

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing and Infrastructure
DATE	18 TH March 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Short Term Housing for Key Workers
REPORT NUMBER	CHI/15/100
CHECK LIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report provides members with information on the housing issues which can be a barrier to the recruitment of Key Workers for some vital sectors of the city's public and 3rd sectors such as Teachers, Carers and Police officers. It seeks approval in principle for a local lettings initiative for Smithfield Court to assist with housing key workers in the city.

2. RECOMMENDATION(S)

1. That Committee approve the use of up to 57 flats in Smithfield Court for short term housing for key workers in accordance with the local lettings initiative outlined in this report and instructs officers to implement the initiative once detailed proposals are developed;
2. That Committee instruct officers to publish the local lettings initiative alongside the Council's Scheme of Allocations; and
3. That Committee instructs officers to review the local lettings initiative as set out in this report after a period of twelve months and report back to Committee on the outcomes as appropriate.

3. FINANCIAL IMPLICATIONS

The rental proposed for the properties is £100 per week (52 weeks) which will ensure the costs of the works required to make the properties ready for let are being recovered.

4. OTHER IMPLICATIONS

The Council will enter into a commercial lease agreement with partner organisations. Where the key workers are employees of Aberdeen City Council, a Short Scottish Secure Tenancy agreement will be offered on the ground that the accommodation will be offered on a temporary basis for a person moving to the area for employment. The agreements will require to be drafted by the Council's legal officers.

There is a potential for conflict with existing housing legislation if the Council decides to allocate properties out with its Scheme of Allocations. However the local lettings initiative as proposed in this report will not contravene any legislation currently governing the allocation of housing. There is therefore no legal barrier to proceeding with such an initiative provided the aims are clearly defined and the outcomes monitored.

There are no direct personnel or resources implications arising from the report.

There are some direct property implications arising from the report. Properties let to organisations for their Key Workers will not be made available to any other applicants on our housing lists. However the number of properties involved forms only a very small percentage of our housing stock. Further, the initiative will be published alongside the Council's Scheme of Allocations so prospective applicants are aware of it.

There are no direct equipment implications arising from the report

There are no direct sustainability implications arising from the report

5. BACKGROUND/MAIN ISSUES

The definition of a "**Key Worker**" is an employee who is considered to provide an essential service to members of the public. If there are difficulties in the recruitment and retention of key workers, this will be to the detriment of local economic growth, and to service provision that is important to the wellbeing of the population and to other objectives shared between community planning partners

Key worker posts can cover a wide range of functions and salary bands, both of which may change over time.

In this context we are interested in key worker posts where organisations are experiencing difficulties with the recruitment and retention of staff that can potentially be eased through local housing policies and practices.

In particular, it has become more prominent as escalating house prices result in a gap between household income and the cost of housing. Many local authorities in Scotland and other public sector bodies especially in Aberdeen face major problems recruiting and retaining Key Workers, many of whom are on lower levels of pay than in the private sector. The recruitment of key workers can therefore be a slow and costly process for the organisation and can at worst have a significant impact on the delivery of basic vital services such as Health Care, Community Safety and Education.

Those defined as key workers generally include:

- Clinical National Health Service staff
- Teachers
- Police officers, Community Support Officers and some civilian police staff
- Social workers
- Firefighters
- Carers
- Environmental Health staff

Aberdeen has been at the centre of the global energy industry for over four decades and its rich entrepreneurial strengths have created a city renowned throughout the world for its expertise in energy technology.

As one of the UK's economic drivers, Aberdeen attracts massive capital investment and enterprise with an ever growing demand for skilled workers. Quality of life in Aberdeen is unique with higher than UK average standards of living.

However such success can bring some adverse effects and the main one for those Key Workers looking for employment in the city, is the cost and availability of accommodation either for rental or purchase. Social housing in the city is provided by the Council and a number of Housing Associations, for which rents are affordable but supply is limited and demand high.

The private sector can provide some housing choice and the prospect of quicker access. However the main barrier for many key workers is the affordability of such accommodation. Renting in the private sector is expensive and requires the payment of a deposit which can be one or two months rent. Purchasing a home may be out of the reach of such employees, with house prices high and the requirement for a significant deposit. Citylets produce a quarterly review of rental prices in Aberdeen and across Scotland.-

Monthly average Rent in Aberdeen Housing Allowance		Scottish Average	Local
1 Bed	£690	£472	£551
2 Bed	£1,006	£596	£703
3 Bed	£1,370	£724	£801
4 Bed	£2,037	£1,083	£1022

House prices in the city are also high, average prices below are taken from the Aberdeen Solicitors Property Centre 2014 3rd quarter market report.

	Flat	House
1 Bed	£119,116	£132,871
2 Bed	£166,623	£171,122
3 Bed	£190,228	£193,603
4 Bed	£230,018	£217,999

Some organisations in the city who provide vital services have expressed concerns in the recruitment of certain staff due to the very high cost of housing in the city. This is especially true where they are seeking to appoint young newly qualified employees. Indicative salaries for Key Worker occupations:-

Key Workers would generally start on a low to middle income:-

- ✓ Teachers - £21,867
- ✓ Residential Support Worker - £26,301
- ✓ Social Worker - £30,000

For example, a Residential Support Worker's salary of £26,301, this equates to a net monthly salary of £1,737. The Scottish Government guidelines state that for a rent to be classed as "affordable" it should be around 25% of a person's net income which equates to about £434.25 per month therefore our proposed monthly rent of £433 is in line with this guidance.

The Council currently has a relocation policy aimed to assist in coming workers. The policy allows workers to claim up to a maximum of 10% of the salary or £7,500 inclusive of VAT which ever is the greater, subject to certain terms and conditions. This method does to some degree favour those on higher salaries.

The Local Lettings Initiative

In view of the recruitment issues outlined above, the Council wishes to play its part in assisting our own council services such as Education and partner organisations in maintaining vital public services and proposes to make available properties within Smithfield Court in Middlefield for allocation to key workers.

The Council will implement a local lettings initiative in respect of Smithfield Court. The aim of the initiative will be to attract key workers to the city of Aberdeen who may otherwise be dissuaded from accepting employment in the area due to the availability and high costs of housing. The Council has based the initiative on evidence from its own employees and from partner organisations as to the difficulties faced by key workers in obtaining affordable

housing in Aberdeen as well as the statistics detailing the cost of renting and buying in the city.

Smithfield Court is a multi storey block consisting of 54 flats comprising 52 @ 1 bed and 2 @ 2 beds. In addition there will be 3 new build 1 bed flats on the ground floor to be completed as part of a full refurbishment programme which is currently ongoing. The block is scheduled to be available for letting in May 2015. It is anticipated that the lease agreements with partner organisations will be for an initial period of between 3 and 5 years however shorter periods can be negotiated. The lets to Council employees moving to the city to take up employment will be a Short Scottish Secure Tenancy for an initial period of six months.

It is intended that the properties will be let to key workers on a temporary basis to allow them to take up employment in the city. It will give them the opportunity to get to know the city before identifying permanent accommodation that meets their needs.

It is proposed to lease these properties on the following conditions:-

1. In the case of lets to organisations, the council will lease the properties direct to the organisation through a commercial lease agreement.
2. The organisation will then sub-let to the in coming key workers.
3. Leases will be for 3 to 5 year period however shorter periods may be negotiated.
4. Where the key worker is a Council employee the lease arrangement will be directly with the worker through a Short Scottish Secure Tenancy.
5. The rent will be £100 per week for 52 weeks of each year for the 1 bedroom properties and £130 per week for the 2 bedroom properties. The organisation and the tenant will be responsible for all other charges e.g. Heating, Council Tax, electricity and any other utilities and any service charges which may be levied.
6. The properties will be let on an unfurnished basis however furniture can be provided by the city council under a separate arrangement.
7. The council will be responsible for ongoing repairs and maintenance of the block and individual properties.
8. Consultation has been undertaken with local community groups and local members
9. Rents are generally in line with the Local Housing Allowance which the Scottish Government deems to be affordable.

Some examples of occupations the Council will consider as key worker are listed below:-

- Clinical National Health Service staff
- Teachers
- Police officers, Community Support Officers and some civilian police staff
- Social Workers
- Environmental Health Officers
- Residential Support Workers(Children's Services)
- Family Resource Worker
- Firefighters
- Personal Carers

As detailed proposals for the initiative are developed there may be additional occupations that are identified as key workers which will be added to the above list.

In addition, to be eligible for the allocation of housing under the initiative the following criteria must be met:

1. The key worker must be employed by an organisation that has as its primary purpose delivering public services to the general public at no charge or a nominal universal charge; e.g. public body; charity; serving the public as a whole.
2. The key worker must evidence a genuine urgent housing need that cannot reasonably be met by any other sources of accommodation in the area.
3. The key worker's place of employment must be within Aberdeen City.
4. The key worker must be employed on a permanent contract or fixed term contract.
5. The key worker must be employed in one of the key worker occupations as their main employment
6. The key worker must hold the necessary qualifications required for the employment.
7. The key worker must be from a member state or have indefinite leave either to enter or to remain in the UK (excluding key workers from member states of the EU/EEA).

The Council recognises that the implementation of the local lettings initiative will impact on the availability of properties for other applicants on the housing list. However the properties at Smithfield Court represent a small percentage of the Council's housing stock. The Council believes that the allocation of those properties to key workers will assist in promoting the city and maintain a high standard of public services. The initiative will meet the specific local aim of addressing a deficit in the numbers of key workers in the city whose skills are in short supply.

Consultation has been undertaken with local residents and community group MARAG. The group members were quite happy with the proposal as long as some properties were available for any residents from the area that wanted to be moved into Smithfield Court as a result of the Haudagain Improvement scheme. There is currently only one resident who has indicated that they

would be interested in relocating to Smithfield Court. We will continue to monitor any demand from the affected tenants with applicants being afforded top priority for an allocation in the block.

Officers from Communities and Housing will closely monitor the implementation of the initiative and will undertake a review after a period of twelve months. If required a report will be provided to Committee on the outcome of the review which will examine whether the aims have been met and identify any unforeseen consequences.

Officers have consulted with all Council services on their requirement for temporary Key Worker accommodation. We have also recognised that other partner organisations may have a requirement also and we have had initial discussions with them with a view to obtaining feedback on the proposed initiative, we are also awaiting feedback from our 3rd sector partners such as local charity organisations.

The following organisations have expressed an interest in renting properties in Smithfield Court, Middlefield for their Key Workers and we are currently in discussions with them.

- Aberdeen City Council Services e.g. Education and Social Work
- NHS Grampian
- Police Scotland
- The University of Aberdeen
- North East Scotland College

6. IMPACT

This report is likely to be of interest to members of the public, councillors and organisations who are experiencing difficulties in recruiting Key Workers.

This proposal meets the following objectives:-

- Homes Challenge – Improve the quality of housing and environment for individuals and the community.
- It also meets the objectives in the policy document Aberdeen – the Smarter City
- Smarter Living - We will enhance the physical and emotional wellbeing of all our citizens by offering support and activities which promote independence, resilience, confidence and self esteem.

7. MANAGEMENT OF RISK

There might be some adverse reaction from applicants who have selected this block as an option on our waiting lists. They may feel their housing priority has now been reduced and that they may wait longer for an offer of accommodation. The Council will however be wholly transparent in its implementation of the local lettings initiative and the aims behind it. Details of the initiative will be made available alongside

the Council's Scheme of Allocations and publicised through news bites so that tenants and prospective applicants are aware of it.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Kevin Kelly
Housing Policy Development officer
kkelly@aberdeencity.gov.uk
Tel 523947