

Cambridge Sub Regional Affordable Housing Group

**CAMBRIDGE SUB-REGION KEY
WORKER HOUSING RESEARCH**

Final Report

August 2003

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EXECUTIVE SUMMARY

INTRODUCTION

1. The Cambridge sub-region's housing market is under pressure. With high and rising costs, some key workers (whose pay is generally determined nationally) find it difficult to gain access to the local housing market. Key workers provide a range of services essential to the health and well being of the community. Difficulties in recruiting and/or retaining key workers in the sub-region caused by high local housing prices will, over time, erode the sub-region's quality of life and hinder its ability to deliver economic growth and mixed, balanced communities.
2. This report reviews current practice and policy, quantifies demand from key workers within the Cambridge sub-region, and researches the types, tenure and locations of key worker housing provided. It then goes on to make proposals for a joint process for allocating keyworker housing across the sub region, putting forward a co-ordinated plan for targeting the delivery of keyworker housing across the sub region for 2004-5 to 2006-7.
3. In producing this report we undertook a mix of qualitative and quantitative research.
 - Qualitative research: this involved a desktop review of the policy context; telephone interviews with nine RSLs and three local authorities (Hampshire, Hertfordshire and Surrey County Councils); meetings and workshops with local stakeholders; and group discussions with social workers and teachers to ensure that key workers opinions were taken into account.
 - Quantitative research: we asked major employers of key workers to participate in a "data mining" exercise to identify the potential key worker population, types of workers being recruited and evidence of staff retention difficulties. Some employers were more able to help than others. A postal survey of local key workers was undertaken, which achieved 1039 responses.

EXPERIENCE FROM THE SUB-REGION AND ELSEWHERE

4. Although an emerging field, there is a great deal of work going on around the country in order to provide for the needs of key workers. We cover this in detail in the main body of the report. The Cambridgeshire Key Worker Employers Consortium (CKWEC) was one of the earliest examples of public service employer consortia. CKWEC formed in late 2000 to assemble a bid for Starter Homes Initiative funding.
5. The concept of the key worker is a relatively novel one and has been defined differently by different central Government policies. Central government and regional policies now leave regions and sub-regions with the freedom to define key workers in response to local conditions. The emerging Structure Plan makes reference to the need for affordable for housing key workers but this has yet to be reflected in all local plans across the Cambridge sub-region. CKWEC has defined key workers eligible for assistance with their housing is as follows:

"Key workers eligible for assistance with their housing costs will be public sector workers who are employed by the public sector and will be involved in the care and comfort of the community. Eligible workers will be employed in sectors experiencing recruitment and retention problems in the Cambridge sub-region and be unable to afford similar accommodation on the open market".

6. The Consortium has agreed arrangements for the management of access to key worker housing delivered in the sub-region (including setting up a managing agent). The arrangements are expressed in a draft Protocol (see Appendix 1). However, neither the definition of key workers eligible for assistance with housing, the principles for managing access to housing earmarked for key workers, nor the Protocol, have been discussed formally with the councils in the sub-region. This needs to be taken forward as soon as possible.
7. Private sector workers have been excluded from the definition of key workers and the draft Protocol. However, local councils may have an identified need to provide housing for particular private sector workers on broader economic grounds. There therefore needs to be some flexibility so that councils which identify a particular local need can make appropriate provision.

HOUSING COSTS AND AFFORDABILITY IN THE CAMBRIDGE SUB-REGION

8. We examined housing affordability in the Cambridge sub-region, looking at incomes required to access housing and at the budget shortfalls that typical key workers would experience when attempting to enter the market. We also reviewed the affordability of the private rental market at district level. We found that the income required for accessing the housing market is subject to wide variation across the sub-region; the income required to access housing in the lower quartile of the property market varies from approximately £18k in Fenland to £36k in Cambridge. This is therefore a problem for particular parts of the sub-region – in particular, the Greater Cambridge area¹ - and for workers in particular categories and in particular household circumstances. Conversely, this means that it may be difficult to make a case for applying large amounts of funding to support key workers in certain parts of the sub-region, given that housing is generally affordable. In any event, the general affordability of some locations may mean that there is low demand for certain types of key worker housing and housing assistance.

RECRUITMENT AND RETENTION

9. Initial anecdotal evidence from employers has suggested that they suffer from two main labour problems. Firstly, there is a problem of recruitment, particularly of people aged under 30. Then there is a problem of retention, which becomes particularly acute in the 30-34 age range. Here we consider both aspects of the problem.
 - Recruitment: Our data indicates that approximately 3,000 workers are recruited each year for the key worker occupations in the Cambridge sub-region, both from within the sub-region and beyond. However not all employers have provided information, particularly those in Suffolk. If the Suffolk data was available, the figure would be higher. An analysis of employers' data shows that recruitment per annum is particularly concentrated in the Cambridge City district. This is for the most part attributed to Addenbrooke's hospital, the largest employer of key workers in the sub-region
 - Retention: Our key worker survey suggests that employers are likely to be facing a staff retention problem linked to housing costs and that it is people in the 25-34 age range who are most vulnerable. This age range is emerging from a period where (our discussion groups suggest) house sharing is considered acceptable and even popular due to the social benefits it can afford.

¹ When using the term "Greater Cambridge" we refer to the postcodes CB1,2,3,4,5 – broadly covering an area corresponding to a 30 minute peak time journey to Cambridge and roughly equating to Cambridge City and South Cambs

CHARACTERISTICS OF KEY WORKERS

10. We have provided a profile of the current key worker population, covering areas such as income, satisfaction with housing, and housing costs. In brief:
- Living with friends is a significant option for younger key workers: 22% of key workers under 24 responding to our survey were living with parents, relatives or friends. This dropped sharply to 7% in the 25-29 age group, and fell to a negligible level thereafter.
 - Satisfaction with the tenure of accommodation is lower for those in rented accommodation than those in owner occupation. Remarkably high proportions of those in owner occupation are satisfied (97%).
 - Excluding the under 24s who are often sharing accommodation, younger people (who report being on lower incomes than the norm) are more likely to be making mid and high level rent and mortgage payments than the better paid members of older (46+) age groups. The proportion of people making high level payments peaks at 35-39, and declines thereafter. Whilst there are likely explanations for this (possibly that older people purchased their home some time ago when house prices were much lower) it does emphasise the point that individuals in their thirties often find themselves under particular financial pressure.
 - The vast majority of survey respondents wish to be owner occupiers.

ASPIRATIONS OF KEY WORKERS

11. The survey of key workers provided information on preferences for the types, tenures, locations and characteristics of housing:
- Trade offs: people on the whole are not willing to change career to secure the housing they want but some are willing to move away if that means they can meet their housing aspirations – although the willingness to relocate declines with age. There is, however, a blip at the age of 30-34, which indicates that this group is more willing to change career than other age groups. This group of key workers are also more likely than any other to state that they would consider moving away to get the type of housing they want.
 - Type of housing demanded: The general preference for a (semi) detached home is unsurprising. The interesting factor here is the gap between expectations and desires. Grouping together those wishing to live in a house (either terraced or semi-detached) and those expecting to, we see a picture where most groups expect to have their desires satisfied in the next two years (for example, 95% of those with children want to live in a house; and 96% of them expect to). This suggests that families neither want nor will accept flatted accommodation.
 - Location preferences: the common factor amongst survey respondents was the importance attached to good transport connections. Thereafter, respondents split (very broadly) into three groups.
 - The first group had children. They were very child orientated in their outlook, wanting to locate near to good schools and to have a property with a garden.
 - The second group – younger and without children - did not form the homogenous block of opinion that might have been expected. Couples without children had no particular wants as a

group, other than the desire for a garden. They neither particularly sought a suburban or a town centre location, but showed a small preference for a rural location.

- Young (aged under 25) single people wanted to live near to shops and recreation / entertainment facilities, but more important than this was living near to work and friends / family. We might have expected that this group would show a clear preference for living in a central location in town, but this proved not to be the case, although their general preference to live near facilities suggests an urban location would best satisfy their needs.
- It is apparent that a journey to work of more than 35-45 minutes is not considered acceptable in the sub-region.

OVERALL DEMAND AND PROGRAMME FOR KEY WORKER HOUSING DEVELOPMENT

12. We calculated overall demand by looking at both staff recruitment and staff retention aspects to employers' needs. These figures were generated at district level, with separate estimates being made for Hinchingsbrooke and Addenbrooke's, reflecting their importance as key worker employers.
13. On the basis of our estimate of the requirement for key worker housing (both for recruits and for existing staff) we put forward the following as an appropriate annual programme for the three years 2004-2007:
- Attributed to Addenbrooke's: 150 - 339 (recruitment) plus 97 (retention) = 247-436 units per annum².
 - For other key workers in the sub-region (excluding the needs of the new unit at Hinchingsbrooke): 118 (recruitment) plus 67 (retention) = 185 units per annum
14. Using net projections at district level, this equates to the following programme:

Table 1.1 Overall district level net key worker housing demand per annum (units)

Cambridge City	48
South Cambridgeshire	67
East Cambridgeshire	23
Huntingdonshire (incl. current Hinchingsbrooke requirement)	31
Addenbrookes	247
Fenland	17
TOTAL	432
Hinchingsbrooke new unit (opening Jan 2005)*	30

*itemised separately as this may represent a short term increase in demand

15. Forecasting demand beyond 2007 is extremely difficult. We are unable to provide estimates for the longer term and therefore the programme of key worker housing should be kept under close review.

² These figures provide a range. The higher figure represents the gross estimate for recruitment. Gross figures do not take account of the fact that key workers on a single income may not be able to afford the costs of sub-market rent or shared ownership/equity share. Our net estimates take account of these 'low earners' who would not form part of the effective demand for key worker housing.

16. We would expect that, as the 'backlog' of demand from existing key workers is gradually satisfied over time, the need for additional housing for existing key workers will reduce. Similarly, as new housing for recruits comes on stream, casual vacancies will arise to meet some of the demand from recruits.
17. On the other hand, there will be an increasing need for key workers in the sub-region to match population growth. Furthermore, there is a big expansion plan for Addenbrooke's (which is expected to double its clinical staff requirements by 2016) and a new diagnostic treatment centre scheduled to open at Hinchingsbrooke hospital in January 2005, requiring 300 additional staff.. There is likely to be a short term peak in demand for housing from new recruits to Hinchingsbrooke Hospital's new diagnostic centre when the centre opens around January 2005. We have not included this demand in the figures presented above for the years 2004-2007 but could expect to see an additional requirement of about 30 units to satisfy this demand.
18. We believe that the tenure and scheme profile should be as follows:
- The tenure of the housing should be a mix of low cost home ownership and sub market rent. All provision for existing key workers should be low cost home ownership.
 - For new recruits, from the information available to us regarding age profile and tenure expectations, we believe a 50/50 split between sub market renting and low cost home ownership should be adopted.
19. Therefore, the total annual programme would be (using the lower net demand figure):

Table 1.2 Annual programme (net demand)

	'Tenure	
	Sub market rent	Low Cost Home Ownership
Attributed to Addenbrooke's	75	172
Rest of sub-region	59	126
Total	134	298

Note: Low Cost Home Ownership includes equity share and shared ownership. These figures exclude any demand from the two Suffolk districts, from the police or the fire service.

20. We believe that the preferred basis for the low cost home ownership should be equity loan (the SHI-type model) or equity share. However, we recognise that shared ownership, at low share sizes and with a low rental cost, may be a better alternative for those on lower incomes. More detailed local analysis will be required to determine which tenure is the more appropriate on a scheme by scheme basis.
21. Given the concentration of key worker employment in the Cambridge and South Cambs areas, it is apparent that the bulk of the programme should to be located within a 30 minute drive time of Cambridge – effectively in Cambridge City and South Cambs.

NEXT STEPS

22. We have sketched out the actions that we believe the sub-region should take to progress the delivery of key worker housing, as follows:
- **Overall Approach.** It will be important for the sub-region to agree its general approach to the future provision of key worker housing. This is likely to include overall numbers and tenure, a broad indication of where key worker housing is to be provided (e.g. at district level) and more

detailed location criteria (e.g. family housing near to schools and other local facilities). Over time, the sub-region approach can become embedded in development plans and other local policy guidance (e.g. SPG) as they are rolled forward. In the meantime it will be important for all the districts to 'sign up' to the approach (perhaps through 'member ratification'). The sub-region could also consider producing a joint 'key worker housing SPG'.

- **Development Programme.** A detailed site by site programme of key worker schemes for the next 12 months needs to be agreed. A broad outline of developments expected over the subsequent two years would also be helpful, providing clarity about longer term plans.
- **Section 106 agreements.** A very useful practical step would be the adoption of standard clauses in S106 agreements which can be used across the sub-region with developers. Relevant clauses will need to be worked up (with legal advice as appropriate) but at least one clause should cover the mechanism for 'allocating' key worker housing (as set out in the Employers' Consortium protocol).
- **Finalising and agreeing the membership and operation of the Employers' Consortium and the draft protocol across the sub-region.** A draft allocation protocol has been agreed by Employers' Consortium members as part of this study. However, work remains to be done to establish the protocol, including a process of deciding which employers are to be represented on the Employers' Consortium, how their activities relate back to wider sub-region policy setting at district level, and who chairs the Employers' Consortium. The Employers' Consortium will then need to decide whether it wishes to appoint a managing agent, the role of the agent, funding and selection of the agent, and agreeing timescales, the precise administrative configuration of the allocation process, and service level agreements.
- **The relationship with RSLs developing and managing key worker housing.** The way the sub-region works with developing and managing RSLs for keyworker schemes needs further consideration. The sub-region will need to decide whether a common approach is advantageous and, if so, what that approach should be. One option may be to identify 'preferred sub-region partners for key worker housing' but this is not the only option and other mechanisms may provide a better way forward.

1 INTRODUCTION

- 1.1 The Cambridge sub-region's housing market is under pressure. The number of households is increasing but the supply of homes is failing to keep pace with this change³; this, along with high rates of well-paid employment and cheap borrowing rates are pushing housing prices higher. These high housing costs mean that key workers (whose pay is generally determined nationally) are unable to access the local housing market. Key workers provide a range of services essential to the health and well being of the community. Difficulties in recruiting and / or retaining key workers in the sub-region caused by high local housing prices will, over time, erode the sub-region's quality of life and hinder its ability to deliver economic growth and mixed and balanced communities.
- 1.2 Addressing this problem has become a key strategic objective for the region. The first of the "key issues" at the beginning of the Sustainable Communities Plan for the Eastern Region is the approaching "problems of high and rapidly rising house prices and their impact on the recruitment and retention of staff, particularly close to London and around Cambridge but spreading deeper into the region".⁴ Money is available to back up this objective: the East of England will share in the £4.736b being provided for housing investment across the three south-eastern regions over the next three years. The Government expects "at least" £1b of this will be invested in key worker housing.⁵

Issues from the brief

- 1.3 It is within this context that our report responds to the brief set by the Cambridge Sub-region Affordable Housing Group. The brief requires us to assess the scale and nature of the problem in accommodating key workers in the Cambridge sub-region, by:
- Reviewing current policy and practice in key worker accommodation, both within the Eastern region and beyond
 - Quantifying the demand from key workers within the Cambridge sub-region
 - Seeking to understand more qualitative issues around that demand, understanding the types, tenure and locations of any key worker housing provided
 - Developing a practical response to these issues, covering
 - A proposed policy framework and joint process for allocating keyworker housing across the sub region;
 - A co-ordinated plan for targeting the delivery of keyworker housing across the sub region for 2004-5 to 2006-7;
 - A co-ordinated approach to bids for funding for keyworker housing in 2004-2005.
- 1.4 However important key workers are to the community, their need for affordable housing has to be set alongside other requirements for affordable housing in the sub-region. It would be wrong to consider this report in isolation and to conclude that the amount of housing for key workers identified should have priority over the need for affordable housing of other groups. It will be for the sub-region and individual districts to decide how they strike the balance between competing demands for the finite supply of affordable housing which the sub-region can deliver.

³ Household numbers increase by 5.4% over 1996-2001 whilst the stock of dwellings increased by 4.6%. Housing completions are at a record low level with just under 16,000 dwellings being built in the region in 2001/2.

⁴ p5 ODPM *Sustainable Communities in the East of England* <http://www.odpm.gov.uk/communities/plan/pdf/eastengland.pdf>

⁵ p7 *ibid*

- 1.5 We have, as requested, defined the sub-region as including all of Cambridgeshire and the two Suffolk districts of Forest Heath and St Edmundsbury. Initially, we were asked to include Uttlesford in Essex but were subsequently told to exclude it from our considerations. Some data collected was on the basis of the inclusion of Uttlesford and we have reported the findings, which are themselves interesting.

Research approach

- 1.6 We have undertaken a programme of qualitative and quantitative research which we describe below.

Qualitative research

- 1.7 A desktop review of the policy context was undertaken, covering the most recent national policy and funding announcements. We added this information to telephone interviews with nine RSLs who are involved in the provision of intermediate housing and key worker housing in particular
- 1.8 Three local authorities in the south of the country were interviewed by telephone to provide an expert local authority perspective, highlighting the potential role which councils can take in promoting key worker housing and in co-ordinating their local programme.
- 1.9 A separate meeting was held with Bedfordshire Pilgrims Housing Association and telephone discussions with the regional National Housing Federation and Housing Corporation and the Government Office for the east of England. A meeting was also held with the East of England Development Agency, which was attended by a representative from East of England Regional Assembly.
- 1.10 A series of five workshops were held with local authority officers, local RSLs and the Cambridgeshire Key Worker Employers' Consortium (CKWEC) in the sub-region. There were two combined workshops and a separate meeting for each of the groups.
- 1.11 Group discussions were held with social workers and teachers. These provided us with more qualitative information about the types and locations of accommodation preferred by key workers, along with information on tenure, location and the relative importance of housing issues when ranked against the other pressures faced by key workers.

Quantitative research

- 1.12 We asked major employers of key workers to participate in a “**data mining**” exercise to identify the potential key worker population, types of workers being recruited and evidence of staff retention difficulties. Some employers were more able to help than others and we acknowledge that the information collected necessarily related to the types of workers they employ.
- 1.13 A **postal survey** of local key workers was undertaken. In the time available, we had to be pragmatic about the groups contacted and mechanism for distributing the questionnaires. Care has been taken to cover all the main public sector key worker groups under the ‘classic’ definition of key workers. Approximately 4,100 paper questionnaires were distributed to workers in teaching, fire, police and health occupations. Additionally, 355 questionnaires were distributed electronically to social workers in Cambridgeshire, and 65 to social workers in Uttlesford. We were not able to contact workers in Suffolk, and workers at Addenbrooke’s were excluded since they had very recently been surveyed for a separate study.
- 1.14 1039 responses were received. This represents a response rate of about 23%. In the time available for the survey and in the absence of any ‘reminder letter’ this is a reasonable response. With over 1,000 completed questionnaires there is sufficient information to consider the responses of separate sub groups within the sample.

- 1.15 It is useful to note that the survey results show little difference in responses between different occupation groups which cannot be explained by different salary or age structures. This implies, but does not provide conclusive proof, that the views of key workers are little influenced by occupation and that this partial survey of key workers is a good guide to the views of all key workers in the sub region.
- 1.16 We understand that a full sub-regional housing needs survey is currently being undertaken and results from this should be able to add further information on the issue of key workers and particularly to place the key worker housing requirement in the context of the wider need for affordable housing which we alluded to earlier.

Types of housing for key workers

- 1.17 In the report, we refer to three basic forms of housing for key workers. This is not to say that other models of provision cannot play a useful role and will not come forward in the future but we focus on the three 'tenures' since they are the most commonly available for key workers. The three are:
- **'Shared ownership'**: low cost home ownership housing provided by registered social landlords in which the occupier owns a percentage of the property (normally 30-50%) and the remainder is owned by the RSL (and a rent is normally charged to the occupier).
 - **'Equity share'**: the occupier owns a percentage of the property (typically around 70%) and the remainder is owned by a third party (typically an RSL, developer, landowner, employer or their agent). No rent is charged on the outstanding equity.
 - **'Sub market rented'**: property which is available for rent at a cost which is below that normally charged by private landlords for comparable properties.
- 1.18 There is also the option to provide 'low cost sale' housing whereby the property is sold outright either at a discount on the market value of the property or at a lower price than other properties available in the area. We have not considered this option in detail in the report since our information on affordability suggests that a larger discount on price would be required than is typically offered by 'low cost sale'.

2 EXPERIENCE FROM THE SUB-REGION AND ELSEWHERE

Introduction

- 2.1 Our consultations with local authorities and housing providers have highlighted a number of issues being faced by those involved in tackling key worker housing needs. These include establishing a working definition of “key workers”, deciding on the type and location of housing to be provided, setting costs, managing nominations, and coping with risk. We discuss these issues below. It is important to note that key worker housing is still an emerging ‘tenure’ and that there is limited experience and best practice to draw upon.

Experience from the Cambridge sub-region

- 2.2 The Cambridgeshire Key Worker Employers Consortium (CKWEC) was one of the earliest examples of public service employer consortia. CKWEC formed in late 2000 to assemble a bid for Starter Homes Initiative funding. CKWEC is co-ordinated by Cambridgeshire County Council, and comprises:

- Cambridgeshire County Council - teachers and social workers;
- Addenbrooke's NHS Trust - representing Cambridgeshire NHS Hospital Trusts;
- Anglia Support Partnerships - representing all Cambridgeshire Primary Care Trusts;
- Cambridgeshire Police;
- Cambridgeshire Fire and Rescue.

- 2.3 The Consortium selected Bedfordshire Pilgrims Housing Association (BPHA) to bid for SHI funding, and secured £5m SHI grant over three years. A variant of DIYSO was chosen as the SHI delivery model, principally comprising purchases on the second hand housing market with some new build in later stages. Regular meetings of CKWEC and BPHA monitor progress, policy issues, scheme parameters and marketing. Initially focused on Cambridge City and South Cambs, the scheme now operates across the County, and has delivered 83 units since November 2001.

- 2.4 CKWEC employers have made available grants or interest free loans for SHI applicants' deposits for house purchase. Take-up is considered reasonable by comparison with other counties, although research undertaken by consultant Jane Smith concluded that take up was inhibited by the limited amount of assistance in relation to market costs, and that many potential applicants would have preferred a sub-market rent model, which falls outside the SHI rules.

- 2.5 To date, four Cambridgeshire local authorities are known to have supported key worker housing as a component of S106 mixed tenure affordable housing schemes. At Cambourne in South Cambs, this was instrumental in enabling BPHA to achieve Challenge Funding for a sub-market rent scheme for 19 key workers.

Other local authorities

Definitions

- 2.6 In both Hertfordshire and Hampshire County Council areas, teachers are the principal target of key worker housing, although Hampshire has more recently identified a need to tackle a shortage of social workers, especially those required to work with children and families. In Hertfordshire, social workers and fire-fighters are also identified as priority groups.

- 2.7 The Surrey Local Government Association have produced a key worker housing strategy – ‘Housing to Underpin Economic Success’. This defines key workers as, *“those people who provide the essential services necessary for continued economic growth and to sustain the quality of life in Surrey.”* Within this broad definition, two distinct groups of key workers are identified: first, those required to deliver key public services and second, employees required meeting the wider needs of the Surrey economy. The Surrey definition thus includes both public and private sector workers.

Provision

- 2.8 Local authorities are addressing the issue of providing key worker housing both directly and through facilitating action by others.
- 2.9 Hampshire, Surrey and Hertfordshire County Councils are progressing schemes funded by the Government’s Starter Homes Initiative (SHI). These are in response to the authorities’ own recruitment and retention problems. Hampshire is also working in partnership with registered social landlords (RSLs) to provide housing specifically for key workers, in some cases using appropriately located sites within the Council’s ownership.
- 2.10 The other strand of activity involves engaging with other agencies, especially the district councils, as they have the prime responsibility for addressing housing need within their communities. In Hampshire, promoting understanding of the issue, to ensure that district councils are able to make informed decisions while fulfilling both their housing and development control functions, is an important aspect of the work of the Estates division (who take the lead on provision of key workers housing).
- 2.11 The strategic planning functions within the authorities are also very active in addressing the key worker housing issue. In Hertfordshire, a Key Worker Housing Forum has brought together a membership including local authorities, the health and police authorities and representation from housing associations active in the area. A strategy setting out issues and needs has been produced and is now being reflected in the strategies and actions of district councils as opportunities arise with respect to both their housing and planning responsibilities.
- 2.12 Research to develop a better understanding of the scale and nature of housing need amongst key workers also appears to be promoted by the strategic planning function. In Hertfordshire they are leading the Forum’s work on a county-wide key worker housing needs survey currently underway to support work across the area. The Greater London Authority contributes to the work of the ‘Keep London Working’ partnership, established to develop housing in Inner London for key workers and also to carry out research to better understand the nature of demand by these individuals.
- 2.13 In Surrey, “Housing to Underpin Economic Success” describes a number of initiatives underway in the County. One is the Elmbridge Key Worker Forum which brings together local employers, service providers and registered social landlords to consider the needs and availability of suitable accommodation in the Borough. Another Elmbridge initiative comes from the Borough Council which has agreed to provide key worker accommodation through its adopted allocations policy, with specific nominations granted for key workers. The target is to provide 30 units from the existing stock per year and 10% of any new affordable housing.
- 2.14 The Surrey strategy explains the problems posed by the very high housing costs in the county and sets out a range of measures to tackle the issue. These include calling for the local planning authorities to adopt the lower threshold for affordable housing set out in Circular 6/98 and promoting on-site provision rather than accepting commuted sums, alongside a number of recommendations to Government. The strategy goes on to promote the need to provide a range of housing products including sub-market renting and shared ownership. With the latter, the strategy says that there is no reason why employers should not take the lead in developing shared ownership schemes.

Housing providers

Definitions

- 2.15 Although the SHI and Challenge Fund must be used to provide housing for key workers within a strict definition, housing providers tend to dislike such definitions, as they are inflexible and could prevent provision from responding to changing priorities.

Provision

- 2.16 Key workers are not a homogenous group and the market for key worker housing is diverse and fragmented. This is reflected in the wide range of key worker scheme types which are emerging, although they are all within the intermediate market.
- 2.17 Some housing providers focus on administering grants to enable key workers to buy property on the open market – this has proved popular as people have a choice of type and location. Others build property themselves, for shared ownership or sub-market rent, usually enabled by a s106 agreement as part of a new development. This can be with or without grant.
- 2.18 There is already a significant track record of RSLs developing flatted sub-market rental schemes for NHS employers (hospitals), often on land owned by the NHS. Some schemes have been in the form of cluster flats which accommodate say 6-8 people in separate bedrooms with communal living rooms, kitchens and bathrooms – perhaps best described as ‘super student’ accommodation. Other flatted schemes have been developed along more conventional lines with self-contained one and two bedroom units. Although the consumer costs of cluster flats are attractive and suit the needs of lower paid/younger staff, self-contained flats can prove more flexible, offering suitable accommodation for a wider range of households.
- 2.19 The Peabody Trust, through the ‘Keep London Working’ SRB scheme, provide a number of rented properties throughout inner London, primarily to single people or sharers. 55% of their units are studios or one-bed flats.
- 2.20 Some RSLs are working with employers. Apex Housing are managing the Surrey Homes scheme, set up by Surrey Police for serving officers. This is an equity share arrangement with the Police Force taking a £20,000 share in properties bought on the open market by first time buyers (subject to a number of eligibility criteria). For existing home owners, Surrey Police take a £50,000 share. When officers leave the Force or sell their properties they have to pay back the share of the property to the Surrey Police. We were told that the scheme is working well and that the initial round of 41 equity shares for first time buyers made available this year was already taken up with a further 18 shares for first time buyers and 40 for existing home owners made available this month.
- 2.21 The Pavilion Housing Association is working with employers to provide key worker accommodation for rent. The association purchases properties which it rents to employers - the Royal Surrey Hospital is one example. The employer therefore guarantees the rent. These schemes are generally working well and as the perception of key worker housing is improving they are becoming more popular.

Location

- 2.22 Great care is needed in identifying suitable locations for key worker housing. Some housing providers consider the location of a site in relation to key local employers at the site appraisal stage, and this influences their decision as to whether or not to include key worker housing. A crucial factor, according to the Peabody Trust, is travel to work time, as 45 minutes is the maximum travel time that people will generally accept. The site should also be on a cheap transport route. However, although proximity to

work reduces commuting times, many key workers (especially teachers and police) do not want to 'live above the shop'.

- 2.23 Whilst some key workers may be happy to be in an identified 'key worker development' there is a danger that over-concentration of key worker housing in one location would be uncomfortable for residents and work against wider objectives to achieve mixed and balanced communities.
- 2.24 There are already past examples of key worker housing built in inappropriate locations, resulting in poor take-up. A recent RSL scheme in Waterbeach, South Cambridgeshire, included key worker flats as part of a larger development and we understand that these did not prove popular due to the scheme's rural location and relatively poor access to facilities.

Cost

- 2.25 There is a 'continuum of need' in terms of costs and providers feel that shared ownership should be tailored to local incomes if it is actually to be affordable (i.e. 30%, 40% or 50% shares could be appropriate in different areas). Rents are usually set at least 20% below market rent and in high cost areas, up to 50%. An alternative approach (taken by the Peabody Trust) is to aim to set rents at 25% of key workers' gross wages.

Nominations

- 2.26 Most housing providers work with relevant employer groups to informally agree on nominations (formal agreements tend not be used because they result in the housing becoming a "benefit in kind", with a tax on the recipient), whilst others work mainly with the local authority. If there are not enough nominations through these channels, housing providers sometimes target other low-income groups.
- 2.27 Some housing providers work with employers to advertise key worker housing (e.g. by holding open days at workplaces, sending mailshots with wage slips and advertising in newspapers or professional publications). This has helped to overcome lack of awareness, which has been a barrier to take up in many areas.

Coping with risk

- 2.28 Whilst key worker housing is now an increasingly important element of the affordable housing market, it must be recognised that a change in market conditions and/or increase in key worker incomes, could quickly reduce the demand for tailored key worker housing. This is a risk factor for key worker schemes which must be taken into account, first in identifying the scale of the demand (over-supply could cause serious problems) and, second, in achieving flexibility in nominations procedures so that providers are not left with long periods of voids whilst they wait for a new nomination.
- 2.29 A less tangible issue raised is that of image – essentially whether the key worker market responds well to involvement with an RSL. We know from our own survey that key workers aspire to home ownership and can, perhaps, associate RSLs with social rented accommodation and traditional mechanisms for gaining access to subsidised housing (through registration on housing 'waiting lists'). The key worker market may find it more attractive to deal with an organisation which is less clearly labelled as a housing association. Rightly or wrongly, RSLs entering the key worker market may need to 're-badge' themselves in order to appeal to the key worker market. This point should be borne in mind if the Employer Consortium proceeds with the proposal to set up a managing agent to implement the emerging Protocol.

3 LOCAL POLICY CONTEXT

Structure Plan

- 3.1 The Report of the EIP Panel for the Cambridgeshire and Peterborough Structure Plan Review made certain comments about key workers. The Panel recommended that policy P5/4 should include wording to clarify that provision of affordable housing should include key worker housing. This has been taken forward into the Proposed Revised Policies put forward by the County.

Local Plans

- 3.2 Information provided by the local authorities in the sub-region shows that the issue of key workers is being seen as increasingly important. Existing local plans do not have specific policies to provide key worker housing but as the plans are rolled forward (or even where this is not the case), policies specifically dealing with key worker housing are being introduced.

- **Forest Heath District Council** does not have a general key worker policy, although it does have a policy for housing military base personnel and their families at Lakenheath and Mildenhall and a housing allocation specifically for workers in the horseracing industry at Newmarket.
- **St Edmundsbury** is currently in the process of implementing a key worker strategy. An initial survey of the local key worker employers which has shown that there is a need for this type of accommodation, although the quantum of this demand is not known. Planning officers at the council are now setting up a forum of all of the major key worker employers in the borough with the aim of having detailed information and a strategy to enable the Council to access the next round of Challenge Funding next year.

In the St Edmundsbury draft local plan, the only reference to key workers is "Key worker housing is accepted as a form of affordable housing but it is not necessarily provided by a registered social landlord and many key workers will be looking to buy rather than rent. Policy H7 does not preclude any other forms of affordable housing, including key worker accommodation, provided that the Borough Council is satisfied that the proposed housing will genuinely benefit those in housing need. Given the identified need for rented accommodation provided by a registered social landlord, this will be the priority and other forms of affordable housing will be considered only as an exception".

- **South Cambridgeshire** Local Plan No.2 (Proposed Modifications 2002) does not include policies for key workers. However, the Council has identified this as a key issue for a new policy in the local plan review, to be placed on deposit around June 2003. The Council will use research into the key worker issue commissioned jointly with Cambridge City Council carried out by Cambridge University to help inform policy development.
- **Cambridge:** The existing Local Plan (1996) recognises the need for Cambridge University to provide affordable housing for its own staff. However, the plan does not call them key workers. The University has not provided this accommodation. The draft Local Plan (on 1st deposit from 2nd June 03) makes provision for key workers as part of a broad approach. Policy 4/5 states that "housing provided for specific groups of workers (also known as key workers), will count as affordable housing provided that it is supported by evidence that their employers are facing recruitment and retention difficulties related to housing costs, that the workers cannot afford to rent or buy housing locally to meet their housing needs and that the employers are unable to respond by increasing wages or relocating elsewhere (wholly or partly)".

- **Huntingdonshire:** there are no specific key worker policies; these will be informed by Huntingdonshire's recently completed housing needs survey and the outcome of this research.
- **Uttlesford:** there is no key worker policy in Uttlesford.
- **Fenland:** there is no key worker policy in Fenland.
- **East Cambridgeshire:** this district has issued Supplementary Planning Guidance to advise developers on what the Council seeks with regard to affordable housing on residential development sites. However, no specific mention is made of key workers within this document.

4 ACCESS TO HOUSING FOR KEY WORKERS

National and regional definitions of key workers

- 4.1 The concept of key worker is a relatively novel one and has been defined differently by different policies.

Starter Homes Initiative

The SHI has prioritised teachers, police, nurses and other essential health staff. However, SHI includes funding for 400 other workers including social workers, fire fighters and transport workers. The ODPM has recently announced alterations, stating that its commitment to house 10,000 key workers by April 2004 through the Starter Home Initiative is unlikely to be met. As a result, it is a) relaxing the rules in a bid to boost take-up, and b) offering higher subsidies. Housing associations distributing SHI money will be given the freedom to house key workers beyond those for which they received funding.

Challenge Fund

The Challenge Fund defines key workers closely, as being either “health service workers, police or teachers where clear evidence can be provided of recruitment and retention problems.”⁶

Communities Plan

The Communities Plan leaves the definition of key worker to the Regional Housing Boards. The recently published Regional Housing Strategy notes that key worker housing is a “difficult and growing issue for the region”, but leaves the definition of key workers to the sub-regional partnerships following more localised research. There is a clear emphasis, though, on solving issues of public sector recruitment and retention.

- 4.2 Elsewhere, recent guidance from the NHS (NHS Housing Initiative Guidance, 2003) explains that all NHS workers are key workers but that staff who earn less than £35,000 are being targeted and those that are most difficult to recruit or retain are ‘key workers’. Affordable accommodation is defined as accommodation which costs 25-30% of the disposable income of an NHS employee and that, ‘In practice this translates into rental levels of £70-£100 per week for Grade D and E nurses.’

The employers’ consortium approach in the Cambridge sub-region

- 4.3 Central government and region policy now leaves regions and sub-regions with the freedom to define key workers in response to local conditions. In coming to their view on the definition appropriate to the sub-region, the Employers’ Consortium has moved away from an occupation-based definition to one which focuses on the problems which the sub-region has in recruiting and retaining public sector staff. This definition builds on others already put forward for the sub-region⁷ and should help ensure the targeting of the scarce resource of key worker housing where it is most needed.
- 4.4 The Consortium definition of key workers eligible for assistance with their housing is as follows:

⁶[http://www.housingcorplibrary.org.uk/housingcorp.nsf/AllDocuments/60A7F6F3605B5AAC80256C380061E7C0/\\$FILE/CHALLENGE.pdf](http://www.housingcorplibrary.org.uk/housingcorp.nsf/AllDocuments/60A7F6F3605B5AAC80256C380061E7C0/$FILE/CHALLENGE.pdf)

⁷ The Cambridge University *Research Report V – Research into Key worker and Affordable Housing in the Cambridge Area* suggested that the following definition be adopted: “key workers in the Cambridge context include those whose role relates to the ‘care and comfort’ of the community and those working in research and development”. This, obviously, is a broad definition encompassing both public and private sectors of the economy. The definition also will cover substantial portions of the Cambridge workforce, including as it does academic population, a large proportion of Cambridge’s business park employees, police, health workers, teachers and so on.

“Key workers eligible for assistance with their housing costs will be public sector workers who are employed by the public sector and will be involved in the care and comfort of the community.⁸ Eligible workers will be employed in sectors experiencing recruitment and retention problems in the Cambridge sub-region and be unable to afford similar accommodation on the open market”.

- 4.5 It should be noted that the Consortium has not attempted to define key workers as such, other than in the broad terms of public sector workers employed in the care and comfort of the community. The important point is that the definition focuses on those key workers which are **eligible for assistance with their housing**. The Protocol developed by the Consortium to administer this definition, recognises that those needing assistance with housing can vary over time.
- 4.6 Within the above definition, priority for key worker housing is to be based on the following criteria, in the order set out.
- **Criteria 1 – Broad Occupational Groups:** priority occupational groups are those identified as suffering a recruitment or retention problem priority by employers. These groups will be defined by the Employers' Consortium on an annual basis, justified by the best broadly based evidence (such as high vacancy levels in the past 12 months, known future expansion in service delivery). In coming to a view on priorities, the Employers' Consortium will be mindful of the priorities being set by the Government and the Region's Housing Board, which emphasises the particular needs of nurses, teachers and police.
 - **Criteria 2 - Salary:** a maximum income will be set, alongside an advisory minimum income. The maximum limit is intended to ensure that provision is not made for those able to afford accommodation on the open market. There will also be an advisory minimum figure, to screen out those who would be unable to afford the cost of the intermediate accommodation available. These figures will apply across the sub-region, and will be reviewed annually.
 - **Criteria 3 – Proximity to place of work:** when there are a number of households which qualify under Criteria 1 and 2, priority will be given to those working near the available accommodation with an advisory maximum travel time to work of 30 minutes but in certain circumstances this can be increased to 45 minutes. This is intended to ensure a) that long commutes are not built into the system, and b) that key worker housing provision in a given area is concentrated on delivering against the needs of that same local area. Exceptions may be made where workers have a legitimate reason for living at a distance from their place of work.
- 4.7 Private sector workers have been excluded from the definition of key workers. However, local councils may have an identified need to provide housing for particular key workers on broader economic grounds. A Council could identify a subsidised/S106 key worker scheme for key workers falling outside the Consortium's definition. The provision that such a Council made for groups outside the Employers' Consortium's definition of key worker would be additional to the allocations made through the Employers' Consortium scheme.
- 4.8 There may be other cases where a district council considers that accommodation should be earmarked for employees in a specific job type which make a particular contribution to the local economy. The principle adopted has been to exclude these from the arrangements to be made through the Employers' Consortium but to provide the freedom for the authority to make a local arrangement to meet this need.

⁸ In consultation with other partners, the Employers' Consortium may choose to include private sector employees where public sector services have been contracted out to the private sector.

Agreed definition and housing delivery

- 4.9 It has been agreed by the Employers' Consortium (and discussed informally with local authority planners and RSLs) that when a key worker housing scheme involves public subsidy or is delivered through a S106 agreement on a mixed tenure scheme, then the accommodation will be available through the scheme managed by the Employers' Consortium and using the definitions described above.
- 4.10 When a key worker housing scheme involves part funding direct from an employer, with the remaining funding being made through public subsidy or S106, the employer will have prior rights of nomination to a proportion of the units created in line with the proportion of direct funding offered to the project.
- 4.11 If an employer develops key worker housing on its own land holdings and/or is the funder of the full costs of the accommodation, then the employer has exclusive 'rights' to place its own workers into this accommodation. In doing this, the employer may choose to set up independent arrangements with the developing RSL.
- 4.12 The Consortium has agreed arrangements for the management of access to key worker housing delivered in the sub-region (including setting up a managing agent). The arrangements are expressed in a draft Protocol (see Appendix 1).
- 4.13 However, neither the definition of key workers eligible for assistance with housing, the principles for managing access to housing earmarked for key workers nor the Protocol, has been discussed formally with the councils in the sub-region. This needs to be taken forward as soon as possible. However, any changes to the principles or alternative arrangements for controlling access will not have an impact on the scale or type of provision which is required and which we go on to estimate in the remainder of the report.

5 HOUSING COSTS AND AFFORDABILITY IN THE CAMBRIDGE SUB-REGION

Introduction

- 5.1 In this section we examine housing affordability in the Cambridge Sub-region, looking at incomes required to access housing and at the budget shortfalls that typical key workers would experience when attempting to enter the market. We have also reviewed the affordability of the private rental market at district level.

Affordability analysis

- 5.2 Measuring affordability is a growing industry⁹ and there are various different data sources which can be used. We have compared key worker earnings¹⁰ with house prices in the lowest quartile¹¹. Since the income of key workers is generally fixed across the sub-region (through national pay bargaining) it is the difference in house prices which has most effect on affordability across the sub-region.
- 5.3 The affordability analyses we have seen produced have used Land Registry data. This data is the most accurate source of information on the prices that have been actually paid for houses. However, there has been some debate at a local level about the relevance of the Land Registry's lower quartile house price data to real, on the ground prices for habitable properties in the Cambridge sub-region. Consultation indicates that properties on the market at this price level are often bought up for cash by developers and landlords and do not come to the open market. Additionally, these properties are often in a very poor condition and are not immediately habitable. An alternative approach is to look at Homebuy price limits in order to judge levels of housing affordability. The Housing Corporation has recently relaxed the value limits from near the lower quartile to the RSLs discretion, but as a guide they should be similar to the published Homebuy limits for the areas. Homebuy limits are compared to the Land Registry lower quartile figures in the following table.

Table 5.1 Homebuy limits against Land Registry data

District	Land Registry Lower Quartile price data (2002)	Homebuy limit - Single/Couple with no dependants	Homebuy limit - Single/Couple with dependants
Uttlesford	132,975	£161,300	£201,600
Cambridge City	130,000	£161,300	£201,600
South Cambridgeshire	125,000	£161,300	£201,600
East Cambridgeshire	98,000	£129,600	£161,200
St Edmundsbury	89,534	£104,100	£128,900
Huntingdonshire	84,000	£104,100	£128,900
Forest Heath	79,984	£83,600	£103,100

⁹ See, for example, recent JRF research into housing affordability in the South West (www.jrf.org.uk) and RTP's report on the impacts of high housing costs in the South East for SEEDA www.seeda.co.uk. The ODPM Communities Plan also contains affordability analyses using Land Registry data.

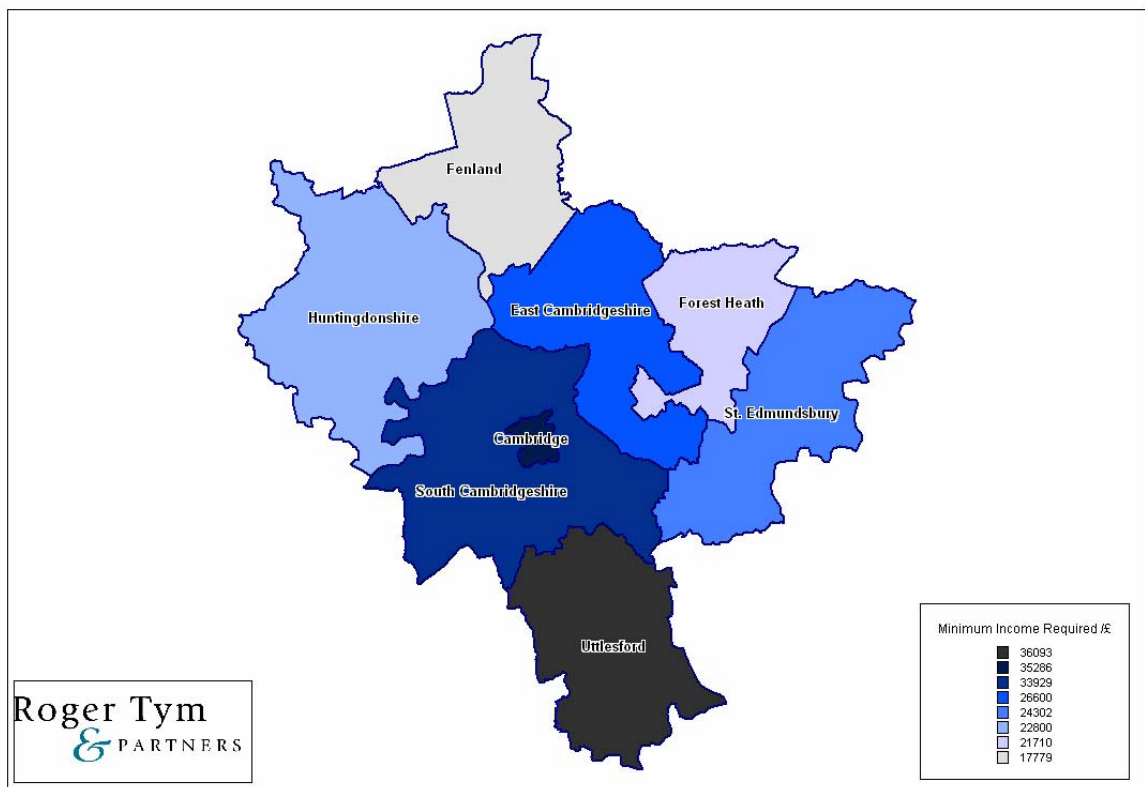
¹⁰ earnings data was sourced from data mining with employers; where specific earnings data was not available from employers we used NUT and Police Federation websites.

¹¹ Source of housing cost data was the Land Registry (<http://www.landreg.gov.uk/>)

Fenland	65,500	£83,600	£103,100
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- 5.4 The limits used by the Homebuy policy clearly exceed the lower quartile land registry figures for property in each of the areas in the Cambridge sub-region. This indicates that the Housing Corporation believes that the price of accommodation in an immediately habitable state is higher than that found in the lower quartile of the Land Registry price data. Clearly, this is highly material to the affordability calculations we have made in this section, and indicates that the sub-region is less affordable than might otherwise be indicated through the use of Land Registry data.
- 5.5 The general picture demonstrated by both methods of approaching this issue is that housing in the sub-region is generally unaffordable to key workers. Land Registry data in particular indicates that this is more the case in the south of the sub-region than the north.
- 5.6 With a traditional mortgage multiplier of 3.5 single income and a 95% mortgage, the income required to access the lowest quartile of housing on the market in each of the sub-region's districts is demonstrated in the following map. We have used Land Registry data for this exercise, but do so subject to the concerns laid out above.

Map 5-1 Income required to afford lower quartile housing



5.7 This data has also been collated in tabular form to aid clarity.

Table 5.2 Income required to access lower quartile housing

District	Single Income required
Uttlesford	£36,000
Cambridge City	£35,300
South Cambridgeshire	£34,000
East Cambridgeshire	£26,500
St Edmundsbury	£24,000
Huntingdonshire	£22,800
Forest Heath	£21,710
Fenland	£17,750

5.8 This analysis indicates that the income required for accessing the housing market is subject to wide variation across the sub-region, ranging from approximately £18k in Fenland to £36k in Uttlesford. Excluding Uttlesford, Cambridge City is the least affordable area in the sub-region, requiring a minimum income of £35,000 to access lower quartile housing.

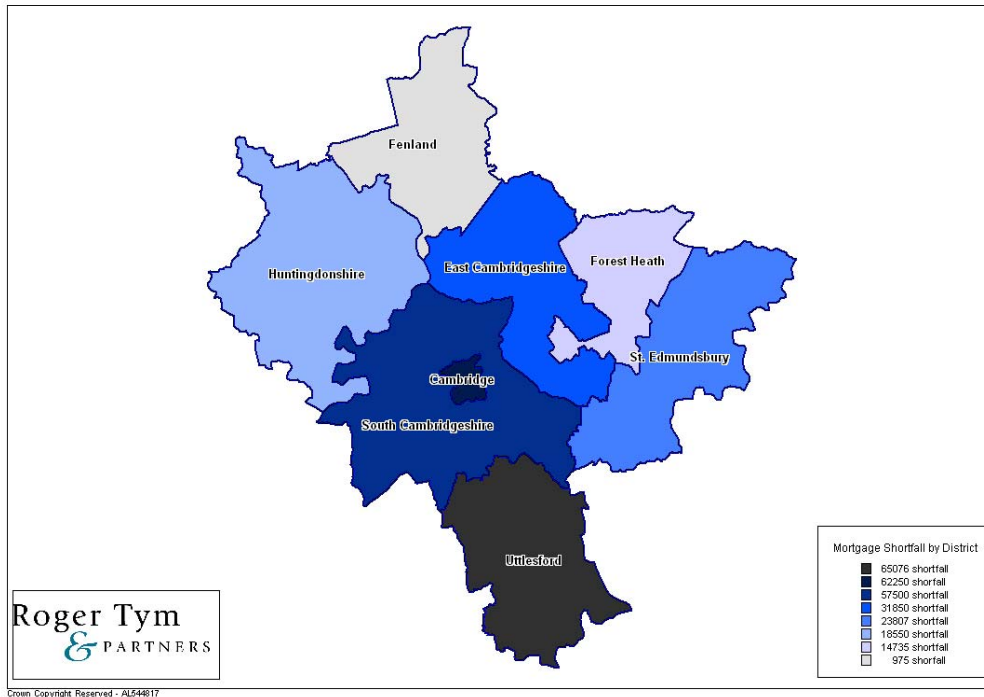
5.9 We have taken the earnings of a selection of key workers and translated these into the shortfall in budget for a home in the lower quartile of house prices in the different areas in the sub-region. We have used the following examples. Other examples have been included as an appendix.

- A social worker on most common income South Cambridgeshire aged between 30-35¹² earning £17,500 to show retention issues within the social work sector. This age range was chosen as a life cycle analysis would indicate that this is the time that people will exhibit the strongest tendency to want family accommodation.
- For joint incomes, we looked at an imaginary household with one social worker on most common income for the 30-35 years age range in South Cambridgeshire earning £17,500 and one teacher on the most common grade in Uttlesford for the 30-35 years age range earning £26,460

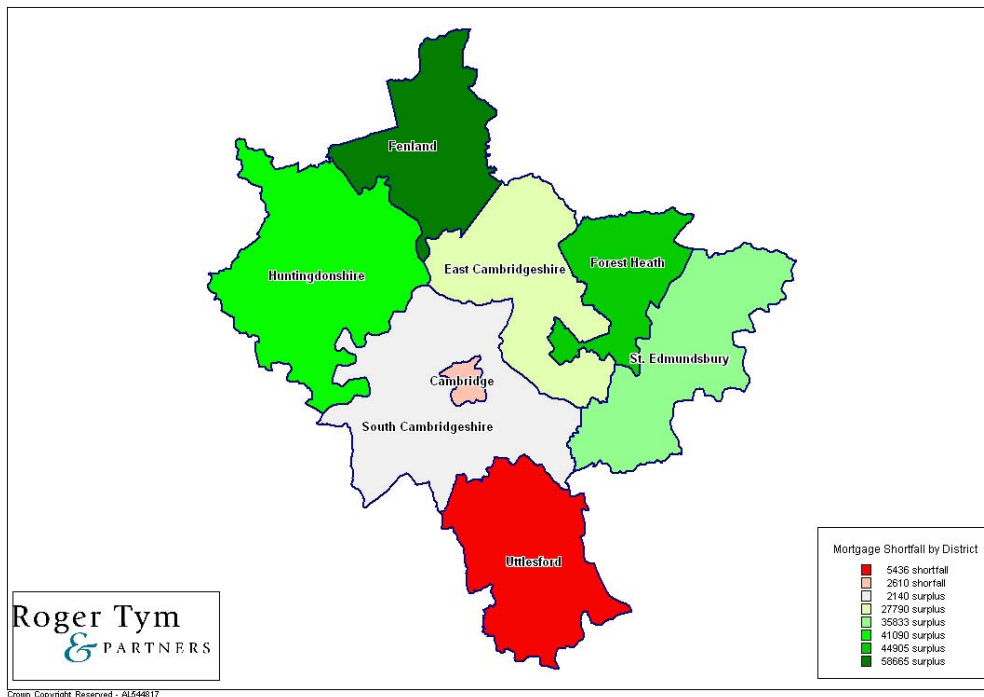
5.10 We have mapped the results using a GIS program to enable the spatial distribution across the sub-region to be clearly appreciated. The maps indicate the distribution of the problem both geographically and by occupation.

¹² excluding those earning less than £10,000 pa – believed to be predominantly part time workers

Map 5.2: Affordability on single income (social worker)



Map 5.3: Affordability on dual incomes (social worker and teacher)



- 5.11 Clearly, the map 5.2 above indicates that even using the Land Registry data (which indicates that houses are cheaper than anecdotally seems to be the case) no part of the sub-region is affordable to our typical social worker. Other key worker occupational groups fare differently (see appendix 2). This analysis indicates that some parts of the sub-region *are* affordable, even to those key workers on low incomes: using Land Registry data, in Fenland, a new PC and teacher can afford to buy accommodation in the lower price quartile in some areas. According to Land Registry data, a typical single teacher in the 25-29 age group can afford to buy in Fenland, Huntingdonshire and Forest Heath.
- 5.12 However, the picture changes considerably when two imaginary key workers form a household together (see map 5.3). Using Land Registry data, this makes large areas of the sub-region affordable. A social worker and teacher, on combined incomes, can buy in all areas apart from Cambridge City and Uttlesford.
- 5.13 We conclude tentatively, then, that the problem of housing affordability for key workers may not be a sub-region problem in the sense that it extends evenly across the sub-region for all categories of key worker. Instead, the picture is more nuanced. This is problem for particular *parts* of the sub-region – in particular, the Greater Cambridge area¹³ - and for workers in particular categories and in particular household circumstances. The result may be that it is difficult to make a case for applying large amounts of funding to support key workers in certain parts of the sub-region, given that housing is generally affordable. In any event, the general affordability of some locations may mean that there is low demand for certain types of key worker housing and housing assistance.
- 5.14 The analysis of affordability presented in this chapter would be of little importance if key workers were uninterested in buying their home. This is very definitely not the case. The key worker survey showed that, of those thinking of moving home in the next two years, 90% who gave an answer would prefer owner occupation. This figure varied with age, with those aged under 25 years were less likely to prefer owner occupation (75%) whilst those in their 30s would contemplate little else (96% preferring owner occupation).

The private rented market

- 5.15 Costs of private renting follow a similar pattern to that for house prices. Rents are significantly higher in Cambridge than other parts of the sub-region.

Table 5.3: Private rents for 1 bedroom and 2 bedroom accommodation

	Rent per week (£s)	
	1 bedroom	2 bedroom
Cambridge	£110	£136
East Cambs	£71	£77
Fenland	£60	£71
Huntingdon	£69	£80
South Cambs	£89	£101
Forest Heath	£71	£83
St Edmundsbury	£75	£89

Note: Rents shown are reference rents i.e. the rent officers' estimate of the average level of local rents for all private unfurnished assured lettings in private rented sector
Source: Housing Corporation, Guide to Local Rents 2002 (Feb 2003)

¹³ When using the term "Greater Cambridge" we refer to the postcodes CB1,2,3,4,5 – broadly covering an area corresponding to a 30 minute peak time journey to Cambridge and roughly equating to Cambridge City and South Cambs

- 5.16 Monthly housing costs in Cambridge for a 2 bedroom rented home are around £590. The equivalent mortgage payment would support a loan of about £105,000 (assuming a 25 year term) which would translate into the ability to purchase a property at a price of about £111,000. This would fall well short of the lower quartile market price for Cambridge which Land Registry data indicates is £130,000.
- 5.17 The key worker survey provides some evidence on housing costs across different tenures. As table 5.4 below shows, 62% of people sharing rented accommodation pay between £250 and £399 in rent each month. In particular, people aged up to 24 and 25-29 pay this amount. This accords with evidence from our discussion groups - for example, one person in this age group at the teachers' discussion group pays £285 per month for shared accommodation in central Cambridge, whilst another, sharing with one housemate in a suburb of Cambridge, pays £350 per month. This is on a par with the amount paid by the majority of people renting from a housing association or Council, but more expensive than the housing costs of most of those renting from their employer. The majority of owner-occupiers pay between £250 and £599 per month, although the cost of owner-occupied accommodation varies more widely.

Table 5.4: Rent / mortgage by tenure

Tenure / Monthly rent or mortgage payments	Owner occupied	Rented from private landlord (alone / with partner)	Rented from private landlord (sharing with friends / others)	Rented from employer	Rented from housing association / local council	Living with parents / relatives	Shared ownership or other purchase scheme	Other	TOTAL
Under £250	18%	5%	13%	73%	17%	63%	25%	30%	20%
£250 to £399	27%	30%	62%	12%	69%	20%	33%	10%	30%
£400 to £599	28%	46%	16%	15%	14%	11%	33%	60%	28%
£600 to £799	15%	17%	2%	0%	0%	0%	8%	0%	13%
£800 to £999	8%	1%	4%	0%	0%	3%	0%	0%	6%
£1000 to £1249	3%	0%	2%	0%	0%	3%	0%	0%	2%
£1250 to £1499	0%	1%	0%	0%	0%	0%	0%	0%	0%
£1500 or over	1%	0%	0%	0%	0%	0%	0%	0%	1%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

6 RECRUITMENT AND RETENTION

Introduction

- 6.1 Initial anecdotal evidence from employers has suggested that they suffer from two main labour problems. Firstly, there is a problem of recruitment, particularly of younger people under 30. Then there is a problem of retention which becomes particularly acute in the 30-34 age range. Here we consider both aspects of the problem. To put these issues in some kind of perspective, we first look at overall key worker employment levels in the sub-region.

Overall key worker employment

- 6.2 Key worker occupations are of considerable importance in the Cambridge sub-region. In the table below we show the total number of employee jobs in 'Public administration, education and health' in each district in 2001 and as a proportion of all employee jobs in the district. Not all these employees will translate into individual households with a housing requirement and only a proportion will require assistance in accessing housing. However the table demonstrates that there are getting on for 90,000 workers who loosely fall under the adopted definition of 'key workers'.

Table 6.1: Employee jobs in public administration, education and health, 2001

	"Public"	Total	% "Public"
Cambridge	33,250	82,880	40%
East Cambs	3,550	19,870	18%
Fenland	5,740	28,300	20%
Hunts	15,140	64,050	24%
South Cambs	11,530	56,940	20%
Forest Heath	3,970	25,550	16%
St Edmundsbury	13,150	49,800	26%
Sub-region	86,330	327,390	26%

Source: ABI (Cambridgeshire CC and Suffolk Observatory websites)

- 6.3 The table also demonstrates the concentration of employees in 'Public administration, education and health' in Cambridge with significant numbers also found in South Cambs, Huntingdonshire and St Edmundsbury. The explanation for the latter two probably relates in part to the presence of major hospitals in the districts. In terms of health workers, Cambridge alone has over 10,000. Although Fenland does not have one of the higher number of jobs in the sector, they do represent a relatively high percentage of all jobs in the district.
- 6.4 Our 'data mining' with employers provides a partial picture of key workers in the sub-region. The exercise covered occupations under the 'classic' definition of key workers – health, teachers, police, fire-fighters and also social workers. We estimate that 10,500 individuals fall into the category (in reality, the number involved in what may be termed key occupations is considerably higher – for example, we have not included management grade teachers in this calculation, and as pointed out, our data is partial).

Recruitment

- 6.5 Our data indicates that approximately 3,000 workers are recruited each year for the key worker occupations in the Cambridge sub-region, both from within the sub-region and beyond. Information was not available for the two Suffolk districts. If the Suffolk data was available, the figure would be higher.

- 6.6 Evidence from Addenbrookes and Hinchingsbrooke hospitals indicates that recruitment and retention difficulties are experienced in some of the staff groups critical to service delivery, including nurses, midwives, radiographers and scientists. In particular, there are difficulties with recruiting and retaining nurse and midwives at the senior levels. These problems can impact on service delivery – for example, in 2002 Addenbrooke’s hospital lost 5,300 patient bed days over a six month period.
- 6.7 Huntingdonshire District Council have difficulty recruiting leisure centre staff – the turnover rate is 20%. To address this, they have set up a new system for the training and progression of staff.
- 6.8 An analysis of employer’s data shows that recruitment per annum is particularly concentrated in employers in the Cambridge City district. This is for the most part caused by Addenbrooke’s hospital, the largest employer of key workers in the sub-region. The hospital has a particularly large intake of young people under 24, with approximately 480 being recruited every year. It should be noted that although this group will be subject to high turnover rates (many recruits expect to stay at Addenbrookes for a relatively short time to gain experience in a particular speciality) the very scale of this intake (1737 new posts are awarded every year, although a number of these are expected to be internal transfers) presents the sub-region with a particular issue. Hinchingsbrooke Hospital employs large numbers of key workers in the area though very much smaller than Addenbrooke’s, with 143 recruits every year, although only 15 of these are new to the area. Significant change is planned for Hinchingsbrooke, though: in January 2005, a new diagnostic centre is opening, which will require the recruitment of 300 extra staff (including those not classed as key workers, such as doctors and junior doctors).
- 6.9 We would therefore argue that Addenbrooke’s represents something of a special case. There are three key elements to this point. Firstly, there is the question of scale. Second is the point that these key workers are highly concentrated on one site. Unlike other key workers, whose jobs tend to be more distributed across the sub-region, Addenbrooke’s staff require housing within commuting distance of Cambridge. Third, recruitment at Addenbrooke’s tends to be concentrated amongst younger staff.
- 6.10 Teacher recruitment is the next most important group (at 745)¹⁴ with the other groups covered recruiting at much lower numbers - health workers in primary care trusts (400)¹⁵, social workers (114)¹⁶, fire-fighters¹⁷(none). The police did not provide information and generally information for the two Suffolk districts is missing.
- 6.11 The data we have had returned indicates that recruitment is significant across all the age bands (our broad group of 35+ does not allow us to say whether there is any particular recruitment peak between 35 years and retirement age).

¹⁴ Information only supplied for Cambridgeshire

¹⁵ Information for East Cambs and Fenland PCT, South Cambs PCT and Cambs City PCT

¹⁶ Information only supplied for Cambridgeshire

¹⁷ Information only supplied for Cambridgeshire

Table 6.2: Key worker recruitment in previous 12 months¹⁸ (by place of employment)

	TOTAL
Cambridge City (total not inc Addenbrooke's)	234
Addenbrooke's	1737
South Cambridgeshire (total)	351
East Cambridgeshire (total)	156
Fenland (total)	191
Huntingdonshire (total not incl Hinchingsbrooke)	327
Hinchingsbrooke (total)	143
Forest Heath (total)	0
St. Edmundsbury (total)	0
Total	3139

NOTES. Excludes police across all districts. Excludes Suffolk districts.

- 6.12 We cannot tell the full effect of housing costs on recruitment because we are unable to identify people who might consider working in the sub-region but reject the idea because of the costs. We therefore need to look at a range of data sources to draw together a picture of the impact of housing costs on recruitment of essential 'care and comfort' workers in the sub-region.
- 6.13 With the data available, we have been able to estimate in very broad terms the income profile of the recent recruits. The data we have available is patchy (we are very grateful to the employers who have helped us) and so the picture put forward must be treated as indicative.

¹⁸ The employers provided the most up to date information they had available for the 'previous 12 months'. The table does not represent a consistent dataset covering a precise time period but small differences between the periods covered by different employers is unlikely to have any significant effect on overall trends.

Table 6.3: Income profile of recruits¹⁹

Income (£s pa)	Age Bands in Years				Total
	Under 25	25-29	30-34	35 plus	
Under 10,000	145	24	49	177	395
10,000-14,999	139	48	46	148	380
15,000-19,999	134	136	79	136	486
20,000-24,999	172	345	162	152	831
25,000- 29,999	2	102	196	627	927
30,000-34,999	0	4	26	21	50
35,000 plus	0	0	7	62	69
Total	591	657	567	1324	3139
As % of total	19%	21%	18%	42%	100%

- 6.14 With the available data, a pattern of recruitment emerges. 40% are on incomes below £20,000, 56% between £20,000 and £29,999 and very few above this level. 47% are less than 30 years old and, of these, 38% earn less than £20,000. An income shift occurs at 25 years. Above this age 11% are on incomes below £15,000 but 46% of younger people fall into this income group.
- 6.15 From the earlier information on affordability, we know that those on a single income below £20,000 will generally struggle to buy their home across the sub-region; those earning below £27,000 will be able to afford to purchase in the north of the sub-region (we are thinking here of Hunts, Fenland, East Cambs, Forest Heath and St Edmundsbury) whilst an income of around £35,000 is needed to afford to purchase in Cambridge/South Cambs. (Obviously, there will be price variation **within** districts which will make for local variations in affordability which these average values mask). Recruits in the key worker groups used to compile the table will have limited ability to purchase their own home, especially in the south of the sub-region. And, of course, 2,300 of the total key workers in this group are based in Cambridge and South Cambs.
- 6.16 On the other hand, a proportion of recruits will be in households with a second income. Information from the keyworker survey indicates that this may be as low as 33% for those under 25 years, at 49% for those aged 25-29 years but over 60% for those in the older age groups. This emphasises the problem faced by those under 30 years of age. Some of those in the youngest age group will still be living at home (22% of the under 25 year olds from the survey).
- 6.17 Other information from the keyworker survey which informs our picture of the recruitment situation is that:
- The younger age groups were more likely to state that finding accommodation “was a real struggle” compared to those in older age groups.

¹⁹ Covers fire-fighters, teachers, PCT and social workers in Cambridgeshire and Addenbrookes employees

- The under 24s are very much more likely to report a longer commute (30mins – 1hr) than those in older groups. 40% reported a commute taking this long commute against around a quarter in the other groups. This suggests that price differentials are forcing them to find housing at more remote, and therefore less costly, locations.

6.18 A review of the Addenbrooke's report again indicates that Addenbrooke's is something of a special case. Around 100 of Addenbrooke's recruits each year are from abroad. A large number of employees will be relatively transient and require single room accommodation. These groups will be in the rental market as they are unlikely to qualify for, or demand, mortgages and we understand that a majority of these workers are accommodated in property already owned by Addenbrooke's.

Retention of staff

6.19 Our key worker survey suggests that employers are likely to be facing a staff retention problem linked to housing costs and that it is people in the 25-34 age range who are most vulnerable.

- 25% of all survey respondents said that they either strongly agreed or agreed with the statement that they "would consider leaving my/our current jobs and moving away if it meant getting the house I/we wanted". The 30-34 age group was more likely than any other group to (strongly) agree with this statement (46%). Their willingness to change jobs may be increased by the fact that this group is becoming more dissatisfied with their work after a period of relative satisfaction early in the career (our survey indicates that job satisfaction levels decline with age).
- Aside from the over 46 age group, the 30-34 age range is more likely than any other to agree with the statement that "it is better to own your own home than rent even if you have to travel a long way to work each day".
- This age range is emerging from a period where (our discussion groups suggest) house sharing is considered acceptable and even popular due to the social benefits it can afford. Our survey shows that the number of people sharing accommodation in this age range drops sharply. Around a quarter of under 29s share accommodation with friends or colleagues, but this falls to only 7% of 30-34s. Academic studies suggest that this age is good surrogate indicator of the "life career" (a combination of work, family and other activity careers).²⁰ This is the age when we can expect that long term cohabitation patterns begin to emerge and some begin to think about having families. These developments have obvious repercussions for the type of housing demanded. We would suggest that the relative dissatisfaction reported by this age group is directly linked to the high cost of family housing in the Cambridge sub-region.

6.20 The data available suggests that 'leavers' are relatively evenly spread amongst the lower age groups, with a significant number of older leavers, many of whom may be retiring from work.

²⁰ p64 Champion, Fotheringham, Ress, Boyle and Stillwell: The Determinants of Migration Flows in England July 1998 University of Newcastle. For DETR. July 1998

Table 6.4: Age profile of leavers²¹ over previous 12 months

Under 25	25-29	30-34	35 and over	Total
319	529	464	1615	2927
11%	18%	16%	55%	100%

- 6.21 When this table is compared with Table 6.3, it becomes apparent, and not surprisingly, that leavers tend to be older than new recruits. We cannot comment on whether the staff turnover implied is 'higher than normal' or whether the age profile of leavers is unusual but what can be said is that a large number relatively young key workers are leaving jobs in the sub-region.
- 6.22 Evidence from the two key worker discussion groups reinforces the message that many key workers (generally younger people) living in the sub-region are struggling to meet their housing costs. There is often a balance between staying in accommodation which is regarded as sub-optimal and the enjoying the lifestyle advantages of a Cambridge location. For example:
- A – Moved to Cambridge in 1996 – it was too expensive even then. Moved to Yorkshire for cheap and spacious accommodation. Moved back to Cambridge and after period living with parents bought in a village about 30 minutes from the City. Could only afford this with the financial help from parents.
 - B – Is considering moving to South Wales but will stay for career and social reasons even though it is a struggle. If he moves away, he won't be able to afford to move back again.
 - C – Has lived with her parents for the last year in order to save money to be able to buy in Cambridge. Previously lived in shared rented accommodation in Cambridge. Applying for Starter Home Initiative.
- 6.23 What is less clear from the data mining exercise is a picture of exactly how acute, and in what form, the retention problems have been in each of the geographical and occupational areas. There are important exceptions to this statement: Addenbrooke's, for example, can give clear evidence as to the nature of staff shortages and the impact that this is having on services.²² Evidence from Addenbrooke's and Hinchingbrooke hospitals indicates that some of the main difficulties are experienced in the recruitment and retention of nurses and midwives (in particular in the senior levels), radiographers and scientists. However, we have had a limited response from other employers to our requests for information on recruitment and retention problems

²¹ Covers fire-fighters, teachers, primary care trust workers and social workers in Cambridgeshire and Addenbrookes employees. See also footnote 17 which also applies

²² See, for example, Addenbrooke's / Cambridge Housing and Planning Research: Addenbrooke's Staff Housing Needs Survey Nov 2002

7 CHARACTERISTICS OF KEY WORKERS

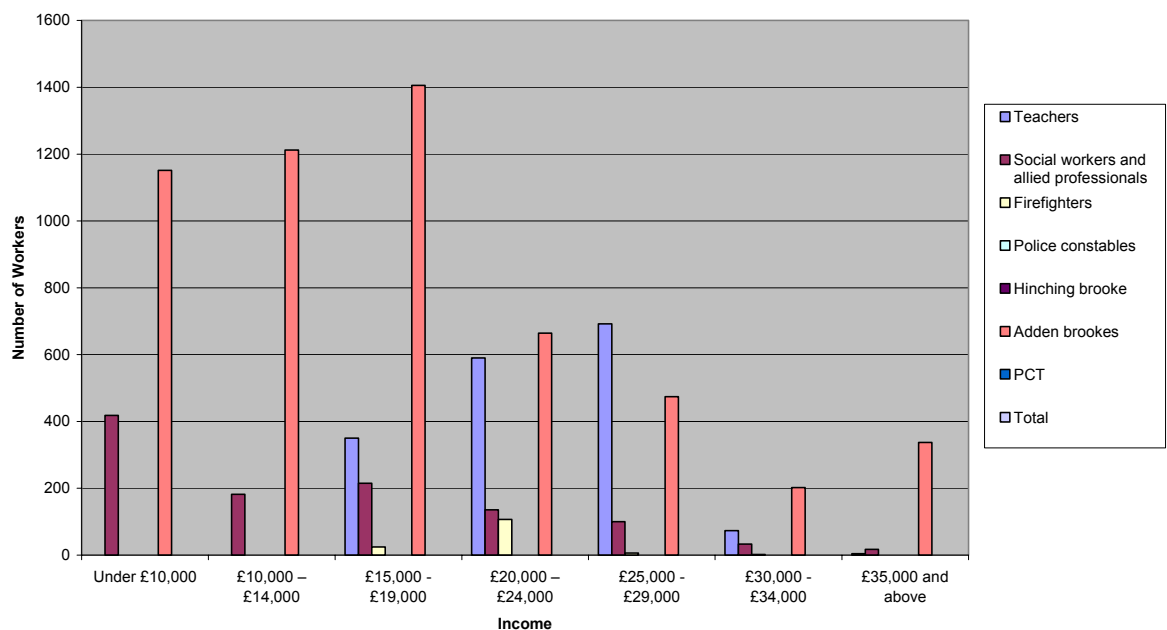
Introduction

7.1 In this section we relate the data collect through the “data mining” process with employers and through the survey. We have provided a profile of the current key worker population, covering areas such as income, satisfaction with housing, and housing costs.

Age and income profile

7.2 The findings of the data mining process indicate that young workers (under 35) make up a very important component of the key worker labour force in the sub-region. Using very broad calculations based on the data returned to us, we can estimate that around 40% of key workers are aged under 35. Our survey of key workers confirmed this, with 43% of respondents being aged under 35 years. This is particularly significant as our key worker survey suggest that it is this group which is subject to the greatest pressure in the housing market.

Figure 7-1 Income profile of key workers



Tenure of current accommodation

7.3 Tenure varies though the differing age groups. The exception to this is the proportion of key workers renting from a housing association or council. This is broadly unrelated to age, staying stable at around 3% of respondents to our survey. This group aside, the survey indicates that:

- Living with friends is a significant option for younger key workers: 22% of key workers under 24 responding to our survey were living with parents, relatives or friends. This dropped sharply to 7% in the 25-29 age group, and then fell to a negligible level thereafter. We would suggest that this group of under 24s represent a significant amount of suppressed demand for key worker housing.

- Private renting declines with age.
- Levels of owner occupation rise broadly in line with age.

7.4 Details of the tenure of key workers in the survey are shown in the following table.

Table 7.1 Tenure by age

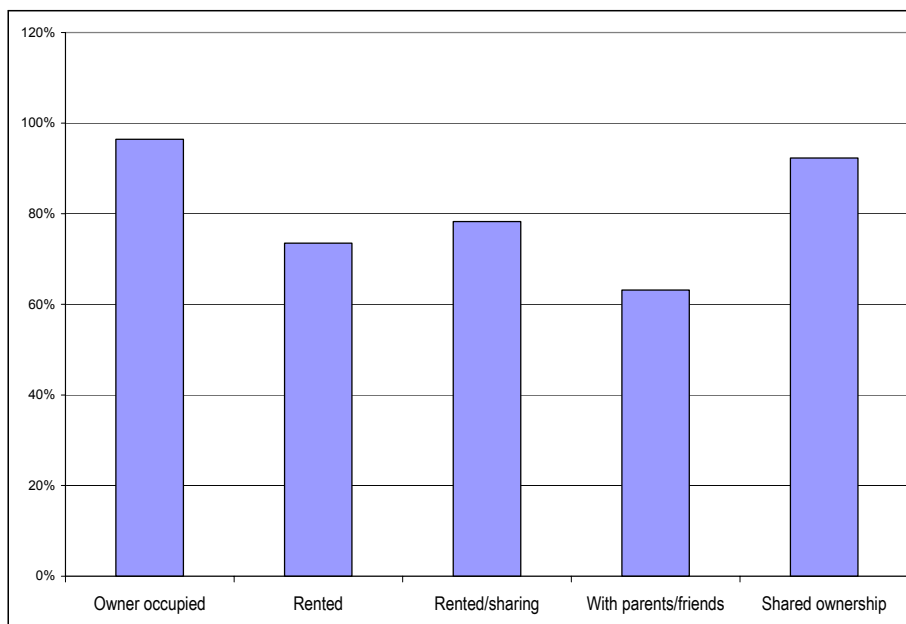
	Up to 24	25-29	30-34	35-39	40-45	46+
Owner occupied	26%	50%	72%	91%	85%	90%
Private rented (alone/ with partner)	21%	20%	11%	2%	7%	3%
Private rented (sharing with friends/ others)	18%	13%	3%	-	1%	-

7.5 A pattern begins to emerge here. The bulk of younger key workers live in private rented accommodation; some younger key workers live with friends and relatives for a time, but this option is falling in popularity by the age of 25. There is then a general move into owner occupation, and by the age of 30-34 the bulk of key workers are in owner occupation. By the age of 35-39, 91% of key workers report living in owner occupied property.

7.6 A brief look at this data would suggest that, given that the majority of key workers are in owner occupation by their forties, there is no particular problem with key worker housing in the Cambridge sub-region. However, given recent changes in price relative to income, we would argue that this process of a gradual movement into owner occupation has broken down. Essentially – as was pointed out in chapter 5 – affordability of housing is now under severe pressure.

Satisfaction with different types of accommodation

7.7 Satisfaction with the tenure of accommodation is much lower for those in rented accommodation than those in owner occupation. Remarkably high proportions of those in owner occupation are satisfied (97%) whilst the figure is lower, but still high, for those in private rented accommodation (79%).

Figure 7-2 Percentage satisfied with the tenure of current accommodation

Satisfaction with accommodation by age

- 7.8 We have disaggregated levels of dissatisfaction currently being felt by key workers by age in order to isolate particular problems which may lead to recruitment and retention difficulties in particular age groups. The data shows a surprisingly high level of satisfaction with accommodation. What dissatisfaction there is concentrated in the lower age groups, particularly the 25-29 and 30-34 age group. Again, this indicates that the 25+ age range represents a period of transition in many peoples' lives in which they move from student-style accommodation patterns (renting, often sharing) to wanting something more substantial and long-term.

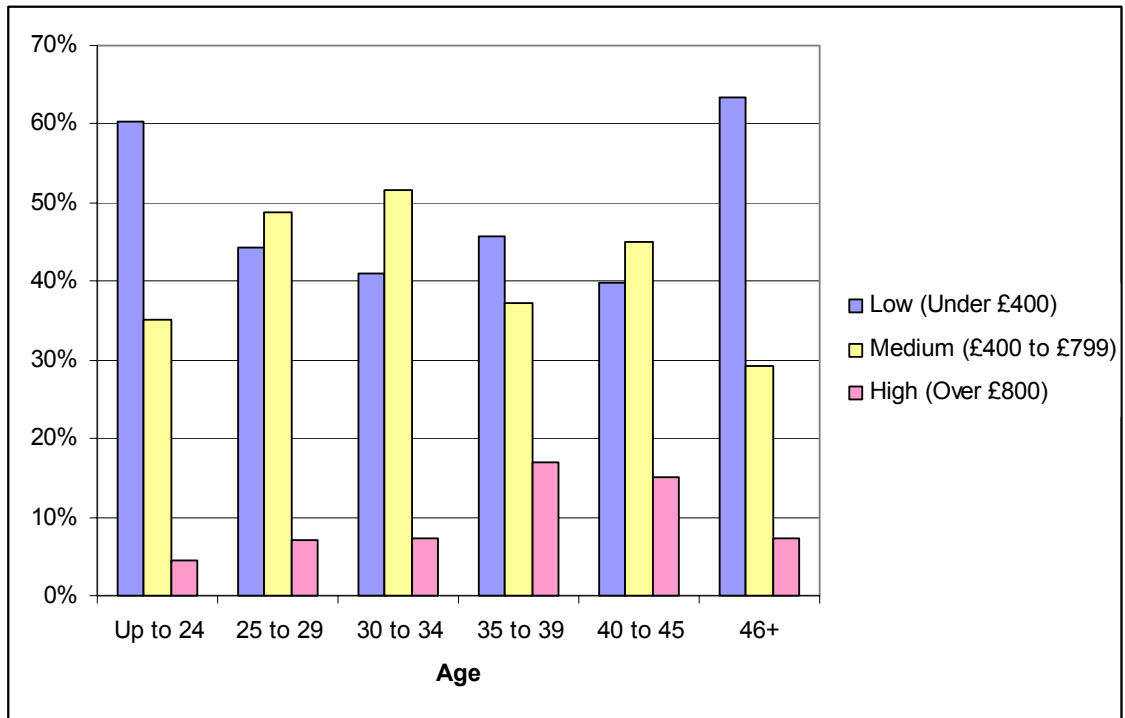
Table 7.2 Satisfaction with accommodation by age

	Up to 24	25-29	30-34	35-39	40-45	46+
Satisfied	86%	83%	91%	96%	91%	95%
Dissatisfied	14%	17%	9%	4%	9%	5%

Cost of current accommodation

- 7.9 The following chart examines housing costs. It demonstrates that (excluding the under 24s who are often sharing accommodation) younger people (who report being on lower incomes than the norm) are more likely to be making mid and high level rent and mortgage payments than the better paid members of older (46+) age groups. For example, the chart shows that the over 50% of the 30-34 age range are making mortgage payments of between £400-799pcm, whereas only 30% of the 46+ age groups are making such payments. The proportion of people making high level payments peaks at 35-39, and declines thereafter. A possible explanation for this is that older people purchased their home some time ago when house prices were much lower whilst younger people are more recent purchasers and their housing costs reflect recent house price rises.

Figure7-3 Housing costs (mortgage and rental) by age



7.10 These statistics are shown in the table below.

Table 7.3 Housing costs per month (% by age group)

£ per calendar month	Up to 24	25-29	30-34	35-39	40-45	46+
Under £250 pcm	22	14	13	15	13	35
£250-399 pcm	38	30	28	31	27	28
£400-599 pcm	30	29	37	26	29	21
£600-799 pcm	6	20	15	11	16	8
£800-999 pcm	3	6	5	11	8	4
£1000-1249 pcm	1	1	2	5	4	2
£1250-1499 pcm				1	1	1
£1500 or over pcm					2	1

8 ASPIRATIONS OF KEY WORKERS

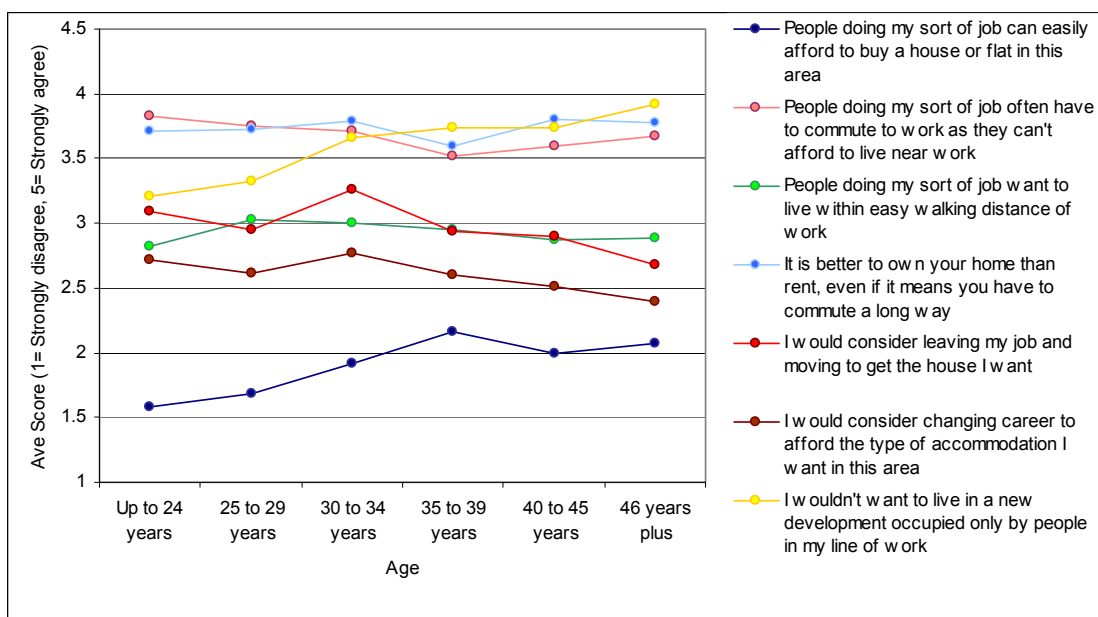
Introduction

- 8.1 This section builds on the profile of key workers established in the previous chapter. It is intended to give information on the types, tenures, locations and characteristics of housing demanded by key workers.
- 8.2 Whilst the questionnaire was more statistically reliable given the number of responses available for analysis, the focus groups have been very useful in determining housing preferences and attitudes in more detail than was available through the questionnaire. The focus groups indicated that key worker housing preferences were generally driven by the twin factors of age and family status. These two factors are often closely related – older age groups tend to be the groups with children – but this is by no means always the case.
- 8.3 The diversity of opinions from within similar age does present difficulties when we attempt to analyse data in a sensitive fashion. As well as providing a breakdown of housing preferences straightforwardly by age, then, we have also analysed data by using data splits which brings out differences by parenting and relationship status. However, it does remain the case that broad trends are most readily discernible with reference to age.

Trade offs and choices

- 8.4 All housing purchasers make a number of trade-offs between different factors before arriving at a decision to purchase. An examination of these trade-offs is helpful way of understanding the characteristics of any housing that is produced under a key worker scheme.
- 8.5 Survey respondents were asked whether they agreed or disagreed with a number of statements about the affordability of housing and the sorts of housing trade offs which they might make. In the chart below, 3 represents the neutral point i.e. neither agree nor disagree.

Figure 8-1 Housing trade offs



- 8.6 Of particular interest here is the relationship between age and ease of affording houses. The younger groups are least likely to agree with the statement that houses are easily affordable in this area. It is generally agreed that it is better to own one's own home than rent, even if it means commuting a long way.
- 8.7 Additionally, people on the whole are not willing to change career to get housing but are willing to move away – although the willingness to relocate declines with age. There is, however, a blip at the age of 30-35, which indicates that this group is more willing to change career than other age groups. Another blip in the same age range is also perhaps significant: respondents in the 30-34 age range are more likely than any other to state that they would consider leaving their job and moving to get the house they want.
- 8.8 On the whole, people would prefer not to live with colleagues on the same development. This aversion grows with age, although is not particularly strongly felt by those in the younger age categories. The focus groups confirmed this view.

Table 8.1 Housing choice and trade-off by family status

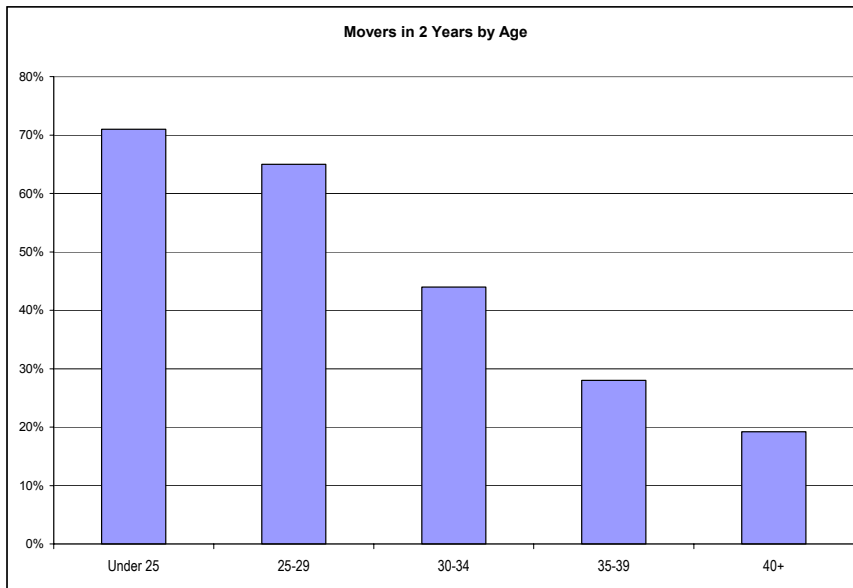
	Couples no children	Singles 25 +	Singles Under 25	Anyone with children
Straightforward - plenty of choice at affordable price	27%	25%	25%	39%
Had to compromise on accommodation to get preferred location	22%	15%	18%	16%
Had to live further away to get preferred accommodation	20%	12%	14%	14%
It was a struggle - this is best available at affordable price	30%	38%	39%	27%
Allocated through HA or council – no choice	1%	3%	4%	4%
Allocated through HA or council - had a choice	1%	5%	0%	1%

- 8.9 Table 8.1 shows that individuals generally found getting housing in the Cambridge sub-region a struggle. There is however wide variation. Couples without children, singles over 25 and singles under 25 found this a problem. However, more optimistically, people with children found it more straightforward – 14% more found getting housing straightforward than those who found it a struggle. Again, the singles under 25 are under particular pressure, reporting struggling the most.
- 8.10 This table also demonstrates some of the trade offs that are being made in housing choices. In all groups, a higher proportion preferred to get the location they wanted and compromise on the housing they wanted, than those who decided to live further away to get their preferred accommodation. However, the difference between the two is marginal, and this particular table comes to no clear conclusion about whether we should build higher quality accommodation further away from workplaces or whether people prefer to compromise on accommodation to live in a preferred location. Instead, it suggests that there is a market for housing developed for either reason.

Plans and aspirations for the future

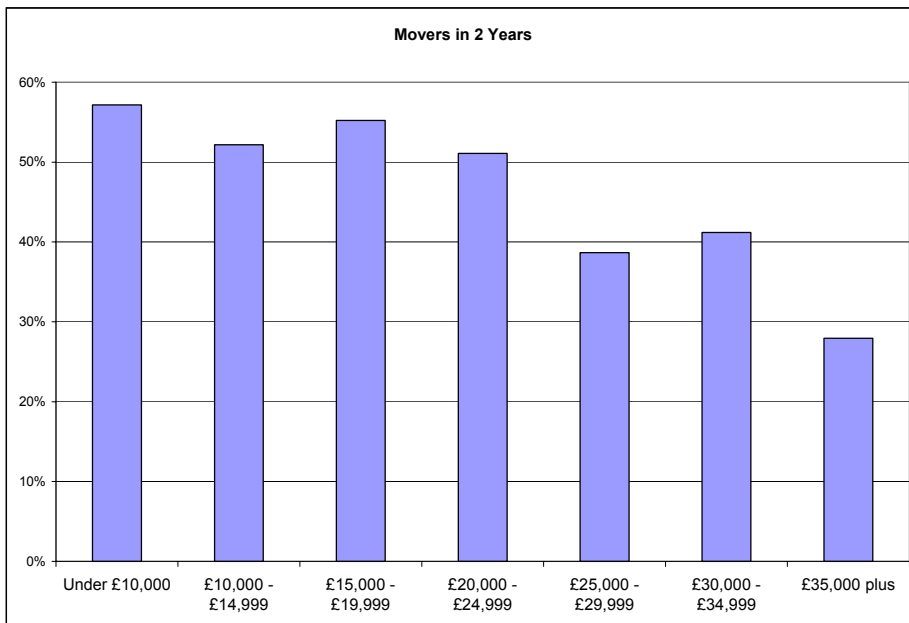
- 8.11 37% of survey respondents said that they thought they would move in the next two years. As might be expected, potential movers were more likely amongst the younger age groups.

Figure 8-2 Proportion of two year movers by age



8.12 Looking at household income, potential movers represent very high proportions of those with the lower household incomes.

Figure 8-3 Proportion of two year movers by income band



Tenure

- 8.13 It will come as no surprise that the aspiration of the great majority of potential 2 year movers is for owner occupation. However, reality tempers this, particularly for younger key workers, so that although 73% of those aged under 25 years would like owner occupation, only 37% expected to achieve this with their next home move. Generally private renting is not the first choice but a significant minority anticipate that it is where they will end up.

Table 8.2 Tenure preferences and expectations of two year movers

- 8.14 Another way of looking at the preference for each tenure is to consider how attitudes reflect family circumstance.

Table 8.3 Tenure demands by household type

		Couples no children	Singles 25 +	Singles Under 25	Anyone with children
Owner occupied	Like	94%	89%	70%	91%
	Expect	67%	53%	28%	69%
Rented from private landlord (alone / with partner)	Like	3%	2%	13%	0%
	Expect	21%	20%	41%	8%
Rented from private landlord (sharing with friends / others)	Like	0%	1%	3%	0%
	Expect	4%	9%	13%	5%
Rented from employer	Like	1%	0%	0%	0%
	Expect	1%	2%	3%	4%
Rented from housing association / local council	Like	2%	3%	0%	4%
	Expect	2%	4%	5%	8%
Living with parents / relatives	Like	0%	1%	3%	1%
	Expect	1%	1%	0%	0%
Shared ownership or other purchase scheme	Like	0%	2%	10%	3%
	Expect	2%	8%	8%	8%
Other	Like	1%	1%	3%	0%
	Expect	1%	2%	3%	0%

- 8.15 Again, households generally aspire to own their homes but there is widespread pessimism that this can be achieved. Of couples without children, 27% are expecting disappointment; 36% of singles over 25; 42% of singles under 25; and 22% of those with children. Again, then, the under 25s are the most “disappointed.”
- 8.16 Whilst more than 90% of every household type, except the young singles (i.e. aged under 25), would prefer to purchase their home, relatively high proportions expect to rent. The proportion of young single people who expect to rent is 62%; it reduces to 35% for older single people, to 28% for couples without children and is down to 25% for families. Looking in more detail at renting, there is neither a wish for nor expectation that people will rent either from a housing association/local council or an employer. Renting for the survey respondents is almost synonymous with renting from a private landlord. For young single people, 13% expect to share privately rented accommodation but only 3% express this as a preference.
- 8.17 The focus groups highlighted several points about attitudes to tenure:
- Renting is seen by many as a temporary stage when first moving to the area, “*happy to rent for 6 months to get to know the area, after this, want to buy...*”;
 - Renting is “*..throwing money down the drain...*” and the natural preference is to get into owner occupation as soon as possible;

- But renting may be seen as the only realistic option available and an option which fits wider family circumstances, *“I’ve got to be able to stay in the area to provide my kids with continuity – if that means renting, then that’s what I will have to do”*;
- Some (almost exclusively the youngest of the key workers) make a trade off between the lower costs of renting and having income to spend on other things. For those making this choice, sharing is a means of reducing costs but the quality of properties on offer to rent are thought to be poor;
- Whilst shared ownership and equity share were seen as a better choice than renting (*“I’d consider shared ownership if it was the only way of moving on”*) there was very much a sense that this was a second best option – *“I don’t want to own 50%. I want the security of owning it all if anything went wrong”*. There were also fears expressed that low cost home ownership would be more difficult to leave, *“...easy in/easy out is critical...will it be easy to sell?”* and that there would be restrictions on what the occupier could do, *“...what if I wanted to change the colour of the walls?”*.

8.18 A concern raised at the focus groups was about the room sizes of the new housing being built and the lack of gardens.

What type of housing is demanded?

8.19 Two year movers in the survey were also asked about the type of property they would like and what they would expect to move to. 86% said they would like a detached or semi detached home. This figure declined a little with age but was still at 76% for those under 25 years. However, only 64% expected to get such a home and only 29% of those under 25. For younger people the expectation was to find a terrace house (41% of those under 25 and 31% of those aged 25-29 years). Flats were not particularly liked, even by younger people but about 25% of those aged under 30 years expected that they would move to a flat.

8.20 We have also analysed the data by family circumstance as follows.

Table 8.4 Housing demands by household type

		Couples no children	Singles 25 +	Singles Under 25	Anyone with children
Detached or semi-detached	Like	90%	79%	74%	89%
	Expect	68%	41%	16%	78%
Terraced house	Like	4%	18%	11%	6%
	Expect	20%	39%	42%	18%
Purpose built flat	Like	3%	1%	11%	0%
	Expect	8%	9%	24%	0%
Flat in converted property	Like	0%	1%	3%	0%
	Expect	2%	7%	11%	3%
Bedsit	Like	0%	0%	0%	1%
	Expect	0%	2%	3%	0%
Other	Like	3%	1%	3%	3%
	Expect	2%	1%	5%	1%

8.21 The general preference for a (semi) detached home is unsurprising. In the UK, detached or semi-detached housing is commonly seen as superior. The interesting factor here is the gap between expectations and desires. If we group together those wishing to live in a house (either terraced or semi-detached) and those expecting to, we see a picture where most groups expect to have their desires satisfied in the next two years (for example, 95% of those with children want to live in a house; and 96% of them expect to). This suggests that families will not accept flats as accommodation. In this respect the Cambridge sub-region's housing market does seem in this respect to be broadly satisfying housing type requirements.

8.22 However, this is not the case to the same extent singles under 25: 85% would like to live in a house, but only 58% expect to. This, then, is the most "disappointed" group. However – perhaps realistically – a over a third of this group expect to be living in either a purpose build or converted flat.

8.23 It is clear that bedsits are not popular.

Attributes of housing demanded

8.24 When asked to prioritise a list of the attributes that they were seeking in accommodation, the common factor amongst survey respondents was the importance attached to good transport connections, although having a garden was a very important criteria except for those under 25 years..

8.25 Thereafter, respondents split (very broadly) into three groups. The first group had children. They were very child orientated in their outlook, wanting to locate near to good schools and to have a property with a garden. These attitudes were confirmed by the focus groups where a safe environment for their children and access to good recreational facilities also emerged as important wants.

8.26 The second group – younger and without children - did not form a homogenous block of opinion that might have been expected. Instead, there were two subsets of opinion here. Couples without children had no particular wants which stand out, other than the desire for a garden. They neither particularly sought a suburban or town centre location but showed a small preference for a rural location.

8.27 Young single people (aged under 25) want to live near to shops and recreation/entertainment but even more important is living near work and friends/family. We might have expected that this group would show a clear preference for living in a central location in town but this proved not to be an outstanding requirement. However, their general requirements suggest that an urban rather than suburban or rural

location would generally be more acceptable. The importance of a strong social life for singles under 25 was also brought out in the focus groups.

8.28 Older single people (aged 25 and over) were very similar in their views to their younger counterparts, the only real difference is that older people were more likely to want a property with a garden. However, our focus group with younger teachers did not bear this finding out: there was a strong preference for a central location near to recreational and social facilities.

8.29 The following table shows the choices made by individuals in further detail.

Table 8.5 The top three criteria used to make housing choices

	Couples no children		Singles 25 +		Singles Under 25		People with children		ALL HOUSEHOLD TYPES	
	Factor	Score	Factor	Score	Factor	Score	Factor	Score	Factor	Score
1	Living in a property with a garden	3.64	Living in a property with a garden	3.40	Good transport connections	3.19	Living in a property with a garden	3.74	Living in a property with a garden	3.59
2	Good transport connections	3.01	Good transport connections	3.14	Living near to work	3.13	Living near suitable schools / educational facilities	3.55	Good transport connections	3.06
3	Living near to work	2.89	Living near to work	3.10	Living near to friends / family	3.13	Good transport connections	3.06	Living near to work	2.97

NB Maximum score = 4; mid point score (neither important nor unimportant) = 2.5

8.30 We saw earlier that there are concerns amongst key workers about living in a development specifically ear-marked for them and that these concerns increase slightly with age. Focus group attendees had a strong preference for choosing where they could live. In part, this was simply about a desire to be able to choose their own location as opposed to accommodation provided in a specific housing scheme. In part it was also a reaction against the concept of large blocks of housing of people doing the same job. Three or four from the same profession living in the same street might be all right but many more than this would “*feel like a ghetto*”.

The journey to work

8.31 The focus groups were clear that a journey to work of over 45 minutes would be unacceptable. The key worker survey found that only 1% of key workers have a journey to work of over an hour. For three quarters, the journey time is less than 30 minutes. Younger people travel further and only 56% have a journey of less than 30 minutes.

8.32 87% of respondents either drive to work or are taken as car passengers. Walking is the next most popular mode of transport but only accounts for 7% of all journeys although the youngest group (under 25 year olds) are more likely to walk – at 11%.

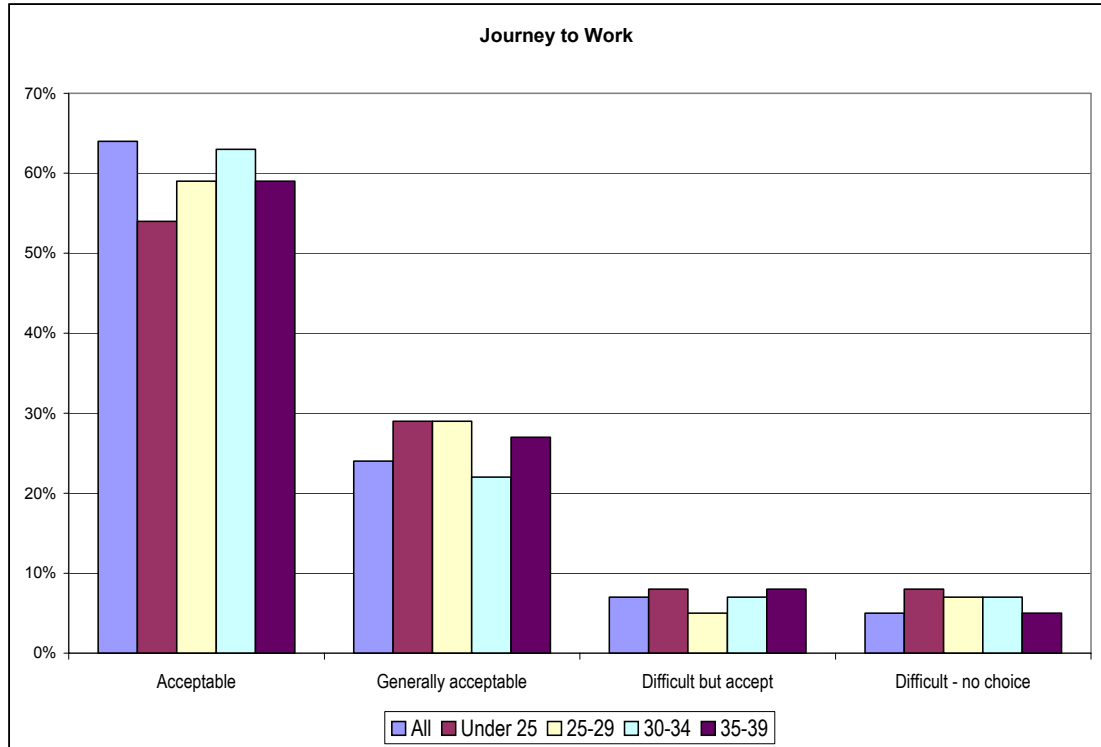
8.33 Most people are satisfied with their journey to work (64%). Satisfaction increases with age. It is the youngest key workers who are more likely to feel that they have no alternative to a difficult journey but, even then, only 8% say this is the case. Again, then, this group appears to be under particular pressure, being “pushed out” of areas of employment.

8.34 The chart below shows percentages of those agreeing with particular statements about their journey to work. The statements were:

- It is acceptable
- Sometimes it takes a long time but generally it is acceptable (Generally accept)

- It is a difficult journey but I accept this because I like where I live (Difficult but accept)
- It is a difficult journey but I cannot find accommodation nearer to work which I can afford (Difficult – no choice)

Figure 8-4: Attitudes to the journey to work



8.35 There is a very important cautionary note to make here. It is easy to assume that key workers want as short a commute as possible. However, our focus groups (with social workers and teachers) indicates that this can be incorrect. No social workers wished to live on the same patch as their clients; the teachers were even more trenchant in this opinion; none would accept a home near the catchment area of their school. Information on transport mode was also forthcoming through the focus groups. Public transport was not acceptable to teachers due to the amount of papers and materials they took home with them each day. Instead, car travel was deemed to be absolutely necessary, although some teachers interviewed did take part in informal car sharing arrangements.

Knowledge of shared ownership and shared equity

8.36 The survey asked respondents, “before you read this questionnaire, had you heard of shared ownership or shared equity housing (sometimes known as Homebuy)?”

Table 8.6 Knowledge of shared ownership and shared equity housing

	Health	Teacher	Firefighters	Police	Social Worker
Yes	54%	58%	60%	58%	66%
No	44%	41%	40%	40%	34%
No answer	2%	1%	-	1%	-

- 8.37 Above half of key workers in all occupations had heard of these housing products. From previous experience, we believe that this level of knowledge is good, although there is still work needed to raise awareness of these tenure options amongst key workers.
- 8.38 Feedback from the focus groups of key workers suggests the need also to increase understanding of the 'mechanisms' of shared ownership and shared equity with some suspicion amongst key workers about the process of resale and the relationship they would have with the RSL involved. However, the small number of key workers who had either bought or inquired about buying through shared ownership/shared equity spoke highly of the quality of service offered by the RSL they had approached, suggesting that the perceived problems associated with the tenure are dispelled when potential purchasers become more closely involved with any scheme.

9 OVERALL DEMAND

Introduction

- 9.1 We have used the various sources of information available to us to address the objectives set out in our brief and to provide:
- A co-ordinated plan for targeting the delivery of keyworker housing across the sub region for 2004-5 to 2006-7;
 - A co-ordinated approach to bids for funding for keyworker housing in 2004-2005.
- 9.2 Our analysis has looked separately at the number of units required to meet the needs of newly recruited staff and to aid staff retention. We look at these in turn below.

Recruitment

- 9.3 The approach we have adopted to estimate the need for key worker housing from newly recruited staff is as follows.
- Using data provided by employers, we arrived at a number of key workers recruited in the last 12 months by age, district and employer. We used the classic definition of key worker (police, health, teacher, social worker and fire fighter) to arrive at this number.
 - We deducted the workers coming from abroad. Approximately one hundred key workers are expected to be recruited from abroad to Addenbrooke's next year, and a smaller number of foreign workers are recruited to Hinchingsbrooke Hospital. We have treated these separately and return to the point later.
 - We estimated the proportion of recruits who had moved outside the sub-region. We used a combination of data from data mining and key worker survey to do this.²³
 - Using data from the survey we estimated the proportion new recruits in two income households and assumed that they would be able to purchase.
 - Using the resulting figures at district level and our projections of income by new recruit, we used Land Registry lower quartile house price data at district level to determine the number of individuals who could afford to buy housing at the lower quartile.
- 9.4 This process give a gross figure indicating that there is a need for a gross total of approximately 469 key worker units in the Cambridge sub-region per annum currently, rising to 525 if the impact of the new unit at opening at Hinchingsbrooke in Jan 2005 is included. In arriving at this figure we need to point out that we have not received data from Forest Heath and St Edmundsbury districts in Suffolk. There may be key worker demand from these districts, perhaps in the order of the East Cambs and Hunts numbers (15 and 13 units per annum respectively). We have no data from the police. We have anecdotal evidence that the police are affected by recruitment and retention issues related to housing, and would therefore expect that there would be further demand here, although numbers can be expected to be relatively modest. Whilst we have received good quality information from the Fire Service, the organisation was not recruiting this year. We have therefore not made any allocation of key worker housing in respect of recruitment for the Fire Service but could reasonably anticipate a small requirement from the Service over the coming years.

²³ We assumed that employees at Hinchingsbrooke's new unit opening in 2005 would come from outside the sub-region at the same rate as employees of Addenbrooke's.

9.5 The following table distributes the figure of 469 by district.

Table 9.1 Key worker demand (recruitment) – gross and net figures per annum

	GROSS TOTAL	NET TOTAL
Cambridge City (total not inc Addenbrooke's)	34	33
Addenbrooke's	339	150
South Cambridgeshire (total)	51	49
East Cambridgeshire (total)	15	15
Fenland (total)	7	7
Huntingdonshire (total not incl Hinchingsbrooke)	13	10
Hinchingsbrooke	10	5
Forest Heath (total)	0	0
St. Edmundsbury (total)	0	0
Total	469	268
Hinchingsbrooke additional - new unit opening Jan 2005	56	30

- 9.6 The above gross figures do not take account of the fact that key workers on a single income may not be able to afford the costs of sub-market rent or shared ownership/equity share. We have used a guideline figure of £15,000 and assumed that anyone earning less than this would be excluded from key worker housing. Depending on family circumstance and prevailing housing costs, some earning more than this will struggle to afford key worker housing whilst some on incomes below £15,000 will be able, through other sources of income/equity, to afford key worker housing. However, £15,000 is a reasonable basis for our estimates.
- 9.7 We have corrected the gross numbers in table 9.1 to take account of these 'low earners' who would not form part of the effective demand for key worker housing. These numbers are quoted in the "net" column above. This indicates that there is a need for a net total of approximately 268 key worker units in the Cambridge sub-region per annum. Although there is a very small or no reduction in demand across most districts, it is the separate figure for Addenbrooke's which shows the largest absolute reduction. This reflects the particular recruitment profile of Addenbrooke's.
- 9.8 Particular attention should be made to our estimation of the demand arising from the workforce at Hinchingsbrooke. As mentioned earlier, 300 staff are being recruited to work at a new Diagnostic Centre at the hospital opening in January 2005. This will have a significant impact on recruitment over a relatively short timescale, and we are therefore likely to see something of a "blip" in demand for housing units in early 2005 from the hospital (we have therefore itemised this figure separately). However, as we have argued throughout this paper, there is a necessity to ensure that other members of staff who are not required to live on site are adequately provided for. We therefore believe that there could be an additional requirement for approximately 30 new units to address this particular need from new recruits to the unit, although the requirement is unlikely to be ongoing and should be closely reviewed following the establishment of the unit.
- 9.9 The net demand shown in Table 9.1 is subject to the following important observations. Some factors suggest that these figures may be an underestimate; whilst others suggest that they more be an overestimate. We address each in turn.
- **Underestimate:** Many of the people earning less than £15k pa can be expected to have lived locally for some time. However, this group has already been excluded from the data. In effect, then, we may have double counted some or all of this group. We have no data available to us regarding the relative incomes of those new recruits who have lived locally for some time, and those recruits who have come from outside the sub-region.

- **Overestimate:** Our estimates reflect the number of *individuals* who form demand for dwellings. This does not translate directly into the number of housing units which should be built. Some individuals – almost exclusively the under 29s – still find sharing accommodation acceptable. Sharing is a long standing pattern of housing use in Cambridge - this group forms 24% of under 24s and 25% of 25-29 year olds in the survey and that three quarters of those sharing with friends or colleagues were broadly satisfied with this accommodation pattern. Therefore we can anticipate that some of the key worker demand could be met by providing accommodation for those who are prepared to share.
- 9.10 As a basis for planning future provision, we believe that the gross and net figures in Table 9.1 should be treated as providing a range. For the district totals, this has no or very little real impact; however, in the case of Addenbrooke's and the new unit at Hinchingsbrooke the range is quite significant. This emphasises the importance for the Employers' Consortium of robust monitoring of demand and take up of future key worker housing so that, over time, it becomes clear whether demand is nearer the higher level (gross demand) we have indicated. In the meantime, it would be wise to treat the lower level (the net figure) as a minimum requirement.
- 9.11 On the basis of the lower demand figures, Addenbrooke's requirement for key worker housing equates to 56% of the total demand generated by recruits. The high number of units attributed to Addenbrooke's is due to a number of factors, including the large number of recruits it takes in every year, the high costs of local housing in the Cambridge city area, and the large number of people it attracts from outside the sub-regional labour pool. We have therefore paid particular attention to the key worker housing projection generated by Addenbrooke's, taking into account the following factors.
- Staff accommodated within Addenbrooke's stock of housing. Addenbrooke's has a stock of housing which modifies the demand for key worker housing to some extent.
 - Recruitment from abroad. Some of Addenbrooke's recruits are from overseas. These individuals are generally not eligible for assistance with housing.
 - Short term employment patterns. Addenbrooke's is a teaching resource of national importance, and has particular short term employment patterns that reflect this. This group is not likely to be attracted by key worker housing, having little intention to stay in the sub-region for the longer term in any event.
- 9.12 We have attached more detail on our approach to estimating demand for housing from Addenbrooke's staff as an appendix. We have applied a similar methodology to our estimation of Hinchingsbrooke's requirement.

Retention

- 9.13 It could be argued that the public services need staff turnover to maintain a dynamic and well trained workforce. If this line is accepted, then retention of staff should not be regarded as a problem and the efforts for delivering key worker housing should simply focus on provision for new recruits. However, this would certainly not be accepted by the Employers' Consortium who spoke of staff retention as a major issue, with concerns that some of the best and most experienced middle-ranking staff were being lost. That said, we note that most employers (with some exceptions) have been unable to provide evidence that housing costs are a cause of this.
- 9.14 Whilst there is a lack of corroborative evidence in this respect, our surveys and focus group findings do suggest strongly that housing costs are an important component to staff retention rates. We know that it is the 25-34 year olds who seem most vulnerable to housing pressures and who see leaving the sub-region as the only solution to their housing needs – which translates into a desire to purchase their own home.

- 9.15 There is no single right way to estimate the potential demand from existing key workers for housing at below market price. However, by focusing on the characteristics of the 25-34 year olds we believe we have developed a plausible method which gives a very broad estimate of the amount of affordable housing which should be delivered to meet this group's needs.
- 9.16 We have estimated the percentage of 25-34 year olds who are currently not home owners and who said strongly that they would consider 'moving away' to get the house they wanted. We have assumed that existing homeowners are broadly content although there are some issues around size of house and affordability for those with a growing family.
- 9.17 Using our approach, we estimate that the requirement for key worker housing from existing staff is 97 from Addenbrooke's and 67 for the remaining workers in the sub-region, all of which should be some form of low cost home ownership and should be provided as houses rather than flats. But we have to note that these figures must be treated as indicative and have been estimated using the limited data available to us and in the absence of any firm information from employers.
- 9.18 We attach a table showing demand at a district level.

Table 9.2 Demand for key worker units per annum (Retention)

Cambridge City	15
South Cambridgeshire	18
East Cambridgeshire	8
Huntingdonshire (incl. Hinchingsbrooke)*	16
Addenbrookes	97
Fenland	10
TOTAL	164

*Please note that the Hinchingsbrooke retention estimate excludes the impact of the new unit opening in Jan 2005

District level demand for key worker housing (recruitment and retention combined)

- 9.19 Combining demand figures from recruitment (net estimates) and retention gives us projected demand for key worker housing at district level as follows.

Table 9.3 Overall district level key worker housing demand per annum (units)

Cambridge City	48
South Cambridgeshire	67
East Cambridgeshire	23
Huntingdonshire (incl. current Hinchingsbrooke requirement)	31
Addenbrookes	247
Fenland	17
TOTAL	432
Hinchingsbrooke new unit (opening Jan 2005)*	30

*itemised separately as this may represent a short term increase in demand

- 9.20 Please note that these projections use our net recruitment estimates. As stated in paragraph 9.9, we anticipate that these figures are likely to the minimum requirement.

10 PROGRAMME FOR KEY WORKER HOUSING

Overall programme

- 10.1 On the basis of our estimate of the requirement for key worker housing for recruits and for existing staff we put forward the following as an appropriate annual programme of housing for key workers for the three years 2004-2007:
- Attributed to Addenbrooke's
 - 150 - 339 (recruits) plus 97 (retention)= 247-436 units per annum
 - For other key workers in the sub-region (excluding the needs of the new unit at Hinchinbrooke)
 - 118 (recruits) plus 67 (retention) = 185 units per annum
- 10.2 The programme of key worker housing should be kept under close review. We would expect, as the 'backlog' of demand from existing key workers was gradually satisfied over time, that the need for additional housing for existing key workers will reduce. Similarly, as new housing for recruits comes on stream, casual vacancies will arise to meet some of the demand from recruits: we should not expect key worker housing to end staff migration out of the sub-region, and nor, perhaps, should we want it to.
- 10.3 On the other hand, there is a big expansion plan for Addenbrooke's (which is expected to double its clinical staff requirements by 2016)²⁴ Furthermore, there will be an increasing need for key workers in the sub-region to match population growth. Forecasting demand beyond 2007 is extremely difficult and we are unable to provide estimates for the longer term.
- 10.4 We would also stress again that there is likely to be a short term peak in demand for housing from new recruits to Hinchinbrooke Hospital's new diagnostic centre when the centre opens around January 2005. We have not included this demand in the figures presented above for the years 2004-2007, as they are likely to represent a "one-off" growth in demand in 2005. However, we would expect to see an additional requirement of 30 units to satisfy this demand in Huntingdon in 2005. This is dependent on recruitment patterns and project finishing dates, so the progress of this project should be kept under close review.
- 10.5 We believe that the tenure and scheme profile should be as follows:
- The tenure of the housing to be provided should be a mix of low cost home ownership and sub market rent. All provision for existing key workers should be the former.
 - For new recruits, from the information available to us on age profile and tenure expectations, we believe a 50/50 split between sub market renting and low cost home ownership should be adopted.
- 10.6 Therefore of the total annual programme would be (using the lower net demand figure and excluding the new unit at Hinchinbrooke):

²⁴ p22 Addenbrooke's Staff Housing Needs Survey

Table 10.1: Size and ‘tenure’ of annual programme (excluding the new Hinchingsbrooke unit’s requirements)

	Tenure	
	Sub market rent	Low Cost Home Ownership
Attributed to Addenbrooke’s	75	172
Rest of sub-region	59	126
Total	134	298

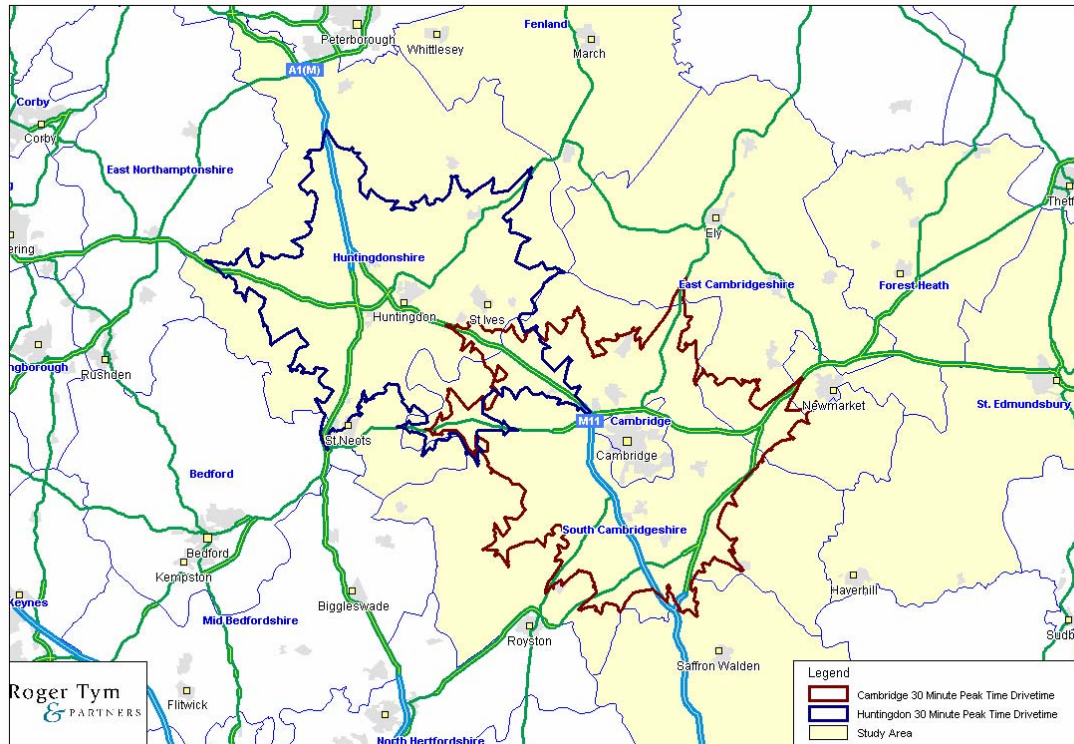
Note: Low Cost Home Ownership includes equity share and shared ownership
 These figures exclude any demand from the two Suffolk districts, from the police or the fire service.

- 10.7 We believe the preference for the low cost home ownership should be on the basis of equity loan (the SHI-type model) or equity share. But we recognise that shared ownership, at low share sizes and with a low rental cost, may be a better alternative for those on lower incomes. More detailed local analysis will be required to determine which tenure is the more appropriate on a scheme by scheme basis.
- 10.8 There is also the option of providing an element of ‘portable subsidy’ i.e. individual households find their own accommodation on the open market and are able to purchase this on an equity share or shared ownership basis with the balance of equity taken up by either an RSL or employer. Portable subsidy could provide a useful ‘top up’ mechanism to complement new build provision and to ensure a smooth programme of low cost home ownership for key workers. Portable subsidy, using funds from employers and/or local authorities, would provide additional flexibility to the programme and could also be used to accelerate the low cost home ownership programme for key workers if that is felt necessary.

Location criteria

- 10.9 Given the concentration of key worker employment in the Cambridge and South Cambs areas, it is apparent that the bulk of the programme should to be located within a 30 minute drive time of Cambridge – effectively in Cambridge City and South Cambs (see figure 10.1). This is particularly the case for demand from staff employed by Addenbrooke’s, who (given the quality of road connections) are likely to commute to the site from within Cambridge and from an area to the south and east of the city rather than the north and north-west.
- 10.10 There is also a need for some provision in the other districts and we have given estimates of the requirement for housing for new recruits by district.
- 10.11 Final distribution of the housing on a year by year basis will depend in part on the availability of suitable sites.

Figure 10-1 Cambridge and Huntingdon 30 minute peak time drivetimes



10.12 Criteria for determining suitable locations for key worker housing have emerged from the survey work and are:

- A location well related to the transport network, especially to quality public transport nodes.
- In larger settlements with a good range of facilities for retail and leisure
- For family housing, close to schools and other local leisure facilities suitable for children
- For the flatted development – not necessarily in town centres but with good access to central facilities and good access to public transport to Cambridge (providing the major opportunities for nightlife).
- Although some key workers like rural life we do not believe locating key worker housing in small settlements meets the needs of most key workers and would counsel against locating such housing in villages.
- In term of design and layout we put forward the following comments:
 - Key worker housing should not be in large blocks clearly identified for the purpose. This comment applies more to home ownership properties than rented.
 - Providing good-sized gardens for families is important.
 - A secure environment, especially for those working unsocial hours, is also important.

Managing risk

- 10.13 Embarking on a significant programme of key worker housing provision is not without risk. A relative fall in house prices, and/or significant increase in key worker incomes could reduce demand for key worker units sharply. The draft Protocol for the Employers' Consortium put forward in this report allows for flexibility and the ability to cascade demand so that more people can be drawn into the pool of the priority groups for access to key worker housing. We believe that this principle is very important and should help militate against difficult-to-occupy key worker housing.
- 10.14 At the same time, we strongly recommend careful and regular monitoring of the programme so that adjustments can be made if supply and demand fall out of balance.

Key workers in the context of the wider community need for affordable housing

- 10.15 Our final comment relates to the relationship between the key worker programme and the other elements of the affordable housing programme to be identified for the sub-region. As we said at the outset of this report, it will be for the sub-region and individual districts to decide how they strike the balance between competing demands for the finite supply of affordable housing which the sub-region can deliver. The priority given to the needs of key workers over other groups in the community which require affordable housing is a matter for local decision makers.

11 THE NEXT STEPS

11.1 In this section we sketch out the actions that we believe that the sub-region should take to progress the delivery of key worker housing.

11.2 These are as follows:

- **Overall Approach.** It will be important for the sub-region to agree its general approach to the future provision of key worker housing. This is likely to include overall numbers and tenure, a broad indication of where key worker housing is to be provided (e.g. at district level) and more detailed location criteria (e.g. family housing near to schools and other local facilities). Over time, the sub-region approach can become embedded in development plans and other local policy guidance (e.g. SPG) as they are rolled forward. In the meantime it will be important for all the districts to 'sign up' to the approach (perhaps through 'member ratification'). The sub-region could also consider producing a joint 'key worker housing SPG'.
- **Development Programme.** A detailed site by site programme of key worker schemes for the next 12 months needs to be agreed. A broad outline of developments expected over the subsequent two years would also be helpful, providing clarity about longer term plans.
- **Section 106 agreements.** A very useful practical step would be the adoption of standard clauses in S106 agreements which can be used across the sub-region with developers. Relevant clauses will need to be worked up (with legal advice as appropriate) but at least one clause should cover the mechanism for 'allocating' key worker housing (as set out in the Employers' Consortium protocol).
- **Finalising and agreeing the membership and operation of the Employers' Consortium and the draft protocol across the sub-region.** A draft allocation protocol has been agreed by Employers' Consortium members as part of this study. However, work remains to be done to establish the protocol, including a process of deciding which employers are to be represented on the Employers' Consortium, how their activities relate back to wider sub-region policy setting at district level, and who chairs the Employers' Consortium. The Employers' Consortium will then need to decide whether it wishes to appoint a managing agent, the role of the agent, funding and selection of the agent, and agreeing timescales, the precise administrative configuration of the allocation process, and service level agreements.
- **The relationship with RSLs developing and managing key worker housing.** The way the sub-region works with developing and managing RSLs for keyworker schemes needs further consideration. The sub-region will need to decide whether a common approach is advantageous and, if so, what that approach should be. One option may be to identify 'preferred sub-region partners for key worker housing' but this is not the only option and other mechanisms may provide a better way forward.

APPENDIX 1

DRAFT HOUSING PROTOCOL

EMPLOYERS' PROTOCOL – KEY WORKER HOUSING –DRAFT

The protocol covers the proposed definition of key workers approach to identifying key workers who will have access to the housing for key workers.

Key workers eligible for housing assistance

The definition of key workers eligible for assistance with their housing is as follows:

“Key workers eligible for assistance with their housing costs will be public sector workers who are employed by the public sector and will be involved in the care and comfort of the community.²⁵ Eligible workers will be employed in sectors experiencing recruitment and retention problems in the Cambridge sub-region and be unable to afford similar accommodation on the open market”.

This definition needs to be seen in the context of government priorities which remain for teachers, health workers and police.

Within the above definition, priority for key worker housing is to be based on the following criteria, in the order set out.

- **Criteria 1 – Broad Occupational Groups:** priority occupational groups are those identified as suffering a recruitment or retention problem priority by employers. These groups will be defined by the Employers' Consortium on an annual basis, justified by the best broadly based evidence (such as high vacancy levels in the past 12 months, known future expansion in service delivery). In coming to a view on priorities, the Employers' Consortium will be mindful of the priorities being set by the Government and the Region's Housing Board, which emphasises the particular needs of nurses, teachers and police.
- **Criteria 2 - Salary:** a maximum income will be set, alongside an advisory minimum income. The maximum limit is intended to ensure that provision is not made for those able to afford accommodation on the open market. There will also be an advisory minimum figure, to screen out those who would be unable to afford the cost of the intermediate accommodation available. These figures will apply across the sub-region, and will be reviewed annually.
- **Criteria 3 – Proximity to place of work:** when there are a number of households which qualify under Criteria 1 and 2, priority will be given to those working near the available accommodation with an advisory maximum travel time to work of 30 minutes but in certain circumstances this can be increased to 45 minutes. This is intended to ensure a) that long commutes are not built into the system, and b) that key worker housing provision in a given area is concentrated on delivering against the needs of that same local area. Exceptions may be made where workers have a legitimate reason for living at a distance from their place of work.

Private sector workers (other than those who are providing a service otherwise delivered by the public sector) have been excluded from this sub-regional definition, as their pay is determined locally, and can therefore be expected to adjust to prevailing conditions. However, arrangements are set out later in this section whereby a district council can, if it chooses, make available accommodation earmarked for employees in a specific job type (please refer to paragraph 0 onwards).

Operational arrangements

Roles and Responsibilities of the Employers' Consortium

The Employers' Consortium will have the following roles:

²⁵ In consultation with other partners, the Employers' Consortium may choose to include private sector employees where public sector services have been contracted out to the private sector.

- The Employers' Consortium will agree, on an annual basis, the priority key worker job types. Promotion of a particular job type by an employer as a priority should be evidence-based. However, there needs to be an understanding that whilst some recruitment and retention problems can be shown by direct recent evidence, others may reflect events in the coming year (eg planned expansion of a particular service, requiring the recruitment of a number of new workers).
- The Employers' Consortium will agree, on an annual basis, the maximum and advisory minimum incomes for eligibility to key worker housing. This should be done following consultation with the managing agent, who will have knowledge of housing market conditions.

Note: For 1 and 2 above, there are good reasons for setting out at the start of each year criteria which will apply though the year. Frequent changes of priority groups and income bands will cause confusion in the RSLs and key workers themselves. On the other hand, there needs to be some flexibility so that a newly emerging recruitment or retention problem can be address quickly. The Employers' Consortium will need to agree the best way of handling mid-year changes of priorities. It may be best to draw up a "B-list" of priorities at the start of the year. There is a question of how to handle those key workers who have registered but find that their occupation has become downgraded as a priority whilst they were on the list. In such an instance, the procedure may be to keep these names on the list but view them as a lower priority when allocation decisions are made.

- On an annual basis, the Employers' Consortium will provide a short report for onward dissemination to partners including county and district council members, RSLs, Government Office, the RDA and the Housing Corporation. This report should provide information on the number and types of key workers helped by the scheme and progress in delivering key worker accommodation. It should highlight lessons to be learnt or good practice to be disseminated. It may be helpful if the report reflected on how key worker needs are best addressed what sort of impact mechanism is having on recruitment and retention issues or on service quality, if the correct types of housing are in fact being brought forward and if provision is in the right place.
- The Employers' Consortium will appoint a managing agent to administer the protocol. This will require a service level agreement (including performance targets) to be signed between the managing agent and the Employers' Consortium. The managing agent should be appointed on a renewable annual funding contract.
- The Employers' Consortium will contribute to the funding of the role of managing agent. All members of the Employers' Consortium will be required to contribute in line with the number of key workers employed. Employers' Consortium members should understand that any contribution they make to the management of the scheme does not necessarily mean their employees will be a priority for the available housing in any one year.
- It is important that the Consortium's voice is heard in terms of forward planning for funding bids and generally in influencing the region's housing strategy. However, the Employers' Consortium does not make policy. It is recognised that the Employers' Consortium will be one partner in a broader coalition which sets policy and strategy. Local authorities will be important partners given their policy-making role, and control over Section 106 negotiations and the planning process.

Roles and Responsibilities of the managing agent

The roles and responsibilities of the managing agent will be as follows:

- The managing agent is contracted by the Employers' Consortium to act as a clearing house between the Employers' Consortium and the RSLs that are developing and managing the key worker housing. Members of the Employers' Consortium will therefore be involved in the selection of the managing agent.

- The managing agent holds a list of all key workers seeking key worker housing in the Cambridge sub-region. All developing RSLs and employers will be asked to refer applicant key workers to the managing agent in order to register their interest in key worker housing. The managing agent does not undertake detailed financial vetting but does act as a central collection and application point, so that applicants apply only once. The managing agent will carry out some financial checks. Given varying house prices in each of the Cambridge sub-region's districts, it will be the managing agent's responsibility to advise applicants that they will not be supported if their income is sufficient to buy the housing offered through the key worker scheme on the open market.
- Potential applicants can approach the RSL or managing agent but the managing agent will advise on employers' priorities. In the case of dispute, it is the Employers' Consortium who has the decision on who is to get priority for housing.

Where there is a casual relet or resale:

- The relevant RSL informs the managing agent of the vacancy and the managing agent provides the RSL with the prioritised list of key workers eligible for the 'vacancy'. The RSL will then contact key workers on this list with news of the opportunity and carries out the necessary vetting process. Vetting will be undertaken on the basis of information supplied by the managing agent. The vetting process will include a stage at which the RSL checks to ensure that key workers are not able to buy the key worker housing on the open market.

In the case of a new housing scheme:

- The developing RSL and managing agent will need to keep each other informed of progress with the new development. At the point when the RSL wants to begin marketing the scheme, the managing agent provides the RSL with a list of potential occupiers eligible for the housing. The RSL should then market the scheme to the people on the list. Again, the developing RSL will be responsible for the detailed vetting of the applicant on the basis of information supplied by the managing agent. The vetting process will include a stage at which the RSL checks to ensure that key workers are not able to buy the key worker housing on the open market.

With experience, the managing agent will be able to gauge how many potential applicants an RSL needs to contact in order to fill the available accommodation as quickly as possible. However, in the event of over-subscription to the scheme:

- It is the responsibility of the managing agent to alert the Employers' Consortium to the problem. The Consortium will have to narrow down its priority job types.

In the event of low demand:

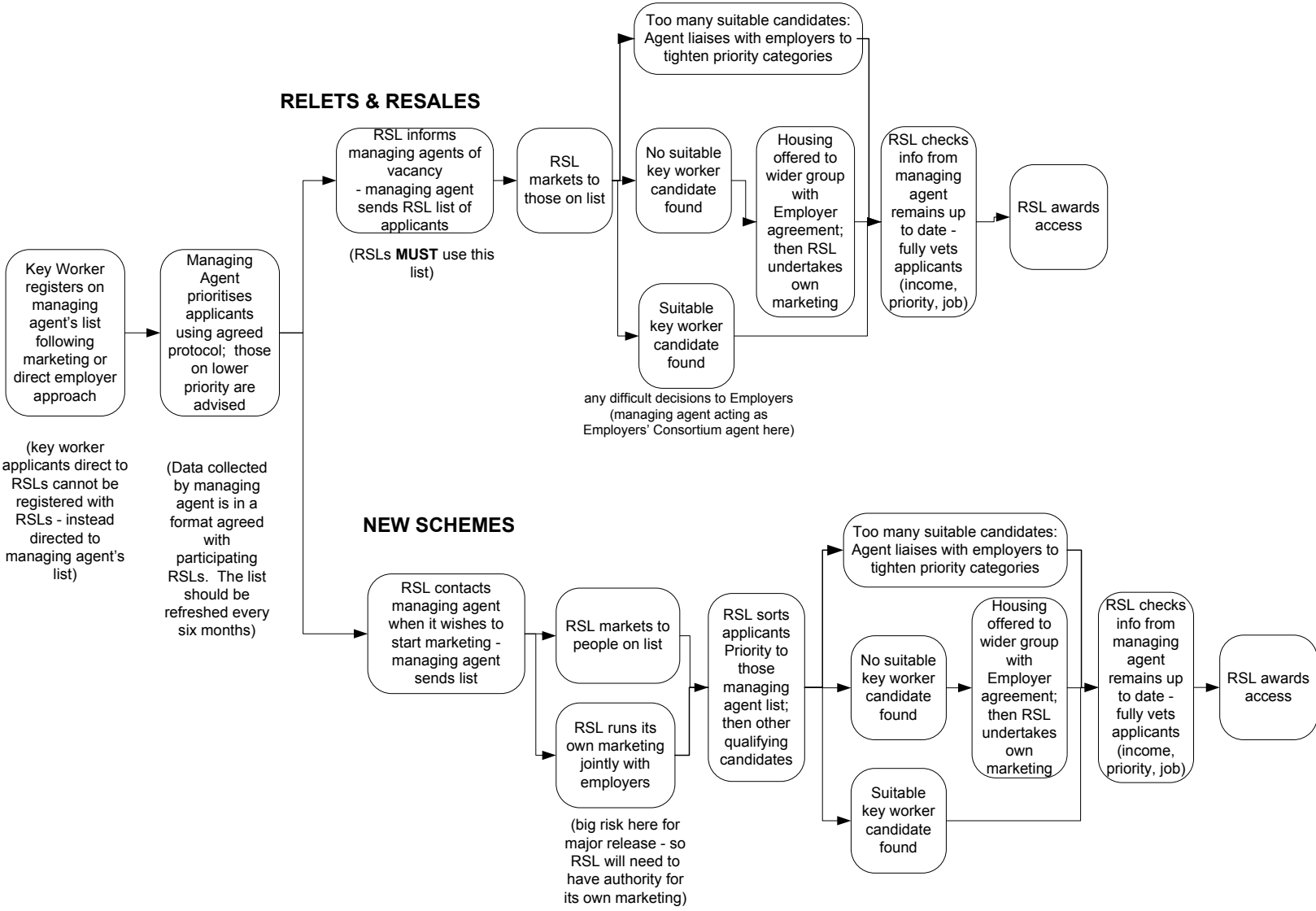
- The first step will be for the managing agent to identify other possible candidates from its existing database which meet the criteria of the Employers' Consortium. If this fails to provide enough names, the managing agent asks the Employers' Consortium's to agree a wider list of eligible workers (on the basis of job type, not income) and takes responsibility for contacting relevant employees in the first instance. The fall back position is to allow the RSL to undertake its own direct marketing to either general needs applicants or to other key workers, possibly with reference to housing authority lists.

The allocation process

We have laid out the allocation process flow diagrammatically overpage. The diagram has been split into halves: one covers the process to be followed in the case of relets and resales; and the other covers housing delivered as a part of a new scheme.

The central principle of the allocation process as described here is that of ensuring that details are only provided once by the applicant. Schemes which involve different sites or different RSLs will not require the applicant to fill in new information in each new instance. However, it is recognised that applicants' circumstances will change quickly and that a developing RSL will need to confirm with applicants that the original details provided remain accurate.

Figure -11-1 Key worker housing: allocation process flow



Underlying Principles

Employer representation on the Employers Consortium will be a pre-requisite for employees' access to key worker housing created through this scheme. Employers which do not take an active role in the group will not be able to access housing for their employees through this scheme.

When a key worker housing scheme involves public subsidy or is delivered through a S106 agreement on a mixed tenure scheme, then the accommodation will be available through this scheme.

When a key worker housing scheme involves part funding direct from an employer, with the remaining funding being made through public subsidy or S106, then the employer has rights to place their employees into a proportion of the units created in line with the proportion of direct funding offered to the project. For example, if an employer contributes 25% of the funding (not made by the RSL) to a development, then the 25% of the units could be expected to be occupied by that employer's workers. The remaining units would have occupiers nominated from the priority list maintained by the managing agent.

If an employer develops key worker housing on its own land holdings and/or is the funder of the full costs of the accommodation, then the employer has exclusive 'rights' to place its own workers into this accommodation. In doing this, the employer may choose to set up independent arrangements with the developing RSL. (The employer may however choose to accept candidates from the central list maintained by the managing agent if too few candidates for the accommodation come forward from with the ranks of its own employees).

The arrangements described in the Protocol requires co-operation between the employers and between the employers and the planning and housing authorities (ie the district and county councils involved). This includes local authorities negotiating separate arrangements with an employer and/or RSL to provide for specific groups of key workers on sites in their area using a S106 agreement and/or public subsidy. Nothing can be put in place to stop this, other than precluding all employees in their area from the wider benefits of the Employers' Consortium scheme put forward here. It is hoped that when S106 agreements are negotiated by districts, these are in line with this protocol and the methods adopted at sub-regional level.

Private Sector Workers

The Employers' Consortium scheme excludes the private sector (other than where employees are providing services for the public sector on a contract basis). However, local councils may have an identified need to provide housing for particular key workers on broader economic grounds. A Council could identify a subsidised/S106 key worker scheme for key workers falling outside the Consortium's definition. The provision that such a Council made for groups outside the Employers' Consortium's definition of key worker would be additional to the allocations made through the Employers' Consortium scheme.

An alternative route for councils to make local provision for 'private sector' key workers could be through the development/management of other affordable housing provided in their area. For example, an authority could earmark a number of social rented relets or LCHO resales for their own priority group and/or give priority to new build schemes delivered through the rest of their affordable housing programme. But affordable housing is a scarce resource and if a council uses on part of its affordable housing programme in this way, it may not be able to secure additional housing for key workers, managed through the Employers' Consortium scheme.

APPENDIX 2

THE APPROACH TO FORECASTING MAJOR HOSPITALS' KEY WORKER HOUSING REQUIREMENTS

As noted in the body of the report, Addenbrooke's forms an important component of the overall demand for key worker housing in the sub-region. It has relatively distinctive characteristics that need to be taken account of by any demand estimation methodology. Hinchingsbrooke is also a significant employer of key workers, and the expansion of the Hospital in January 2005 by 300 workers will highlight recruitment difficulties.

We have taken account of the following factors at Addenbrooke's and Hinchingsbrooke.

- **Staff accommodated within the hospital's stock of housing.** Addenbrooke's currently has 741 staff accommodation units available for staff (although this number is subject to change on a week-by-week basis depending on rotas, use by relatives of patients, etc). Hinchingsbrooke has 200. An additional 30 units being reserved for on-call staff at Addenbrooke's. Units available are laid out as 4-bedroom flats with shared facilities. They are generally used by junior doctors, student nurses, staff who are on call, staff on short term contracts, staff new to the area and nurses from overseas. These groups are excluded from our estimates of demand for the following reasons.
 - Junior doctors are contractually obliged to stay in this accommodation for the length of their six month term of contract, and are therefore not counted in our estimates of demand for key worker housing.
 - Student nurse grades have not been counted in our estimates of demand as student groups are not eligible for assistance.
 - Staff who are on call generally stay in the accommodation for two or three nights at a time, and then return home. They already have accommodation. They are therefore excluded.
 - A small number of units are rented out to people who work at the hospital, often to individuals coming to the Cambridge area for the first time who need somewhere to live before finding accommodation on the open market, although a small number function as married quarters for doctors. The precise number of individuals which fall into this category is not known, but it is clear that the accommodation provided is not of a standard that would encourage individuals to use these units as a long term alternative to finding suitable accommodation. Accommodation used in this way generally turns over within a six month to one year period. In effect, their function is to simply delay an individual's demand for accommodation for some months rather than to reduce it overall. However, seen over time, this accommodation has the effect of taking approximately 30 people out of effective demand for key worker housing at any one time. We have therefore adjusted downwards our estimate of key worker units demanded by Addenbrooke's staff by 30 to take account of this figure, and have made a similar adjustment for Hinchingsbrooke.
 - Recruitment from abroad and staff on short term contracts are dealt with separately in the bullets below.
- **Recruitment from abroad.** As noted earlier, each year 100 staff at Addenbrooke's staff are directly recruited from overseas to work as nurses²⁶. A smaller number of staff at Hinchingsbrooke (eight in 2002/3) are also recruited overseas, although we have assumed that 15 will be recruited from abroad to work in the new Diagnostic unit opening at Hinchingsbrooke in 2005. (Other overseas staff may be recruited by the sub-region's key worker employers, but we anticipate that this number will be very small). We understand that at Addenbrooke's, all recruits from abroad are offered fixed term accommodation (1 year maximum, but this may be less depending on availability) in Addenbrooke's staff residences. At the end of this time, these staff look to rent or buy (some staff bring their families with them to the UK) accommodation in Cambridge or the sub-region. Some are offered extensions to their fixed term on site accommodation. Staying on rates are high. In the last four years Addenbrooke's has recruited 201 staff to work at Addenbrooke's (59 last year), and only 18 of these staff have left the hospital's employment. As we understand the current regulations, though, these staff members are usually not eligible for housing assistance under the terms of the Starter

²⁶ This year (2003) Addenbrooke's intends to recruit in year the HR recruitment section plans to recruit 100 international staff, with around 45 coming from the Philippines and 40 from Spain. The balance of the 100 will come from people applying to the Trust's advertisements on the internet, etc.

Home Initiative as they do not have permanent leave to stay in the UK²⁷. We have therefore excluded them from the number of key workers forming effective demand for key worker accommodation.

- **Short term employment patterns.** Addenbrooke's is a teaching resource of national importance, and has particular employment patterns that reflect this. As well as being a teaching hospital with the usual formal responsibilities for teaching student health professionals, the hospital employs a large number of medical staff who work for a short period of time at the hospital in order to pick up particular experience. These people have little intention to stay in the area after they have required the necessary skills. Precise figures are not available for this group, but we estimate that 90 of the 1700 (5%) of the annual recruits fall into this category, with a similar assumption being made for the new unit at Hinchingbrooke. This group is not likely to be attracted by key worker housing, having little intention to stay in the sub-region for the longer term in any event. They are generally accommodated in Addenbrooke's staff accommodation units. We have therefore adjusted our projections of effective demand to take account of this.

²⁷ Staff have to have permanent leave to stay in the country for 4 years to be eligible for SHI. We understand that this means that they have to have been in the country for 4 years to qualify - having a 4 year contract is not sufficient.