

Report for:
ACTION



Contains Confidential or Exempt Information	NO – Part I except for Appendices 1 and 2. Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
Title	Key Worker Housing in the Royal Borough
Responsible Officer(s)	Alison Alexander, Managing Director/Strategic Director Adult, Children and Health Services
Contact officer, job title and phone number	Hilary Hall, Head of Commissioning Adults, Children and Health, 01628 683893
Member reporting	Cllr Simon Dudley, Leader of the Council and Lead Member for Housing
For Consideration By	Cabinet
Date to be Considered	30 June 2016
Implementation Date if Not Called In	12 July 2016
Affected Wards	All

REPORT SUMMARY

1. This report sets out proposals for providing more housing opportunities for key professional groups: teachers, social workers and clinical health staff, who take up employment in the Royal Borough. The proposals are set in the context of the local manifesto commitment and the government focus on home ownership.
2. The Royal Borough's key worker private rental property portfolio will be managed through the Council's trading company, RBWM Property Company Limited, with the purpose of optimising the property portfolio. Refurbishment of the portfolio will be funded through existing Section 106 monies allocated for affordable housing and then transferred to the Company for rental.
3. Work will continue with housing association partners to develop innovative schemes for key workers, releasing the agreed £500k of investment into the existing Do it Yourself Shared Ownership scheme and developing partnership agreements with the Homes and Communities Agency to release investment to support key worker housing.

If recommendations are adopted, how will residents benefit?

Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
1. Residents will receive quality services through the successful recruitment of staff in difficult to recruit professions.	1 April 2017

1. DETAILS OF RECOMMENDATIONS

RECOMMENDATION: That Cabinet:

- i) **Approve the revised definition of key worker, see point 1.5, and further consultation with partners, including local schools.**
- ii) **Delegate authority to the Managing Director/Strategic Director Adult, Children and Health Services, the Leader of the Council and the Lead Member for Finance to transfer the properties designated for affordable housing to RBWM Property Company Limited, following refurbishment, see point 2.10.**
- iii) **Approve the plans from RBWM Property Company Limited for delivering key worker housing by 31 March 2017, see point 2.10.**
- iv) **Note that the £500k agreed for investment in existing Do It Yourself Shared Ownership schemes will be invested with Housing Solutions Limited to focus on key worker housing, see point 2.14.**
- v) **Approve one-off funding of £10K to Housing Solutions Limited to deliver a new shared ownership scheme specifically for key workers, see point 2.15.**
- vi) **Authorise officers to work with housing associations and the Homes and Communities Agency to deliver a variety of shared ownership schemes in the Royal Borough, with a particular focus on key workers.**

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Strategic context

- 2.1. The administration is committed to providing high quality education and social care services to the residents. It is recognised, however, that securing sufficient levels of high quality staff is adversely impacted by the cost of housing in the Borough. Consequently, in its 2015 manifesto, the administration made a number of commitments in relation to housing for key workers, specifically in relation to teacher recruitment and ex-Forces personnel. That commitment has subsequently been broadened to encompass children's and adults' social workers in recognition of the ongoing difficulties experienced in recruiting to these posts and the consequent reliance on expensive agency staff. Following Cabinet consideration in April, the Clinical Commissioning Groups have also highlighted the difficulties with recruiting nurses and trainee doctors associated with lack of affordable housing.
- 2.2. Nationally, there is a focus on housing and the Housing and Planning Bill was an early piece of legislation in this Parliament to support more people to secure home ownership. As a consequence of the developing policies, the Homes and Communities Agency funding streams are evolving to become more focused on home ownership. A key funding stream in relation to key worker housing will be the Affordable Homes Programme which to date has provided grants to Registered Providers but which will, from 2016 to 2020, only fund shared ownership schemes apart from specialist rental schemes for the elderly. It will be a £1.2bn programme aimed at funding 38,000 homes.

2.3. In April 2016, Cabinet agreed that, following submission of the Borough Local Plan two supporting documents would be produced:

- Supplementary Planning Document detailing the delivery of housing, including affordable, shared ownership and other tenures and types.
- A policy on eligibility and allocation of key worker housing.

Definition of key worker

2.4. To qualify as a key worker in the Royal Borough currently, an employee must be working in a permanent full time position within the Borough for at least six months and employed in one of the following sectors: education, health, police, fire, social services, leisure and cultural services, housing and some other key public and voluntary services and public sector agencies.

2.5. This wide definition does not enable sufficient focus on areas where recruitment is extremely difficult. It is, therefore, recommended that the definition of key worker in the Royal Borough is refined to:

Key worker definition: Any employee working in a permanent full time position within the Royal Borough of Windsor and Maidenhead and employed in one of ten sectors and roles, with priority given to the education, social care and health sectors.

Education	Qualified teachers/lectures in public schools and sixth form colleges, FE colleges and qualified nursery nurses.
Social care	All children's and adults' qualified social workers, occupational therapists and other clinical staff employed by, or working on behalf of, the local authority,
Health	All clinical staff employed by health commissioners and providers, excluding qualified doctors and dentists.
Ministry of Defence	Regular service personnel, including Military Provost Guard Service in the Navy, Army and Air Force, clinical staff with the exception of doctors and dentists, MoD police officers, uniformed staff in the Defence Fire Service.
Police	Police officers and community support officers, including those working for the British Transport Police.
Prison Service	Prison officers and related grades, operational support grades, nursing staff, industrials and instructional officers.
Probation Service	Probation officers, senior probation officers, probation service officers and other operational staff who work directly with offenders.
Local authority	Local authority planners delivering statutory planning services and qualified environmental health officers.
Firefighters	Uniformed fire and rescue staff below principal level.
Highways Agency	Traffic officer staff of the Highways Agency Traffic Officer Service in the safety critical roles of supervisor, on and off road, traffic officer or Regional Control Centre operator.

- 2.6. The council is keen that the implementation of the key worker scheme will attract high quality teachers to our schools in order to drive improvement and improve educational attainment.

Key worker eligibility

- 2.7. Qualification as a key worker will enable an employee to rent a property through RBWM Property Company Limited, see points 2.8-2.12, for at least the first six months of employment, at around 80% of private rental costs. Staff specifically employed by the Royal Borough are subject to a six month probationary period and therefore, offering rental as an option prior to formal confirmation of permanent employment would not preclude an employee from taking up employment. Subject to successful completion of probation period, key workers would then be eligible to apply for a shared ownership scheme with a housing association, see points 2.11-2.13, or remain in rented accommodation. Further work will be undertaken with partners on the criteria for qualification as a key worker.

RBWM Property Company Limited

- 2.8. The Royal Borough trading company, ‘Two5Nine’, manages existing residential property rented out by the Council. Recognising the need to increase the breadth of its property activities, particularly in relation to housing, the company has been renamed RBWM Property Company Limited, a company wholly owned by the Royal Borough but operating separately from it.
- 2.9. The company’s purpose, as set by the Council, is to create and develop a property portfolio that is available for rent within both the private and affordable rental markets, with the provision of properties at affordable rents for key workers being a key market area.
- 2.10. A number of Royal Borough properties have been identified as suitable for redevelopment as housing. The initial programme of works in Phase 1, 2016-2017, will bring six sites to market as key worker accommodation for around 20 key workers by the end of March 2017, dependant on planning and property/land condition, see table 1. In Phase 2, 2017-2018, there are six sites/properties that have been identified from which a further 40-50 affordable units could be developed, see table 2. Over the next 18 months to two years, it is envisaged that between 50-60 affordable rental units will be created, including the new Ray Mill Road East development, generating around £450-500k in rental income. Details of the sites, together with their current value, potential development and projected rental incomes are at Appendix 1, Part 2.

Table 1: Property list – Phase 1, 2016-2017

Site
Ex-caretakers House, 99 Vansittart Rd, Windsor
The House, 16 Ray Mill Road East, Maidenhead
Family Centre, Mill House, 18-20 Ray Mill Road East, Maidenhead
5a Bell Lane, Eton Wick and 18a Hampden Road, Maidenhead
The Brocket, 15 Boyn Hill Avenue, Maidenhead

Table 2: Property list – Phase 2, 2017-2018

Site
Development Site, Ray Mill Road East, Maidenhead
St Edmund’s House, Ray Mill Road West, Maidenhead
Caretakers House, Riverside School, Cookham Road, Maidenhead

Site
Mokkatam, Altwood Bailey, Maidenhead
Empty house purchase Wraysbury
Private land purchase Wraysbury

- 2.11. In order to provide key worker rental accommodation, the council will:
- Refurbish the properties in tables 1 and 2 using Section 106 monies designated for affordable housing purposes.
 - Once refurbished, transfer the properties into RBWM Property Company Limited for use solely as key worker accommodation. This transfer ensures there is no breach in the State Aid provisions.
 - Direct RBWM Property Company Limited to use its resource to purchase available private land assets from the empty homes list or other sources to make further key worker housing available.

2.12. Arrangements to draw down profits from RBWM Property Company Limited will be proposed within the business case for each property when budgetary approval is sought from full Council in July.

Do It Yourself Shared Ownership Schemes

2.13. The Royal Borough already works in partnership with housing associations to provide a shared ownership scheme. Priority is given to first time buyers, housing association tenants and key workers as defined in point 2.1. Over the last three years, there have been 40 successful completions under this scheme, 90% of which have been for key workers.

Definition of shared ownership

Shared ownership is a means of providing homes for people who are unable to afford the cost of buying a property outright on the open market. The buyer purchases a share in the property of between 25-75% of the value and pays an affordable rent, on the percentage not owned, to the partner.

2.14. Whilst key workers are one of the priority categories for the existing scheme, it is not exclusive to key workers. Cabinet approved in March 2015 £500K of Section 106 monies for existing Do It Yourself Shared Ownership Schemes. It is proposed that this resource is released to Housing Solutions Limited for their existing scheme but dedicated to deliver 10 more households into home ownership for key workers as defined in point 2.5. Housing Solutions Limited has confirmed that 10 would be achievable although it is difficult to accurately estimate the volume of provision that will be delivered as the subsidy varies according to the price of the property. In addition, Housing Solutions has proposed including key worker units as part of another redevelopment to add to the overall programme. An indication of likely numbers that could be secured from this will be provided by the middle of June.

2.15. In addition, the Royal Borough has negotiated with a range of housing associations to explore the potential of a Do It Yourself Shared Ownership Scheme that is more accessible to key workers on a lower income. Housing Solutions Limited has offered a joint venture whereby the minimum share in the property would be 10%, rather than the normal 25%. Establishing the scheme would require a one-off, match funded investment of a maximum of £10K from the local authority Section 106 monies to pay for legal and financial advice. This is a

one-off investment to establish the scheme and there will be no further financial requirement from the Royal Borough beyond this.

2.16. There is scope to work further with housing associations on shared ownership schemes to target particular areas, for instance one school in the Borough already has an arrangement with a housing association, primarily based in London, for the provision of affordable housing for their teaching staff. This specific housing association offers general/teacher housing in a number of London Boroughs. All properties are let on an unfurnished basis, allowing individuals to add their own personal taste to their accommodation. Teachers and others employed by the London Boroughs in which the association provides housing are eligible to apply for housing.

2.17. In addition, the Affordable Homes Scheme funding through the Homes and Communities Agency is a further opportunity to submit a bid to expand shared ownership. This is an area for further consultation and discussion with Clinical Commissioning Groups in particular, in relation to nurses and trainee doctors. The work will be completed by the September 2016 submission deadline.

2.18. The options being presented to Cabinet are set out in table 3.

Table 3: Options	Comments
Not pursue proposals for key worker housing provision.	This will fail to meet the manifesto commitments and will not help to mitigate current recruitment issues in key areas. The Royal Borough and schools will continue to overpay, through agency staff, for professions in difficult to recruit professions.
Pursue all the key actions proposed. Recommended	This will deliver the manifesto commitments and help secure permanent staff in the Royal Borough, reducing reliance on agency staff.

3. KEY IMPLICATIONS

3.1 The key implications are in table 4.

Table 4: Key implications

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Key worker housing delivered through RBWM Property Company Limited	Less than 18	18-20	21-22	More than 22	1 April 2017

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Key worker housing delivered through Housing Solutions Limited	Less than 18	18-20	21-22	More than 22	1 April 2017

4. FINANCIAL DETAILS

Financial impact on the budget

- 4.1 The proposals set out in this report in relation to RBWM Property Company Limited and Housing Solutions Limited will be delivered through the use of Section 106 monies allocated to affordable housing. The detailed changes relating to this are Council decisions because of their value. A paper recommending changes to the capital programme will be presented to full Council in July 2016.
- 4.2 Table 5 shows the potential rental income from the properties identified, excluding Ray Mill Road East Maidenhead and Mokkalam, Altwood Bailey, Maidenhead. Income from these properties will become available in 2018-2019 and beyond.

Table 5: Financial implications - revenue

	2015/16	2016/17	2017/18
	Revenue £'000	Revenue £'000	Revenue £'000
Addition	£0	£0	£253
Reduction	£0	£0	£0

- 4.3 An estimate of the budget that will be used for the refurbishment and acquisition of suitable properties, which will then be transferred to RBWM Property Company Limited, has been made, see table 6. There may be transfer costs involved but these are not expected to have a significant impact for the Council. A business case that covers all the financial implications of each property will be presented to Cabinet or Council prior to any work starting with a recommendation to add the appropriate S106 funded budget to the capital programme.

Table 6: Financial implications - capital

	2015/16	2016/17	2017/18
	Capital £'000	Capital £'000	Capital £'000
Addition	£0	£2,600	£0
Funding (S106)	£0	(£2,600)	£0

- 4.4 The building and conversion of the properties identified in this paper, excluding St Edmund's House, will create an initial asset base for housing purposes in the region of £21m which would generate a yield of around 3.2% per annum, if rented exclusively within the private market. The use of these assets exclusively for

affordable/key worker accommodation would reduce the yield by around 0.7% per annum, effectively providing a subsidy in the region of £130k per annum once all the properties have been developed and refurbished.

5 LEGAL IMPLICATIONS

- 5.1 Councils can rely on Section 1 power under the Localism Act 2011, General Power of Competence, to establish a wholly owned company. The company will be managing housing for key workers – a clear difference will exist between the operations of the company and that of a housing association. This is in line with the Localism Act. It is only if the company operates under part 2 of the Housing act 1985 is it necessary to re-open a Housing Revenue Account.
- 5.2 Power to dispose of land and other assets to the wholly owned company is governed by Section 123 of Local Government Act 1972 but the power relies on transfer of land at full market value. There is a general consent of disposals at an under value if less than £2m but subject to State Aid considerations. If a wholly owned company is undertaking market rent activities, any transactions between the Royal Borough and the company would need to be on full market terms. Key worker accommodation could be classified as affordable housing and therefore outside of the scope of the State Aid regime.
- 5.4 Current legal advice is not to register as a Registered Provider with the Homes and Communities Agency, particularly because of recent government policy changes relating to the Right to Buy and the rent reduction regime. This advice may change if the potential availability of Homes and Communities Agency grants, currently around £15K per property, and low cost loans, currently 3.5% Bank of England rate, is a key consideration or if local planning policies require a Registered Provider to take the affordable homes element of a new scheme.
- 5.5 A wholly owned company would grant tenancies under the assured tenancy regime of the Housing Act 1988. These will take the form either of periodic, or rolling, tenancies or assured shorthold tenancies which are for a fixed term, usually a minimum of six months.
- 5.6 Secure tenancies under the Housing Act 1985 cannot be granted by a wholly owned company.
- 5.7 External legal advice on property transfers and housing is included at Appendix 2, Part 2.

6. VALUE FOR MONEY

- 6.1 Securing affordable key worker accommodation in the Royal Borough will secure value for money, particularly in relation to the current expenditure on agency staff. Lack of affordable housing means that permanent recruitment to key posts in social care, education and health is difficult, with a consequent over-reliance on agency staff.

7. SUSTAINABILITY IMPACT APPRAISAL

7.1 None

8. RISK MANAGEMENT

Risks	Uncontrolled Risk	Controls	Controlled Risk
RBWM Property Company Limited fails to deliver sufficient key worker housing.	MEDIUM	<ul style="list-style-type: none">• Tight performance management of activity with RBWM Property Company Limited through shareholder committee.• Transfer of sufficient property and funding to enable RBWM Property Company Limited to secure the housing required.• Tight performance management by RBWM Property Company Limited of contractors to deliver refurbished units in timescale	LOW
Housing Solutions Limited fails to deliver key worker housing.	MEDIUM	<ul style="list-style-type: none">• Tight performance management of contract.	LOW

9. LINKS TO STRATEGIC OBJECTIVES

9.1 The recommendations, if adopted, supports all four of the Council's strategic objectives; putting residents' first, value for money, delivering together and equipping ourselves for the future. Focusing on the need to secure permanent quality staff to deliver services puts residents first and provides sustainability for the future. Collaborating with other organisations to deliver key worker housing will deliver value for money.

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

10.1 An Equality Impact Assessment is currently being developed.

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

11.1 If approved, the recommendations in this report will provide increased options for the workforce to access affordable housing in the Royal Borough.

12. PROPERTY AND ASSETS

12.1 Inclusion of affordable housing, including key worker housing, will overall have a negative effect on the likely land receipts from the Royal Borough's assets. This will be modelled and considered separately by Cabinet Regeneration Sub-Committee as part of developing an affordable housing model for the Royal Borough. Key worker housing provision as part of RBWM Property Company Limited will create new revenue streams for the Council.

13. ANY OTHER IMPLICATIONS

13.1 None.

14. CONSULTATION

14.1 The report will be considered by Planning and Housing Overview and Scrutiny Panel on 28 June 2016.

14.2 Comments from officers involved in this work across the Council have been incorporated into the report.

14.3 Subject to Cabinet approval, further consultation and discussion will take place with the Clinical Commissioning Groups to agree a partnership approach to securing key worker accommodation for nurses and trainee doctors.

15. TIMETABLE FOR IMPLEMENTATION

Date	Details
July 2016 – March 2017	Refurbishment of identified properties and transfer of refurbished properties to RBWM Property Company Limited to deliver key worker housing.
September 2016	Housing Solutions Limited's new Do It Yourself Shared Ownership Scheme operational
1 April 2017	20 new key worker housing units delivered by RBWM Property Company Limited, subject to planning approval

16. APPENDICES

- Appendix 1 (Part II): Details of properties suitable for refurbishment as key worker housing.
- Appendix 2 (Part II): External legal advice provided in relation to property transfers.

17. BACKGROUND INFORMATION

- Cabinet: Shared Ownership Investment Plan, 26 February 2015
- Cabinet: Housing Investment Partnership Plan, 28 April 2016.

18. CONSULTATION (MANDATORY)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr Simon Dudley	Lead Member	30/5/16	30/5/16 19/6/16	Throughout
Russell O'Keefe	Strategic Director Corporate and Community Services	29/5/16		
Alison Alexander	Managing Director/ Strategic Director Adults, Children and Health	29/5/16	29/5/16 2/06/16	Throughout
Simon Fletcher	Strategic Director Operations and Customer Services	29/5/16		
Richard Bunn	Interim Head of Finance	29/5/16	1/6/16 2/6/16 20/6/16	Financial
Chris Targowski	Cabinet Policy Manager	29/5/16		
Dave Thompson	MD – RBWM Property Company Limited	29/5/16	30/5/16 2/6/16 20/6/16	Throughout
Terry Baldwin	Head of HR	29/5/16		
Elaine Redding	Deputy Director Health, Early Help and Safeguarding	29/5/16	31/5/16	2.6
Kevin McDaniel	Head of Schools and Educational Services	29/5/16	31/5/16	Throughout
Angela Morris	Deputy Director Health and Adult Social Care	29/5/16		
	Shared Legal	30/5/16	7/6/16	No comments –

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
	Solutions			refer to legal advice from Trowers and Hamlin
External				
John Pettit, Chief Executive	Housing Solutions Limited	31/5/16	2/6/16	2.14

REPORT HISTORY

Decision type:	Urgency item?
Key decision 27 May 2016	No

Full name of report author	Job title	Full contact no:
Hilary Hall	Head of Commissioning Adults, Children and Health	01628 683893