon, fire services and nurses are shown to be the worst off. Ratios range from 5.1 for ambulance workers in Plymouth to 8.0 for fire services in Exeter. Exeter is the least affordable of the Devon towns with Plymouth the most affordable though still with ratios far in excess of 3.5. Despite being one of the apparently more affordable places in Devon, the Housing Market Assessment for Plymouth describes a significant affordability problem in that area with large proportions of key workers unable to purchase even the cheapest one bedroom flat. The implication of the various data is that housing affordability for key workers, particularly for some groups in some places, is serious enough to affect recruitment and retention and should be an area of concern.

The primary research undertaken for this study supports the secondary data to some extent but alone would suggest that the problem is more moderate. It was widely acknowledged that prices are high and it is very difficult for people to get on the housing ladder. However, the extent to which housing is a barrier to recruitment varied considerably with some organisations responding that housing is not a barrier at all. There were no cases where housing related factors lengthened the recruitment process and no instances where there were a significant number of vacancies. The possible exception to this is in the case of retained fire fighters where it was indicated that there are increasing problems with recruitment and that this is directly linked to house prices in areas that fire fighters need to service, most notably rural areas. Retention rather than recruitment was a problem for the full time fire staff, the phenomenon being that applications are high as the profession is an attractive one. People will resolve their housing difficulties by

living with parents or friends, or in rental accommodation. When they are more experienced and want to move into home ownership they will apply for a transfer which underlies a high turnover rate within the county but not nationally. A similar pattern was observed for junior academics where retention was identified as a problem. This points to a significant difference between recruiting for junior/lower grade staff and for more senior positions with a possible explanation being the variation in accumulated equity. Another supporting finding is that Exeter was generally identified as a principal affordability hotspot. Overall though, the findings from the primary elements of the research tend to suggest that housing affordability does not impact on recruitment and retention to the extent that is implied by the secondary statistics and not to the extent experienced elsewhere. Studies undertaken for areas in the east of England show that there is 'often evidence of a serious recruitment problem among key workers'⁸. Several organisations including a number of local authorities and one NHS trust clearly stated that using the SWRHB they had no key workers because there were no difficulties with recruitment or retention that could be linked to housing. However, it is important to note that not all employers participated. In addition, the largest key worker employer, Devon County Council, did take part but the interview was provided with the caveat that the HR department simply advertise posts with individual managers (of which there are around 2000) being responsible for actual recruitment. The interviewee was therefore not in a position to understand how housing might be linked to recruitment difficulties for different occupations.

There are a number of likely explanations for the partial divergence between the primary and secondary elements of the study. Many participating organisations do not have a problem with recruitment so housing cannot be identified as a barrier to it. Many said that most of their recruitment was undertaken locally which suggests that employees have existing accommodation. Also, the affordability ratios often assume that people have no or little existing equity while, in fact, even many First Time Buyers may have a deposit. Housing affordability is then determined by factors other than income and one implication is that some will be able to afford to work in Devon while others will not. That people often do not live close to where they work but commute may also provide a partial explanation. Both of these have wider policy implications. The former may undermine mixed and balanced communities in Devon. Long and regular commutes, particularly by car, are clearly contrary to environmental policy. Another explanation is that there may be limited understanding of the problem by employers. There was very little systematic collection of information by employers that could be used to measure the extent that housing presents a barrier to key worker employment. Also, that a number declined to participate suggests limited interest in the issue. The implication is that the problem may be larger than employers realise and there is some indication that it is likely to become a more pressing problem in the future with housing affecting recruitment and retention to an increasing degree. Firstly, the number of key workers has increased by 20% from 100,000 in 1998 to 118,000 in 2005. There is a growing and aging population and this suggests an increase with a consequently increasing number of key workers. This trend is likely to be coupled with property pressures fuelled by immigration including through retirement and second home ownership, due to the county's lifestyle pull, and holiday lets. These, together with historically low completion rates which may be further hampered by the increasing cost of construction, are likely to mean that property prices in the county will continue to rise. These are compelling reasons to monitor the situation carefully and to ensure that existing products are as effective as possible in alleviating the key worker housing need that exists at present. Although some employers indicated that they were intending to undertake some longer term planning for recruitment, the majority were only aware of their organisation's needs over the following 12 – 24 months. It is essential that key worker employers in Devon understand the relationship between housing and recruitment, and understand their own future recruitment needs, so that they can anticipate barriers and plan accordingly.

⁸ East of England Affordable Housing Study Stage 2: Provision for Key Workers and Unmet Housing Need (Cambridge Centre for Housing and Planning Research)

The Exeter and Torbay Housing Market Assessment⁹ was published as this study was being finalised and includes survey data that describe households with public sector employees. Timing has meant that the findings have not been fully integrated into this report but there are several points worth noting and which reinforce the need for continued monitoring of key worker housing need.

- In total twenty four percent of households surveyed had at least one person that was a public sector employee and 6.6% (16,500 households) had a public sector employee as the only earner.
- Households with public sector employees tend to live in owner occupied accommodation although those with only one adult earner were more likely to live in the private rented sector and also more likely to live in terraced properties.
- Where there was more than one adult earner, incomes tended to be over £40,000 per year but where there was only one adult earner, over half had household incomes of less than £20,000 per year.
- Where there were two adult earners, very few had problems with housing costs but 20% of respondents from households with one earner said that housing costs were putting a strain on their finances or proving extremely difficult to meet.
- The vast majority of owner occupier households with public sector employees felt that they had some equity in their property. Most thought they had around £100,000 but for 20% the figure was £200,000.
- 23% of all public sector employee households would like to move but for the figure rises to 30% where there is only one earner. 10% overall felt they could not do so because of high property prices and the study found a small proportion of one person households could not afford to save a deposit.
- 'Very few' public sector worker households who needed to move said that they would consider available affordable housing products.

The HMA findings do provide scope for some additional interpretation of the data collected through this study. Clearly single person households are worse off and the indication is that most key worker households will be two person ones. Most have a considerable amount of equity which suggests that they have been home owners for a long time or were able to purchase property prior to recent price rises. Housing circumstances would be unlikely to prevent these groups from taking up employment. However low incomes and the heavier strain of housing costs on single adult households supports the view that the situation is more complex than employers may realise. The implication is that, as property prices increase, the situation is likely to worsen as those with low equity and/or low incomes will be more constrained by housing in terms of mobility and their ability to take up employment.

⁹ Opinion Research Services, *Exeter and Torbay Strategic Housing Market Assessment 2007: Main Report of Study Findings*

8.2.2 Key Worker Definition

The project brief required the study to consider an appropriate key worker definition for Devon and this was addressed through the employers and providers/stakeholder interviews where a range of views were collected. Sections 5 and 6 provide more detail on responses but the main points to emerge were that:

- there is support for having a definition that includes non public sector workers;
- there is some support for having a definition that includes workers in professions that are essential to Devon's economy;
- the phrase 'essential public service' was considered to be vague as it implies frontline workers but could include almost anybody employed by an organisation that provides an essential service. It was suggested that if public resources are directed at helping key workers, the definition needs to be very tight about who is included;
- a number of employers observed that most or all of their staff could be considered to be essential to the operation of the organisation and, therefore, to effective service provision; and that
- there are a range of definitions currently used which can be confusing.

Some of these points are contradictory and in redefining key workers there will be an inevitable tension between maintaining flexibility and ensuring that resources are effectively and clearly targeted. While the emerging SWRHB definition¹⁰ is broad enough to cover most involved in delivery of public services it could be criticised as too broad. The terms 'services' and 'community' are open to interpretation with respect to sector and locality.

There is a need to make strategic decisions about what constitutes the key workforce in Devon. The definition of a key worker is clearly critical to understanding the scale of the problem and to the development of a strategic approach and specific interventions. There is a strong case for widening the definition to include non public sector employees given that essential public services are provided by both the private and voluntary sectors. However, there is a more complex argument about whether to require that there must be retention and recruitment difficulties linked to housing costs. It will be difficult to justify investment of public resources where there are none although it may be appropriate to direct resources to improve the quality of staff that are recruited and thereby to improve service provision. In either case, it will be important to ensure that employers are in a position and willing to provide the necessary evidence. Another strategic issue is whether or not the key worker definition should be extended to include people working in sectors essential to Devon's economy.. As well as having a much larger resource implication, there would need to be careful consideration to what occupations and sectors would be included. It is essential that wider affordable –and other housing strategies are developed with respect to economic priorities and help to further economic policy aims. However key worker housing policy is essentially concerned with protecting service delivery and interventions designed to help key workers may be overly diluted by such a broadening of the definition..

Whatever definition is agreed, it should be clear and signed up to by key stakeholders and there is a strong argument for developing it in consultation with stakeholders. Its relationship to other definitions and its comparative status needs to be clearly articulated and effective guidance on its application developed.

8.2.3 Improving Housing Assistance for Key Workers

Based on the study findings, the following opportunities exist for improving key worker's housing circumstances, with a view to assisting recruitment and retention in Devon.

Fine tuning existing affordable products

The mechanisms for providing affordable housing to key workers exist but there is scope for fine-tuning to increase their effectiveness. The SWRHB's new income group targets should help to ensure that products are affordable to a range of income groups. However, the current priority that key workers have through the Regional Housing Body Targets may be underutilised because of clawback requirements. It would be useful to gain the views of key workers themselves to understand how much of a disincentive this is. If it is significant, measures to increase take up could include negotiation of flexibility to the national rules in applying clawback requirements. The LAA would be a logical mechanism for doing so and it may be possible to apply a longer period for paying back the equity loan, a requirement to pay back a smaller proportion of the loan, or a complete removal of the clawback provision. Any of these could be undertaken with a view to reversal if demand were to increase significantly enough to present a severe resource problem. In addition, the Housing Corporation currently exercises some discretion at the local level through its role as adjudicator for cases where there may be reasons for waiving clawback, for example, where hardship would be caused. Ensuring that this discretion is well publicised could help to allay concerns connected to using key worker status to gain eligibility..

There is also an increasing range of affordable products that could be available to key workers. Access to should be improved where possible and could include encouraging key worker prioritisation.

That existing affordable products are not popular with key workers is supported by the findings of the Exeter and Torbay Strategic Housing Market Assessment (see section 8.2.1).

Improving information and support

A striking finding of the study is that there is a low take-up of the Open Market HomeBuy product coupled with very low awareness of Home2Own and HomeBuy products among employers. There are measures being taken to address this. However, there is clearly potential to develop better links between employers and Home2Own to improve information and access. This is a relatively low cost intervention which depends more on developing links and changing the way people think and work which could and should be developed and implemented quickly. Developing effective mechanisms for improving HomeBuy will also transfer to the First Time Buyers Initiative when this is implemented in Devon.

Increasing key worker priority across products

It has been highlighted that increased risk of property vacancy acts as a disincentive to develop properties that are reserved for key workers. In addition, the targets apply only to those marketed through HomeBuy and it is only properties developed with Housing Corporation grant which must be sold as HomeBuy products; there are incentives for RSLs to market non grant products by the HomeBuy route but not all will choose to do so. There is therefore a significant proportion of affordable properties to which the targets don't apply and for which key workers have no priority over other applicants. There is potential to improve access to non HomeBuy products for key workers by working with providers to encourage adoption of a system of key worker priority irrespective of Housing Corporation grant provision. There is also potential to have housing developed that caters for key worker needs through English Partnerships and this deserves consideration.

Providing key worker specific housing

There was generally limited support for key worker specific housing. However, there are circumstances where it could be appropriate. These include where staff need to live on site (or within a very specific local area) and where land and property values are very high and it is difficult to develop products that are genuinely affordable. There are a number of development models, often involving partnership ventures innovative use of land and assets, which could help to facilitate provision where clear need exists. A review of best practice elsewhere would be useful to inform this.

Responses through the planning system

None of the local planning authorities surveyed have planning policies that make provision for key worker housing in any way. In Plymouth at least this is a decision based on evidence that key workers are not suffering the worst affordability problems. The situation should continue to be monitored and planning policy tools utilised to secure housing opportunities for key workers if this becomes appropriate. Options may include making provision for key worker housing in generic development control policies or requiring key worker housing through production of site specific development briefs. The three planning authorities included in this study were not making any provision for key workers.

8.3 Cross-organisation Communication and Links

The study has demonstrated that there is little common understanding about key worker housing need or provision across the organisations that have a role in meeting the housing needs of Devon's key workforce. There will inevitably be genuine variation in housing need between different groups of employees. However, very divergent responses to the survey questions, combined with a significant number of organisations that declined to take part in the survey, suggests poor understanding of the issues by employers. One contributory factor to this is likely to be that very little information is collected from employees and potential employees on what their housing related circumstances are, and how these might affect their employment. Devon County Council, the largest key worker employer in Devon by far, were not in a position to provide a well informed view about employees housing needs and the impact that housing has on recruitment, due mainly to the large scale and internal structure of the organisation.

There also appear to be very few links between housing providers and employers. The employer and provider interviews showed there to be a low level of awareness of affordable products that could be available to key workers, even among those that acknowledged that there was a key worker housing problem. Of particular note was the HomeBuy agent's observation that employers should be more engaged with Home2Own and its products. Employers' suggestions that there should be better information on products and services available did suggest that there is significant potential for achieving change in this respect.

It is also clear that there is potential for improving communication to develop and meet common priorities and to develop links with those organisations whose objectives may be jeopardised if service provision is affected. These may include local authorities or organisations operating at the more strategic level such as the South West Regional Development Agency or, as discussed earlier, English Partnerships. As well as having common priorities, these organisations often have considerable assets and other resources. They may be willing partners to help provide key worker housing – where there is a need for it - through partnership working.

8.3.1 Key Messages for New Devon's Local Area Agreement Operation Group for the Housing Theme

1. The definition of key workers will embody the priorities of New Devon's Local Area Agreement Operational Group for the Housing theme with respect to key workers and will require strategic decisions about who it should include. Firstly, there is a strong case for including those that are not public sector employees but that provide essential public services. Secondly, there is also a need to consider the relationship between key workers and Devon's economy. The South West Regional Economic Strategy identifies strong and inclusive communities as one of three Strategic Objectives and includes improving income – house price ratios within its headline priorities. The link between effective public services, sustainable communities and thriving local economies means that key workers are fundamentally important to achievement of economic objectives. More broadly, appropriate housing opportunities are essential to support economic growth and this principle is well grounded in national policy¹¹ and is supported by research undertaken on behalf of the Northern Way¹². The housing needs of workers outside the realm of public services, and that are more directly linked to the success of Devon's economy are clearly a legitimate and important area of policy concern. However, this may be more properly a wider affordable housing consideration than a 'key worker' one. A final point here is that any the definition should not be made without reference to other locally relevant definitions.

2. There is a need for better information to effectively assess the scale, type and location of accommodation necessary to mitigate housing related threats to key service provision. The overall findings of the primary research indicate that, although housing affordability is recognised as a problem that affects key workers in Devon, there are currently fewer problems with recruitment and retention than the secondary data would suggest. Similar studies for the east of England found 'evidence of a serious recruitment and retention problem among key workers'¹³. The available evidence would suggest that this is not generally the case in Devon. However, this may be due to lack of understanding of the issue and its potential future impacts. This study has provided further insight but has been hampered by inadequate participation and information available from employers. A system for effective and regular data collection must be undertaken to confirm or revise this finding and to indicate any significant changes in key worker need. This should be focused on understanding how housing impacts on recruitment at present and to inform effective planning for future recruitment. The overall message in terms of housing affordability and recruitment is somewhat unclear but this doesn't necessarily mean that there is no problem. In addition, the findings suggest that some groups of key workers may be more disadvantaged by housing costs than others. These include, in particular, lower grade staff and there could be value in extending the Cornish initiative, designed to retain young graduates, to Devon. There is also a clear need for the strategy to be informed by the views and experiences of key workers themselves so that any planned interventions are appropriately and effectively designed.

3. While the need for key worker housing appears not to be as significant as in other parts of the country, some employers have noted recruitment and retention difficulties and have identified housing as a barrier, if not as severe as it might be. In terms of interventions, an appropriate initial focus for the strategy will be on making existing provision work as effectively as possible. Primarily, improving take up of the HomeBuy products by building links between Home2Own and key worker employers should allow an 'easy win' without significant resource outlay.

¹¹ ODPM (2005) *Sustainable Communities Homes for All*

¹² The Northern Way Sustainable Communities Team (2006) *Quality of Place: the North's Residential Offer*, Llewellyn Davies Yeang

¹³ Cambridge University Study into Key Worker Housing in the East of England.

Consideration should also be given to ways of improving key worker access to non HomeBuy affordable products as these represent an increasingly significant area of provision. The broader issue through is one of providing key workers with information and support to access existing provision. This includes a much wider range than is available through Home2Own, or even the range of formal 'affordable' products, and assistance may include providing information on vacant market rental properties as well as the products marketed outside the HomeBuy agent system.

4. There may be some justification for undertaking development of some key worker specific housing. For example, to support healthcare development at Langdon, or to allow the recruitment of retained fire fighters in rural areas. In addition, there may currently be a greater need for key worker housing than this study has been able to identify and the situation may well worsen over time, both of which may create a need for more radical intervention than is likely to be undertaken on the basis of the current evidence. All of these points suggest a need to build relationships between all organisations that have an interest in ensuring that inadequate key worker housing provision does not have an adverse effect on service provision in Devon so that they can respond to need where and when it arises.

8.3.2 Recommended Approach to Stage 2

The study brief suggested that Stage 2 of the work would be focused on collecting the views of key workers themselves. Although this will be fundamentally important to developing an effective strategy for provision, there are other priorities that should be addressed prior to, or parallel to extending the primary element of the research in this way. As matters of priority the aims of Stage 2 would be to develop better information on key worker housing need and to improve the effectiveness of existing interventions. The objectives would be to:

- develop links with key worker employers and other stakeholders so that they are engaged with the Local Area Agreement Operation Group for the Housing theme, and are aware of the necessity to monitor key worker housing need;
- work with selected employers to set up and pilot systems for collecting information that will allow assessment of key worker housing need; and
- use the links developed with employers and other stakeholders to support development of an information package to improve take up of available provision.

Part 1 - Develop Links with Employers and Other Stakeholders

It is vital that measures to ensure better communications with and between employers and other stakeholders are developed as soon as possible. The findings of this study have been compromised to some extent because it was not possible to gain the input of some employers. It is also clear that there are few links between housing providers and key worker employers and this is likely to undermine the potential of affordable housing products to meet key worker needs. Our suggested approach is to continue to develop links with employers from Stage 1 of the study and to develop links with a wider range of stakeholder organisations to include housing providers. Also, as emphasised in the conclusions to this study, there are a range of bodies that have an interest in making sure that sustainable communities objectives are effectively met and that also have resources that could be used to improve the supply of affordable housing. As well as the key worker employers, at this stage, we envisage contacting the following with a view to developing a more formal relationship:

- The Housing Corporation
- English Partnerships
- South West Regional Development Agency
- Home2Own
- North West Devon Economic Partnership
- Devon Economic Partnership
- Local Authorities (in non employer capacity)

We would work with a view to developing a communication network for the purposes of disseminating and encouraging good practice on maintaining a good evidence base and for disseminating information about changing trends likely to impact on key worker housing need and provision. The ongoing responsibility for maintaining and developing the network is likely to rest with the Homebuy Agent and with the Devon Local Area Agreement

Operational Group for the Housing theme. This stage of the work would involve clear definition of future roles and responsibilities.

Part 2 – Develop Effective Information Systems

We would work with a selected group of employers as pilots for developing information systems that could be used to better understand the housing needs of key workers within the organisation and potential employees. Our initial approach would be to review the data that is already kept to identify where this could usefully be used to illuminate the current and future positions with respect to the housing needs of key workers. We would then make recommendations - building on existing data sources where possible - on additional information that could be collected. This would include, for example, a review of the systems used to collect information at critical points such as when employees leave the organisation, apply for transfer or when applicants turn down posts. It would also be possible to design and undertake a survey of key workers to understand their housing needs and desires. Our continuing role in this element of the work would be to suggest a range of data for collection and make practical recommendations for doing so. This would include identification of responsibilities for collecting it and guidance on when it should be collected and how it should be interpreted. The exercise would be to identify information that could be collected by a wider range of organisations so that future comparison across key worker employers is possible. The aim would be to gain similar understanding to this study but to collecting information that could more accurately quantify the key workforce, their housing need and the extent to which this affects recruitment and retention, on a rolling basis capable of predicting changes. As part of this exercise it would also be possible to design and undertake a survey for collecting information from key workers. We would then present the approach as 'good practice' in a format that can be used to guide a wider range of employers in adapting their information systems for this purpose.

The selection of pilot employers would be subject to discussion with the Devon Local Area Agreement Operation Group for the Housing theme but is likely to include larger employers that have already agreed to participate in the study. Devon County Council would be a logical choice as it is the largest key worker employer. Despite willingness to participate, has been unable to provide adequate information and views about key worker recruitment and housing due to its internal structures and processes.

Part 3 - Provision of Support to Develop Housing Information for Key Workers

Part 3 would focus on improving uptake of existing products. We would work with providers to compile a comprehensive information pack of existing support available to key workers. Collaboration with Home2Own would be the principal element of this but efforts would be made to incorporate information on a wider range of properties. We would aim to develop ways of disseminating information as effectively as possible and could include mail out with job application forms, workshops and similar events for employees. Possibilities for web based information would also be explored. Some of the employers that participated in Stage 1 had already developed – or were planning to develop - web based systems. We would draw on good practice already being developed to identify approaches and designs that have been found to work well.

The detail of how an information pack/product would require discussion to be worked up but it could comprise the following elements;

- A paper based pack providing:

- advice on different HomeBuy Products;
- a list of organisations providing non HomeBuy affordable products;
- Details of shared equity friendly lenders;
- A list of reliable letting agents and landlords;

- A web based service providing the above but also:
 - links to useful organisations (websites) as listed above;
 - A list of properties available through New Build Homebuy;
 - A list of non HomeBuy Affordable Properties; and

Any information based product is at risk of becoming out of date and it would be necessary to identify responsibilities for collection and maintenance to keep it refreshed. As with Part 1, it is likely that this would be taken forward jointly through Home2Own and the Devon Local Area Agreement Operational Group for the Housing theme.

We would recommend that the information pack/system is developed and piloted through the organisations involved in Part 2.

9 Appendices

9.1 Appendix 1: Employer Questionnaire

Affordable Housing for Key Workers Employer Questionnaire

EKOS Consulting has been commissioned by the Devon Local Area Agreement Strategic Housing Group to undertake a study to inform the provision of affordable housing for key workers in Devon. We would like to ask you series of questions to gain information about your employees, and to gain an understanding of the need and demand for key worker housing in the area.

Your Details

1. Your Name:
2. Organisation Name:
3. Your Role in the Organisation:

Defining Key Workers

4. Does your organisation have a definition of a Key Worker?

Yes		No	
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5. How does your organisation's definition compare to that used by the South West Regional Housing Board?

"Any public sector employee delivering an essential public sector service provided that clear and specific evidence is produced from employers in that market area that they are experiencing real recruitment and retention difficulties for those job types, at least some of which can be attributed to local house prices".

(This is the definition we would like to use in completing the remainder of the question)

6. In your opinion, is the definition adopted by the South West Regional Housing Board

Appropriate?		Too broad?		Too narrow?	
--------------	--	------------	--	-------------	--

If you believe it is too broad or too narrow can you explain why and provide your thoughts on a more appropriate definition?

Your Employees

7. Approximately how many members of staff does your organisation employ (in Devon, including Plymouth and Torbay, if part of a national organisation or in total if locally focused)?

8. Are your key worker employees concentrated within particular locations within Devon?

9. Approximately what proportion of staff within your organisation is classified as Key Workers? (*using the South West accepted definition*)

10. To allow us to assess the affordability of housing for key workers, could you estimate the proportion of key workers within your organisation falling within the following annual income bands?

Below £10,000	
£10,000-£20,000	
£20,001-£30,000	
£30,001-£40,000	
£40,001-£50,000	
£50,001-£60,000	
Over £60,000	

Could you provide examples of posts within the lowest and highest key worker pay bands within your organisation?

Housing affordability as a barrier to recruitment and retention

11. How many key worker posts are currently vacant within your organisation?

12. Over the last year (or for the latest data available), how many key worker staff have you recruited? (*if possible specify whether these are new posts or replacements*)

13. How many key worker posts do you expect to advertise over the coming year? (*If possible provide a figure for newly created posts and for staff replacement and if possible indicate the income bands of any new posts*)

14. (For organisations employing staff wider than the key worker category only)

In your experience, how does recruiting key workers compare to the recruitment of other staff members to your organisation?

The same		Easier		More difficult	
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15. Which occupations (these could be key workers or others) represent the greatest challenge to recruitment and retention at present?

16. On average, how long does it take to fill a key worker post, from the point of advertisement?

Less than 3 months		3-6 months		Over 6 months	
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17. What do you believe to be the main barriers to the recruitment and retention of key worker staff?

18. On a scale of 1 to 5 (where five is the most severe), to what extent do you believe housing affordability represents a barrier to the **recruitment** of key workers,

➤ to your organisation?

1		2		3		4		5	
---	--	---	--	---	--	---	--	---	--

➤ across Devon?

1		2		3		4		5	
---	--	---	--	---	--	---	--	---	--

19. On a scale of 1 to 5 (where five is the most severe), to what extent do you believe housing affordability represents a barrier to the **retention** of key workers,

➤ to your organisation?

1		2		3		4		5	
---	--	---	--	---	--	---	--	---	--

➤ across Devon?

1		2		3		4		5	
---	--	---	--	---	--	---	--	---	--

20. Are there any geographical parts of the area served by your organisation and/or occupations where you believe housing affordability represents a particular barrier to staff recruitment and retention?

Yes		No	
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Where are they?

21. Are your responses to the three previous questions based on records maintained by your organisation on applicants and people leaving the organisation or anecdotal evidence?

Formal record		Anecdotal	
---------------	--	-----------	--

If data is available, can any housing related figures be made available to us?

Awareness of affordability housing products

22. Does your organisation offer any assistance to key workers to allow them to access housing of choice, including provision of housing units?

Yes		No	
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If yes, please indicate the type of support available, number of beneficiaries and eligibility criteria.

23. Does your organisation have any assets (e.g. land or buildings) that it is considering using for key worker housing?

24. Are you aware of any forms of affordable housing assistance available to key workers? *If so, please indicate what they are and whether they are available in the South West*

25. Which types of assistance do you believe to be particularly successful in allowing key workers to access affordable housing?

26. Do you believe there are any barriers to key workers accessing current housing support schemes or in allowing key workers to take advantage of the support available? Please provide details.

27. Are there any further forms of housing assistance that you believe should be made available to key workers to assist recruitment and retention?

Thank you for your assistance in completing this questionnaire. The Devon Local Area Agreement Strategic Housing Group will be progressing a rolling programme of work around affordable housing provision for key workers, would you be happy to be involved in ongoing research?

Yes		No	
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9.2 Appendix 2: List of Participating Organisations

The following organisations participated in the study:

Key Worker Employers

Exeter College
Devon and Cornwall Police
West Devon District Council
Torbay Council
Exeter Prison
Torrige Council
West Devon District Council
Teignbridge District Council
South West Ambulance Service
Exeter City Council
Devon and Cornwall Probation
South Hams District Council
North Devon District Council
St Lukes Hospice Plymouth
RNLI
East Devon Council
Devon County Council*
Connexions
South Devon Healthcare NHS Trust.
Devon Partnership NHS Trust (Mental Health Trust)
East Devon PCT
Plymouth City Council
Devon PCT
Royal Devon and Exeter Foundation Trust
South West Fire Brigade Union

Providers/Stakeholders

Magna (Charter)
Plymouth Planning Department
Exeter Planning Department
Torbay Planning Department
Affordable Homes UK
Home2Own
English Partnerships
SWRDA
Housing Corporation
South West Regional Assembly
Housing Corporation
Sunny Banks Homes