

People, Performance and Development Committee  
25 July 2017

## Key Worker Housing

### **Purpose of the report:**

To provide the People, Performance and Development Committee with preliminary analysis exploring the options available to enhance the provision of key worker housing in Surrey and to determine whether further analysis into a fully costed feasibility study should be undertaken in this area.

### **Recommendations**

It is recommended that the People, Performance and Development Committee:

- notes the suggestion to broaden the current signposting of available housing support in Surrey to all potential candidates;
- agrees that the strategic leads identified should work with the district and borough councils to discuss the potential for expanding their eligibility criteria for key worker housing to include hard to recruit and retain posts in order to widen the support available; and
- notes work undertaken in relation to recruitment and retention and agrees that the benefits to Surrey County Council through a focus on key worker housing does not warrant further investment based on the findings in this report.

### **Background**

1. On 6 December 2016, Mr Ian Beardsmore (Former County Councillor) brought a motion to Full Council to move under Standing Order 11. Following discussion and debate, this motion was amended and agreed as below:

The Council notes the difficulties in recruiting and retaining skilled staff to work for the County Council, the high cost of agency staff and that the situation is becoming critical as the council's financial position worsens.

This Council has previously agreed that more emphasis should be given to key worker housing as one approach to dealing with this problem.

The Council now agrees to explore the options available to enhance the provision of key worker housing in Surrey in order to help recruit and retain more skilled staff whilst reducing agency spend.

2. A glossary of terms supporting this report is outlined in Annex 1.

### **Methodology**

3. A number of approaches were taken when carrying out this preliminary analysis:
- i. consideration was given to Surrey County Council's (SCC) previous experience of running a staff housing scheme;
  - ii. a review of the key worker housing offer currently available was undertaken to understand what is in place nationally via central government, locally via district and borough councils and what other County Councils are doing in relation to this; and
  - iii. research was carried out into the Council's current needs: identifying the 'hard to recruit and/or retain' roles in the context of key workers; reviewing analysis previously undertaken in relation to recruitment and retention issues; and by holding further conversations with some of the managers of those hard to recruit and/or retain skilled roles to understand the current reasons why the Council experiences difficulties in attracting and retaining them. Financial data was also sought in relation to agency spend and current activities that are in place to reduce these costs.

### **Surrey County Council housing schemes**

4. Up until 1 April 2011, SCC ran a limited staff housing scheme which offered single rooms for single staff within shared properties. The occupancy within the accommodation was designated to be time-limited (short-stay) such that it provided transitional housing, especially important to those who were moving into the area. It was also thought to provide support to those staff particularly at lower salary levels. Staff were expected to use the short-stay scheme to find more permanent, longer term accommodation.
5. At the closure of the scheme in 2011 there was a portfolio of 28 buildings with 91 available individual letting rooms. Approximately 13 new members of staff made use of the scheme in that year out of a total intake of approximately 1,800 new staff over the same period. In November 2010, of the 91 letting rooms only 47 were occupied. At that time Cabinet decided that there was no justification for establishing an alternative scheme.
6. The recommendations made to discontinue the Staff Housing Scheme were based on the following:
- alternative accommodation at comparable rents within private houses and flats was widely available throughout Surrey;
  - there were other government-funded schemes aimed at helping first-time buyers and renters to enter the housing market;

- the scheme was resource intensive to manage within SCC;
  - the scheme operated at a revenue deficit when the costs of administering it was taken into account and tied up SCC assets;
  - uptake for this type of “bed-sit” accommodation was limited;
  - it became difficult to enforce the time-limited terms of the accommodation. For example, in November 2010, 86% of tenants were reported to have been in occupation for more than one year;
  - recognition that SCC is not a housing authority; and
  - right to Buy and other Housing Act considerations impacted upon the scheme.
7. In 2004, the Executive agreed to a Key Worker Housing Scheme with an initial budget of £1m. There were three strands to the scheme; equity assistance, rental subsidy and web based advice through SCC’s intranet. The equity assistance scheme was the key focus, however due to adverse funding, taxation and legal issues the scheme did not proceed and in 2006 the Executive agreed to its formal cessation. It was also agreed not to proceed with the alternative rental subsidy scheme due to funding issues identified. Instead it was agreed to implement a communications plan to better promote the employee Relocation Assistance Policy and housing support available locally and nationally on the staff intranet.
8. There are posts within the Authority which still have tied housing. These have diminished in number over time with an example being a School Caretaker living on school site. Tied Housing is specific to performing a role and not open to apply for.

### The national and local housing offer for key workers

9. **Key workers:** SCC does not currently have an established definition of a key worker. Key workers are traditionally viewed as front line roles that are required to provide essential public services. Many definitions of a key worker exist and the term has been used by various groups and government institutes in different ways. These range from the narrow definition of nurses, police officers and teachers up to the view that all staff, whether public or private, can be key workers depending on the needs of their employers.
10. Certain job roles in the Council are considered difficult to recruit to and/or retain because of their specialist nature which creates a scarcity and competitiveness in the market. These roles are placed under a ‘hard to recruit/retain’ category. In December 2014, criteria to identify these roles was agreed by the People, Performance and Development Committee (PPDC) in order to determine whether further incentives needed to be offered to attract and retain job incumbents for these roles. The agreed criteria can be found attached to this report as Annex 2.
11. It is important to differentiate between key workers and ‘hard to recruit and/or retain’ job roles at SCC as these may or may not be the same. This preliminary research and analysis postulates that the key factor for SCC is not in relation to key workers by the traditional definition, and that which housing associations use, but more towards our identified ‘hard to recruit and/or retain’ roles that would

therefore be considered key workers at SCC for these purposes. Further work would, however, be required to review this and ensure a clear definition of key workers for SCC is developed.

12. **The national offer:** Housing support on offer from central government is in the form of the Help to Buy schemes which include shared ownership, equity loans and ISAs. Some provide help specifically for first time buyers whilst others provide help for those wishing to move to buy their own home. These schemes are available to all who meet the criteria and no additional support or priority is available to those deemed to be key workers.
13. Some employees within SCC's 'hard to recruit and/or retain' roles would be eligible to access these national schemes. However as they are dependent on a variety of factors, including household income not just individual salary, this would vary from person to person dependent on a wider range of personal circumstances than simply the post they hold.
14. **The local offer:** As SCC is not a housing authority, it does not have the remit or responsibility to provide social housing or associated schemes. In Surrey this responsibility resides with district and boroughs councils and, as such, they are able to access elements of national funding which are not open to SCC.
15. The administration of social housing in Surrey via district & borough councils is often through housing associations. A research exercise was conducted to identify what the districts & councils within Surrey currently offer. As can be seen in Annex 3, three of the eleven second tier authorities in Surrey provide support specifically for key workers all each of these have their own definitions and eligibility criteria. It is currently unclear whether the eligibility criteria used by district and borough councils would enable any of SCC's key workers to be housed. In addition, one of the three (Elmbridge) indicate on their website that demand has outstripped supply which will impact the amount of time eligible applicants are likely to have to wait to be housed. As a result Elmbridge BC have advised that no new key worker housing accommodation applications will be accepted for the time being.
16. Research has also been carried out to understand the provision of housing for key workers on offer by neighbouring County Councils. Annex 3 demonstrates that none of the authorities reviewed offer this and, like SCC, housing support in those areas is administered by district & borough councils.
17. **The Council's offer:** Property and land values in Surrey are high which means that any proposal to introduce a direct supply model which involved SCC purchasing or leasing assets would require a commitment to high levels of investment. By means of highlighting financial context, Annex 4 shows average cost of buying houses across Surrey as per a recent 'Get Surrey' news article while Annex 5 outlines a rough estimation of costs by way of example. A fully costed feasibility study would be required including further work to fully understand the number, type and location of properties required to meet future staffing needs and to seek specialist legal advice into the complex legal problems that such a scheme would pose.

18. Following a review of the information currently provided to applicants on the job pages of SCC's website, it was found that housing information is not readily available to the public. Work has previously been done as part of the Children's Improvement Plan to improve the Children's Social Worker job pages which included signposting to the national and local housing offers available. This included:

- providing information on the Council's Relocation Assistance Scheme;
- a link to information on the Government's Help to Buy Schemes which supports people to buy their own home: <https://www.helptobuy.gov.uk/>
- A link to bpha, the 'help to buy agent' in Surrey and details of the schemes available to buy a property or to rent for less than the market value to enable them to save up a deposit to buy their home.
- A link to a specialist national search engine for key workers to use to carry out a free search for rooms or housing available.
- National building firms also sometimes offer key worker housing, so SCC recommends staff or candidates looking to move to Surrey to contact them directly if they're thinking of purchasing a new build.
- Links to the websites of Surrey's district and borough councils.

19. **Next steps:** From this work it can be seen that there is a need to improve signposting to ensure all applicants, not just those interested in Children's Social Work roles, can find further information about the national and local housing offers available to access.

20. Further work could also be done to liaise with all 11 district & borough councils to explore the possibility of them agreeing to develop their schemes to include those positions that the County Council deems hard to recruit and/or retain as part of their key worker schemes. Whilst it is thought unlikely that all will agree, for example Elmbridge who are already at maximum capacity; where it can be agreed it would serve to increase the opportunities available to staff.

#### Recruitment and retention: What we already know

21. **Hard to recruit and retain roles:** The recruitment and retention difficulties that the Council experiences are well known within a number of services. As per paragraph 10, work has been carried out to aid the identification of these roles and what incentives can be offered to attract and retain skilled workers. For reference, Annex 6 lists the roles that are currently considered 'hard to recruit and/or retain'.

22. During April and May 2017, conversations were held with some of the hiring managers of these 'hard to recruit and/or retain' roles. They suggested that whilst housing is an issue for some individuals there are wider concerns over workload and pay in comparison to the market. These are areas that are being or have been addressed through various initiatives including the Children's Improvement Plan as well as the Pay and Reward Review.

- 23. Employee Value Proposition:** This financial year, the Business Operations team have been leading on a project looking to develop SCC's Employee Value Proposition (EVP). This work looks to attract more candidates who embody the Council's values whilst managing its own employee engagement to ensure all prospective and current employees have a clear and accurate understanding the value of working for SCC. The entry survey conducted as part of this work highlighted that candidates consider location (working locally/ease of travel) as a very important reason for choosing an organisation to work for. Housing support was not listed as a reason in helping someone to decide to work for or to continue to work for SCC.
- 24. Analysis of Adults and Children's Social Worker recruitment and retention issues:** Much work has been done by Adult Social Care and Children's Services to understand the reasons why people are attracted to the Council as an employer and why they choose to leave. This included a year-long exercise to carry out exit and entry interviews with all Children's Social Work staff and the introduction of exit interviews for Social Work staff in ASC. A joint piece of work was also carried out in 2016 to interview newly recruited Social Work staff to understand what the barriers are to being a Social Worker within the Council's Children's and Adults' Services. This work highlighted some recommendations to be considered including housing support and led to the changes to signpost housing support available via the Children's Social Work job pages.
- 25. Work undertaken to date:** As a result of the above work a number of improvements have already been made to support the attraction and retention of staff to hard to recruit and/or retain roles. This has included:
- improvements to the corporate Relocation Assistance Scheme;
  - A review of the ASC three year workforce plan;
  - Children's Services improvement work which included clearer messaging about the 'Surrey offer' and improvements to the Start-up Payments Scheme;
  - a joint initiative to introduce a 'Refer a Friend' Scheme for Adult Social Care and Children's Services Social Work and Occupational Therapy staff;
  - increased direct engagement work with permanent and temporary recruitment agencies and locums to increase the number and quality of CVs being submitted;
  - a project to identify barriers to retention in the Procurement Team and work to develop a refreshed recruitment and retention strategy is underway;
  - A corporate review of SCC's induction processes is being carried out; and
  - the Pay and Reward Review included a comprehensive review of Surrey Pay rates to show the Council's comparable position in the wider South East employment market that was used to inform the new Surrey pay bands. Its implementation also ensured pay and career development is appropriate for all qualified and non-qualified staff.

## Agency Spend

26. The motion submitted to Full Council by Mr Beardsmore suggested that by increasing emphasis on key worker housing this could help the Council's recruitment and retention issues and therefore reduce expenditure on agency staff.
27. In order to maintain a flexible workforce and meet the needs of residents and service users, SCC is always going to need access to workers on a temporary basis. Whilst the Council is committed to reducing agency spend it recognises that to maintain compliance with statutory requirements the use of agency workers is necessary.
28. The Council spends approximately 4% of its staffing bill on temporary workers per year. Over the past year, HR and Procurement have been engaged in a project to improve the Council's agency worker arrangements. This has included implementing a new framework contract agreement. The table below shows the Council's agency spend over the past five years. The decline in spend since 2015 highlights commitment to reduce these costs to the Council. This has been achieved through improved monitoring and scrutiny as well as working closely with services.

Year	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Total</b>	£13,930,188	£13,808,533	£11,236,472	£13,717,838	£12,405,744

29. To further reduce agency spend, Children's Services signed up to the South East Regional Memorandum of Cooperation in relation to the supply and demand of children's social work staff. As part of the agreement, there is now a maximum pay cap in place for all levels of social work staff. Adult Social Care have since signed a similar Memorandum of Cooperation.
30. Conversion conversations have been held with locum social workers over the past year in order to explain the 'Surrey offer' and the benefits of working for SCC on a permanent basis. From this, seven have moved onto permanent employment contracts with Adults Social Care and 12 within Children's Services.
31. Following changes to tax legislation from April 2017 (IR35), assessments conducted identified a number of off contract vendors that have been supplying workers to various services. HR Contract Management are working with Adecco (SCC's master vendor provider) to invite any off contract vendors to join the Adecco supply chain. This is expected to reduce the Council's agency spend as the Adecco contract is part of an agreed national framework with fixed rates.
32. In conclusion, the Council has taken considerable steps to put pressure on our agency spend. The proportion of spend against our overall staffing costs is low and the potential for key worker housing to reduce this further is potentially limited by the costs that would be associated in investing in such a scheme.

<b>Summary</b>
----------------

33. **Direct delivery:** SCC previously offered a limited staff housing scheme with the aim of attracting staff providing transitional support to those moving into the area. The scheme was costly, resource intensive to manage, gave rise to a number of legal and HR issues and ultimately did not effectively continue to meet the aims it set out to achieve.
34. Legal expertise would be required to understand how the Council could enter into any direct delivery key worker housing scheme in future as this is not a core SCC function. Any scheme would result in high levels of investment and would also have to adopt complex legal arrangements to avoid the creation of a direct landlord and tenant relationship between the Council and an employee benefitting from such a scheme to avoid them having a Right to Buy in line with the Housing legislation. To date, no comparable research examples have been found of other County Council's undertaking direct delivery models.
35. **National and Local housing offer:** Central government offers housing support in the form of the Help to Buy Schemes. They are available to all who meet the criteria and no additional support or priority is available to those deemed to be key workers.
36. In Surrey, district and borough councils act as local housing authorities and, as such, key worker housing forms one of their considerations. Key worker housing is a generic term which can be interpreted in many different ways but broadly is related to fields of employment which provide essential services to an organisation. The Council's current 'hard to recruit and/or retain' roles are not clearly articulated within these schemes.
37. **SCC's recruitment and retention work:** Research was undertaken into difficult to recruit and/or retain posts across the Authority. This looked at action currently underway to tackle recruitment issues and what the main blockers to recruitment and retention are. It is clear that there are hard to fill and retain posts in the authority, however, previous analysis and recent interviews with managers of a number of these posts suggested that, although cost of living in Surrey is high and impacts on some individuals, it is not considered a major factor resulting in posts being hard to fill. Instead this work suggested that elements of pay, progression and work activity are all part of the challenge and either have been or are being addressed.
38. Expenditure on agency staffing is currently low at around 4% of the total staffing bill and work is ongoing to reduce this figure further. The Council's policy on using temporary workers recognises the legitimate use of agency or temporary staff as they are likely to remain part of the workforce. There is no evidence that introducing a key worker housing scheme would reduce the agency staff bill in a cost effective way when off set against the cost of investing in the scheme.



## Options

39. This work has suggested a range of options as follows:

- i. **Direct Delivery:** Conduct a full feasibility study to understand any different schemes that are legally possible around direct delivery of key worker housing by SCC. This would require legal involvement, expertise and advice which has not been sought as part of this preliminary analysis. Any model which involved a purchase or lease of assets would require a commitment to high levels of investment. As outlined in paragraph 17, Annexes 4 and 5 show the average property prices and a rough estimation of cost by way of example. The feasibility study would need further work to be completed in order to fully understand the number, type and location of properties required to meet future staffing needs and the associated costs of such a scheme.
- ii. **Promote existing national and local schemes:** Broaden SCC's current offer by ensuring information about national and local housing support is made available on the website so that they are visible to all applicants for roles at the Council. Signposting could be done via the general 'Benefits of Working for Surrey' page on the public website rather than solely via the Children's Social Worker pages where it currently sits.
- iii. **Seek to enable our staff to access local key worker schemes:** Seek agreement for SCC strategic leads identified to work with each district & borough council and have discussions with them on the potential to increase their eligibility criteria for key worker housing to include the County Council's hard to recruit and/or retain roles thereby widening the support that SCC offers. A list of strategic leads can be found in Appendix 7.

## Conclusions

40. The conclusion of this work suggests that the cost of direct supply of staff housing is likely to be significant.
41. Information gathered from managers and their staff in hard to recruit and/or retain roles does not suggest that housing is a key factor they are looking for in the employment offer. Therefore, whilst a feasibility study could be conducted, the benefits to the Council in terms of staff recruitment and retention through a focus on key worker housing does not appear an appropriate option to warrant further investment.
42. Wider signposting to better promote available housing support and seeking support from the district & borough councils to increase their eligibility criteria for key worker housing to include hard to recruit and/or retain posts is likely to have greater impact and is therefore the recommended way forward.

### Financial and value for money implications

43. The review has not identified a high level strategic business case to suggest that investment in key worker housing would represent value for money to the residents of Surrey through improved staff recruitment or retention, nor would it seem likely to reduce agency costs further. To develop a more detailed feasibility study and business case would incur additional cost and divert scarce resources from other priorities areas that are critical to the strategic focus of the Council in moving towards a long term sustainable financial position.
44. Although SCC is not a housing authority, it is still subject to legislation which allows Council tenants to exercise a Right to Buy and historically the Council has had to sell properties at the appropriate discount to employees where strict criteria linking that employee's tenancy to the better performance of their employment duties has not been met. In order to avoid this, any future scheme would have to adopt complex legal arrangements to avoid the creation of a direct landlord and tenant relationship between the Council and an employee benefitting from such a scheme.

### Equalities and Diversity Implications

45. There are no equality and diversity implications from the research undertaken for this report.

### Risk Management Implications

46. There are no risk management implications from the research undertaken for this report.

-----

**Report contact:** Ken Akers, Head of HR & OD

**Contact details:** [ken.akers@surreycc.gov.uk](mailto:ken.akers@surreycc.gov.uk)

#### **Annexes:**

Annex 1 – Glossary of Terms

Annex 2 – Criteria for determining hard to fill roles as agreed by PPDC – December 2014

Annex 3 – Key Worker Housing Benchmarking Exercise – April 2017

Annex 4 – Buying a House in Surrey

Annex 5 – Example of possible costs required for a direct housing scheme

Annex 6 – Hard to recruit roles as of April 2017

Annex 7 – SCC Strategic Leads by District/Borough

**Background papers:** None

This page is intentionally left blank