



SOUTHEND-ON-SEA

KEY WORKER STUDY

MAIN REPORT

2004



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1. INTRODUCTION

1.1 Introduction

This report is the result of research carried out by *Fordham Research* into key workers in Southend-on-Sea. It attempts to consider whether problems surrounding recruitment and retention of key workers locally, both now and in the future, are linked to a lack of suitable and affordable housing. More specifically, the research intends to consider potential requirement for targeted key worker housing.

This issue is of particular relevance within the context of planned regeneration and sustainable economic development in Southend-on-Sea. If housing, and other, requirements of the workers necessary to facilitate growth of essential services and key business activities are not addressed, then successful implementation of these plans will be at risk.

1.2 Background

In April 2004, *Fordham Research* updated a previous (2002) Housing Needs Survey for Southend-on-Sea Borough Council. The Update produced a revised estimate of the need for affordable housing, taking account of three main factors: changes in the housing market; changes in supply of affordable housing; and socio-demographic changes in the local population.

The Update's main finding was that the current extent of affordable housing requirement in Southend-on-Sea would justify any target that the Council might adopt when negotiating planning gain on qualifying sites for new housing development. Further analysis suggested that there is also a shortfall of smaller, owner occupied accommodation but a surplus of private rented housing in all size categories.

It is clear from the outset, then, that there are significant problems surrounding local affordability of market housing within Southend-on-Sea. The current research, however, focuses on key workers as a priority group within this. Key workers have increasingly been viewed as a priority group with regard to housing by central and local governments. Sharp house price rises have been seen as one of the main causes for a perceived shortage of key workers in some areas of the country.

The 'key worker issue' has been brought into even greater prominence in Southend-on-Sea as a result of the town's recent inclusion into the extended Thames Gateway regeneration area. There is a concern that if problems surrounding recruitment and retention of key workers cannot be addressed, planned economic growth associated with the regeneration initiative may be restricted.

One potential 'key worker housing' scheme is already under discussion in light of this. Thames Gateway area-funding assistance has been, in principle, allocated to provide 240 Key Worker residential units on a proposed development in Victoria Avenue, central Southend-on-Sea. The profile of these with regards tenure and property size has not been decided, with planning negotiations currently underway.

1.3 Aims and objectives of the research

As stated in the Council's Brief, the research into key workers in Southend-on-Sea intends to:

'establish the basis for developing a key worker housing framework, based on the principle components of definition, demand, need, priority and affordability' [para 1.3]

These components are briefly expanded below:

- Definition - The identification of key workers within Southend-on-Sea and its travel to work area, including a consideration of both public and private sectors. Such a remit steps away from a conventional central government thinking, which tends to focus its definition of key workers solely on specific public sector occupations.
- Demand - An idea of the amount and type, in terms of tenure and property size, of housing required to meet key worker needs. This should assist in informing on the impact of the proposed release of 240 key worker units.
- Need & priority: - Understanding the relationship between key worker housing needs, market housing and traditional social rented housing.
- Affordability: - Housing costs that key workers could reasonably afford.

1.4 Methodology

The project's research design is comprised of three main components.

1. A review of secondary information and existing research was carried out, providing a valuable backdrop against which to consider the issues.
2. Analysis using 2004 Housing Needs Survey Update dataset gives some idea of key worker household characteristics in Southend-on-Sea and potential requirement for intermediate housing arising from key worker households.
3. Primary research, qualitative interviews with 10 major employers across the public and private sectors constituted an exploratory phase to try and uncover some of the relevant issues. Following this, questionnaires were distributed to workers identified as potentially 'key'. These collected basic information concerning current tenure, tenure aspirations, travel to work patterns and household income data, with analysis intended to supplement and complement the 2004 Update findings. The intended benefit of the additional survey is to reach people who work but do not live in Southend-on-Sea.

The evidence and data emerging from these three methodological components combine to facilitate the development of a 'key worker framework.'

1.5 Format of the report

This report covers all the methodological components explained above in turn. The next chapter reviews secondary information on key workers, concentrating on how definitions vary across existing sources and the third chapter looks at current housing issues in Southend-on-Sea. The fourth chapter utilises the 2004 Housing Needs Update to analyse key worker households, as defined and categorised in the original 2002 survey, whilst the fifth looks at the evidence emerging from primary research. Finally, all of the main findings are pulled together a 'Discussions and Policy Implications'. In appendix 2 there is a case study of the planned development in Victoria Avenue which relates the findings of the study to the scheme and considers the importance of issues such as marketing mechanisms and retaining the units for key workers in perpetuity.

2. KEY WORKERS: A REVIEW OF EXISTING INFORMATION

2.1 Introduction

Key workers have become the subject of increasing attention in recent years. Before embarking on a specific discussion and analysis of Southend-on-Sea, therefore, it is instructive to provide a brief overview of existing research and information on key workers. This chapter highlights some of the main issues that have arisen in relation to key workers in recent years. This sets the scene for the next chapter, which focuses in on Southend-on-Sea.

2.2 Origins of the term

The notion of key workers only really emerged in the late 1990s. Lacking a precise definition, it was generally understood to mean workers that are crucial to local service provision but in short supply. Steep house price rises were seen to be a major cause behind this skills shortage in some areas of the country, namely the South East. Lower paid professionals, such as nurses and teachers, were being 'priced-out' and moving to areas of lower property prices in order to get on the property ladder.

As such, much of the emergent government and public debate has primarily focused on the measures necessary to ensure that the governments policy objectives of improved public services is not frustrated by recruitment and retention problems in key areas such as Health Education and The Police due to housing not being affordable by these workers. Two successive schemes have been launched by the ODPM to this end: Starter Home Initiative (SHI) in 2001 and Key Worker Living (KWL) in 2004.

2.3 Who are Key Workers?

Although there seems to have been some agreement that key workers are in short supply in many areas, who key workers actually are is not clear or consistent across policy statements.

The Planning Policy Guidance 3 (PPG3) (2000), cited in Section 2.4 below, provided one of the first formal references to key workers in government documentation but did not include any clarification as to who should be included within the term. The SHI specified that *'teachers, health workers and the police'* could benefit for the scheme and KWL broadened eligibility further.

*'The 'Key Worker Living' programme offers housing solutions to those in front line roles in key public services in London, the South East and the East where recruitment and retention is particularly difficult. Those eligible for help include **nurses** and other **NHS clinical health staff**, **teachers** in schools and in **further education** and **sixth form colleges**, **police offices**, **prison service** and **probation** service staff and **social workers** and in London, local authority planner will be trialed on a pilot basis.'* [ODPM News Release 2004/0067]

It is obvious that both of these schemes wholly target public sector service provision employees. However, although clearly listing eligible occupation categories, none of the original documentation surrounding either of these schemes actually provides a comprehensive definition or explanation of the term 'key worker.'

The only clarification to this end that could be found was published in Parliamentary Questions, UK Parliament website, on 1 April 2004. An extract is given below, serving to underline the **Central Government** notion of key workers as front line service providers.

'For the purposes of the recently announced Key Worker Living programme, a key worker is defined as someone employed by the public sector; in a frontline role delivering an essential public service where there are serious recruitment and retention problems; and in a group recommended for inclusion by Regional Housing Boards.' [Parliamentary Questions 1 April 2004].

The Greater London Authority report (February 2001), *'Key issues for key workers: Affordable housing in London'*, recognises the difficulty in pinpointing key employment categories.

'From the outset, the committee recognised that there is no narrow definition of key workers. The London Assembly gave the committee the remit of looking at four key services because there are clearly identified recruitment and retention problems in each group resulting in poorer services for Londoners. The committee thus sought to learn from a close scrutiny of the issues for nurses, teachers, bus drivers and police officers and to apply the lessons learned more widely.' [para 1.3]

Not only does this report confront the problem of definition, it also expands consideration of key workers beyond the public sector. Including bus drivers as one of the four initial employment categories to be examined brings the housing affordability concerns of workers essential to public services but employed within the private sector into focus. Many Local Authorities have also taken

this view, including transport, public utility, refuse collection and other service sectors workers within their investigation of key workers.

'Research into Key Workers and Affordable Housing in the Cambridge Area,' by S. Monk et al, Cambridge Housing and Planning Research, Cambridge University (2002) uses an even broader definition, as seen below.

'The most relevant definition of key worker relates to their role in the local economy, whether by virtue of employment in essential services or in the growth industries required to sustain local economy into the future. 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.' [para. 3.9]

Instead of a pre-defined list, then, this report takes the view that any role in sectors that are important to economic development or service provision, are *key* within a local context. According to this, a key worker could come from a wide range of public and private sector organisations.

2.4 Key workers and intermediate housing

Both the Starter Home Initiative and Key Worker Living have offered equity loans and other forms of low cost home ownership. That owner occupation is understood to be the preferred tenure choice for many key workers, whatever their precise definition, raises the important distinction between housing requirements of key worker households and households who are in housing need. The ODPM Guide definition of housing need is given below:

'... Housing need refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance...' [ODPM Guide to Housing Needs Assessment, 2000, Glossary A2.2]

The ODPM model methodology uses the above definition in order to measure the affordable housing shortfall. The figure for Southend-on-Sea as estimated by *Fordham Research's* 2004 Housing Needs Update is quoted in the next chapter. Key workers, however, may not necessarily be in unsuitable housing and moreover, may not want, or require, traditional social rented housing. However, they may well not be able to afford market prices in areas where they are most needed and, given their perceived importance, they are seen as a priority group. This is evident from the research outlined in chapters 4 and 5 below.

This is evident from PPG3 (2000), which states that local authorities should:

'.....assess the range of needs for different types and sizes of housing across all tenures in their area. this should include affordable housing and housing to help meet the needs of specific groups.....'
 [paragraph 13]

The list of specific groups is also provided in paragraph 13 and as can be seen below, includes key workers:

Table 2.1 Specific groups identified by PPG3

(i) the elderly	(vii) those who need hostel accommodation
(ii) the disabled	(viii) key workers
(iii) students	(ix) Travellers
(iv) young single people	(x) occupiers of mobile homes
(v) rough sleepers	(xi) occupiers of houseboats
(vi) the homeless	

Note: the new draft PPG3 (July 2003) would considerably simplify this categorisation. A final version of PPG3 is expected to be published in mid-2004.

Therefore, according to PPG3, key workers are one of a number of groups whose housing requirements are considered to be a priority in addition to households that are in 'housing need' as defined and measured by the ODPM Guide.

If it is, as is assumed, the case that many key worker households do not aspire to traditional social rented accommodation, then successful targeted housing is likely to be some form of *intermediate housing*. Intermediate housing is an umbrella term to encompass a number of new tenures that have emerged over the last decade designed to provide sub-market rent. These include low-cost market, shared ownership or discount market rent.

The 'London Plan: Spatial development strategy for Greater London '(February 2004) published by the Greater London Authority (GLA) describes intermediate housing as;

'Sub market housing which is above target rents, but is substantially below open market levels and is affordable by households on incomes of less than £40,000 (as at 2003/4 to be reviewed annually to reflect changes in income: house price ratios).....This category can include shared ownership, sub-market rent provision and key worker housing which meets this criterion. It may also include some low-cost market housing where its price is equivalent to other forms of intermediate housing. ' [para 3.26]

The income level quoted above is specific to Greater London. For the purposes of this report, the defining criteria for *intermediate housing* is that it has associated outgoing costs that are less than minimum market priced housing but more than social rented housing locally. The difference between the cost of social rented and minimum market housing at present in Southend-on-Sea can be seen from Table 3.6 in the next chapter.

Finally it is important to ensure that there is clarity about the use of terms used generally and throughout this report.

- Affordable housing includes social rented and intermediate housing
- Key worker housing is a sub-set of intermediate housing.

This is supported throughout the report and is supported by the information on the housing market in Southend-on-Sea in later chapters of this report.

2.5 Key workers, intermediate housing and income levels

All of the definitions of key worker considered in Section 2.3 have considered the 'keyness' of particular employees, whether through listing specific occupation categories or reference to a local economic framework. Although it is generally assumed that most of the employees in short supply due to high property prices will be at the lower end of the wage scale within their sectors, none of the definitions above actually make explicit reference to salary levels or affordability. Affordability could take into account savings, equity and partner's income, as well as the key worker salary.

As can be seen from the quote above, however, the London Plan [paragraph 3.26] does specify a household income ceiling in reference to eligibility for *intermediate housing* - £40,000. It is interesting to note that this document, which is the strategic plan setting out development for London, does not clarify the definition of key workers, despite referring to *key worker housing*. The relevance of whether a worker is *key* has become secondary to household affordability based on income. This is a step away from previous GLA documentation, such as '*Key issues for key workers: Affordable housing in London*', also quoted above, which attempted to define key workers as a specific group.

Clearly if a maximum household income level is set there must be a mechanism for reviewing it in relation the components of affordability

- Income
- House prices (and rents)
- The cost of borrowing

Rental levels are also mentioned above as it is easy to overlook the role and importance of intermediate renting due to the popularity of home ownership.

2.6 Summary

This chapter has provided a brief overview of some of the existing literature concerning key workers in the UK generally. Most government and public discussion has concentrated on the provision of targeted, affordable housing where such workers are in short supply. Who is, or is not, included within the term 'key worker' has been shown to vary across literature and initiatives.

The conclusions derived from the above overview are:

- Key worker housing is seen as a sub-set of the intermediate housing market rather than social housing
- It is important to take account of household income rather than the income of an individual key worker
- Whilst the key worker groups defined by the ODPM as eligible for the key worker living scheme are at the core of the key worker spectrum it is acknowledged that there is a case for local variance.

The remainder of this report attempts to develop a definition of key worker that is 'locally relevant' within the context of Southend-on-Sea. It is assumed that all of the occupation categories eligible for ODPM's Key Worker Living initiative will be included, both in principle and with regard to eligibility for any local key worker housing schemes. These employees, listed in Section 2.3 above, therefore provide a minimum base line definition.

3. SOUTHEND-ON-SEA: LOCAL CONTEXT

3.1 Introduction

This chapter is intended to provide some background information on Southend-on-Sea, identifying specific local issues, within which key worker issues should be understood. It starts with some general observations on the nature of the town and its household profile then briefly points to some relevant local policy framework and initiatives. A summary of the local housing market study carried out for the 2004 Update is provided. Finally, some of the key findings of the Update analysis are stated. For further information on the methodology and analysis behind these findings, the Southend-on-Sea Housing Needs Update 2004 carried out by *Fordham Research* should be consulted.

3.2 Southend-on-Sea

Southend-on-Sea Unitary Authority is the largest town in the County of Essex, with a population of 160,257 (as estimated by the 2001 Census). This is an increase of 2,740 when compared to the 1991 Census figure. Southend-on-Sea is located forty miles to the east of Central London on the northern bank of the Thames Estuary. Tourism has historically played an important role in the local economy, although there has also been significant commercial and industrial activity. Unemployment has fallen in fairly recent years and is now about the same as the national average.

According to the Index of Multiple Deprivation 2000, Southend-on-Sea is ranked 83rd and 84th most deprived in the domains of income and employment respectively (out of 354 English Districts). Moreover, there are geographical concentrations of deprivation within the Borough, with nine wards ranked within the worst 25% in the East of England.

The table below shows that, according to the 2001 Census, Southend-on-Sea has

- higher levels of owner occupation than found nationally
- lower levels of social rented than found either nationally or regionally
- higher levels of private rented housing than found either nationally or locally.

This raises concerns over the Borough's capacity to meet any housing need, particularly in the face of recent property price rises.

Table 3.1 Housing tenure in Southend-on-Sea, East region and England according to 2001 Census

<i>Tenure</i>	<i>Southend-on-Sea</i>	<i>East region</i>	<i>England</i>
<i>Owner-occupied (no mortgage)</i>	32.8%	30.7%	29.2%
<i>Owner-occupied (with mortgage)</i>	40.0%	42.0%	39.5%
<i>Council</i>	8.1%	11.6%	13.2%
<i>RSL</i>	3.6%	4.9%	6.1%
<i>Private rented</i>	15.5%	10.8%	12.0%
TOTAL	100.0%	100.0%	100.0%

Source: Census (2001)

The table below shows household types in Southend-on-Sea, the East region and England. The data suggests that the incidence of single person, both pensioner and non-pensioner, households in Southend-on-Sea is higher than regional and national averages. This observation has implications for housing supply since it implies that a relatively large number of properties are required in relation to the size of the population.

Table 3.2 Household types in Southend-on-Sea, East region and England according to 2001 Census

<i>Household type</i>	<i>Southend-on-Sea (survey)</i>	<i>East region (2001 Census)</i>	<i>England (2001 Census)</i>
<i>Single pensioner</i>	17.4%	14.1%	14.4%
<i>2 or more pensioners</i>	10.1%	10.6%	9.3%
<i>Single non-pensioner</i>	17.9%	14.1%	15.7%
<i>Other households</i>	54.6%	61.2%	60.6%
TOTAL	100.0%	100.0%	100.0%

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004, Census (2001)

3.3 Southend-on-Sea and the Thames Gateway

New Regional Planning Guidance for the South East, published in March 2001, confirmed the extension of Thames Gateway, a national priority regeneration programme, into South Essex. The new Thames Gateway South Essex zone includes Thurrock, part of Basildon, Castle Point and Southend-on-Sea Boroughs and a small part of Rochford.

In September 2001 the Thames Gateway South Essex Partnership (TGSEP) was launched. Its objectives are to establish South Essex as a focal point for major economic regeneration and to draw in investment. Through an integrated, multi-dimensional, programme it is hoped that local

economic development can be achieved hand in hand with increasing employment opportunities for local people, additional housing and improved infrastructure.

The area within Thames Gateway South Essex is divided into three major hubs, each of which has specific objectives. Southend-on-Sea, together with Rochford, is to be transformed into a cultural and intellectual hub. A cultural strategy is intended to develop the beach and tourism facilities and a major planned expansion of Southend-on-Sea's University of Essex campus will spark growth in the town's higher education sector.

The employment growth that it is hoped will stem from implementation of this regeneration programme is likely to increase demand for housing. The Thames Gateway South Essex Partnership (TGSEP), stresses the importance of catering for this by planning a mix of decent and affordable homes. In addition, it is noted that, throughout the South Essex area, there has been a historical tendency to soak up the overspill of London's housing needs. This will further increase any strain on the Borough's housing supply.

3.4 Southend-on-Sea and its Community Plan

In March 2003 a Community Plan was published. This is a long-term plan to improve the economic, social and environmental well being of the town. It was put together in consultation with local people and organisations, bringing together the Borough's pre-ceding plans and strategies.

Much of the Community Plan reflects the Thames Gateway's ambition to focus on local sustainable development and growth. The first of seven key, interrelated objectives going forward is to develop a prosperous local economy. Under this aim, the Community Plan states the following plans: developing an integrated package of business support; regenerating the town centre and building on current initiatives; more efficient processing of planning applications to encourage appropriate developments; and maximising the benefits from existing regeneration initiatives.

3.5 Local housing market

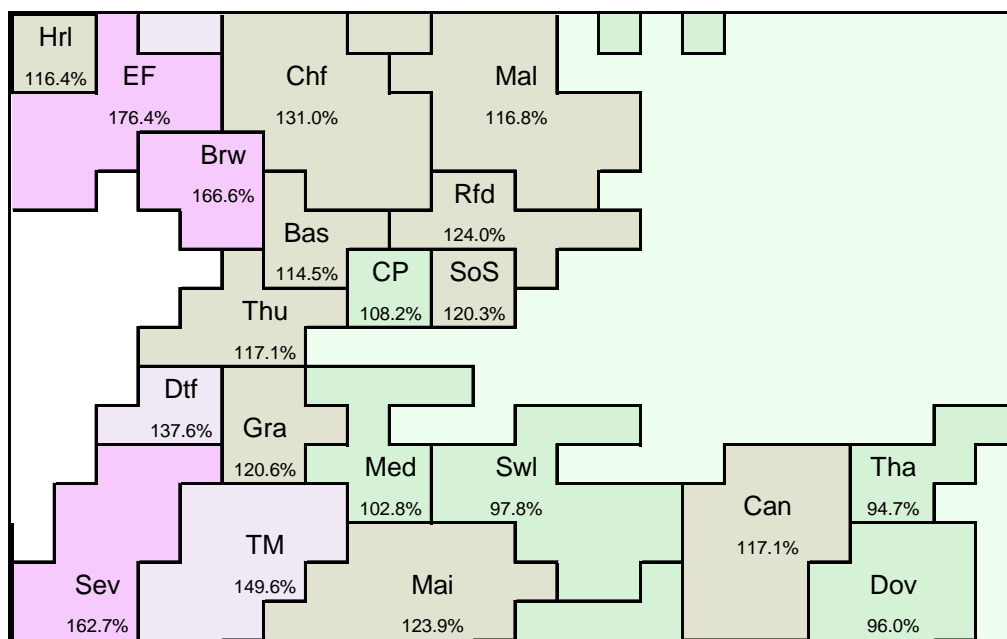
The Borough's housing market dynamics are an important backdrop against which to consider housing requirements of key workers. An indication of problems surrounding recruitment and retention can often be gained from examining recent property price rises and / or the cost of housing relative to neighbouring Authority areas. In addition, specific entry-level market prices must be established in order to allow analysis of a household's affordability.

Two main sources of information are used to build up a picture of the local housing market: Land Registry data; and a survey of Estate Agents. The former analyses information at the Local Authority level and the latter looks at minimum and average prices within Southend-on-Sea. A more detailed outline of the methodology employed is provided in Appendix one.

(i) The Land Registry

The Land Registry compiles information on all residential land transactions, broken down into property size. A summary is made available every quarter for every Local Authority area and every post code area. Below is a map that has used Land Registry data to build up a picture of the relative cost of housing in Southend-on-Sea and neighbouring areas for the last quarter 2003. All prices have been standardised against the average for England and Wales in order to take account of number of sales and property type.

Figure 3.1 House price levels in England & Wales by Council area at Q4 2003



Source: HM Land Registry, Property Price Data, 2003

The figure clearly shows that property prices in Essex, and the Eastern region of England generally, are higher than average nationally. The table below shows that Southend-on-Sea is more expensive than all of its neighbouring Local Authority areas except Rochford and Gravesham. It is interesting to note that standardised prices in Southend-on-Sea appear higher than those for

Basildon and Thurrock despite the fact that these latter two areas are in closer proximity to London.

Table 3.3 Price levels in Southend-on-Sea and surrounding areas

<i>Council area</i>	<i>% of England and Wales</i>
<i>Southend-on-Sea</i>	120.3%
<i>Rochford</i>	124.0%
<i>Basildon</i>	114.5%
<i>Thurrock</i>	117.1%
<i>Gravesham</i>	120.6%
<i>Medway</i>	102.8%
<i>Swale</i>	97.8%

Source: HM Land Registry, Property Price Data, 2003

Land Registry data can show how prices within Southend-on-Sea have fluctuated over time. The table below shows that property prices have increased quite considerably over the last year.

Table 3.4 Average property prices in Southend-on-Sea – 4th quarter 2002 to 4th quarter 2003
Number of sales in brackets

<i>Property type</i>	<i>Oct - Dec 2002</i>	<i>Jan - Mar 2003</i>	<i>Apr – Jun 2003</i>	<i>Jul – Sep 2003</i>	<i>Oct - Dec 2003</i>
<i>Detached</i>	£252,468 (148)	£270,470 (109)	£260,666 (122)	£270,912 (146)	£294,618 (162)
<i>Semi-detached</i>	£154,302 (346)	£162,336 (257)	£170,738 (241)	£173,809 (352)	£182,189 (286)
<i>Terraced</i>	£120,479 (322)	£123,623 (205)	£135,979 (237)	£138,366 (322)	£138,801 (309)
<i>Flat/ maisonette</i>	£92,162 (588)	£99,777 (425)	£96,887 (402)	£100,295 (433)	£112,118 (438)
OVERALL	£130,868 (1,404)	£139,508 (996)	£143,837 (1,002)	£150,611 (1,253)	£160,528 (1,195)

Source: HM Land Registry, Property Price Data, 2003

(ii) Estate Agents' information

Land Registry data paints a picture of the property market at the Local Authority level but it cannot provide detailed information about minimum prices within the Borough. An Estate Agents' Survey was carried out to this end for *Fordham Research's* Housing Needs Survey Update 2004 and the results for minimum and average prices are presented below.

It is important to note that since the aim of the Estate Agents Survey was to establish entry-level (or minimum) costs, the figures below reflect prices in the cheaper areas of the Borough (namely Southend, Shoeburyness, Eastwood and Westcliffe areas). A further explanation of this is outlined in Appendix one.

Table 3.5 Minimum and average property prices/rents in Southend-on-Sea (selected areas as of April 2004)

<i>Property size</i>	<i>Minimum price</i>	<i>Average price</i>
<i>1 bedroom</i>	£80,500	£105,000
<i>2 bedrooms</i>	£111,000	£149,000
<i>3 bedrooms</i>	£142,000	£193,500
<i>4 bedrooms</i>	£161,500	£231,500
<i>Property size</i>	<i>Minimum rent (£/month)</i>	<i>Average rent (£/month)</i>
<i>1 bedroom</i>	£362	£449
<i>2 bedrooms</i>	£486	£597
<i>3 bedrooms</i>	£604	£730
<i>4 bedrooms</i>	£694	£863

Source: Fordham Research Survey of Estate Agents 2004

Typical monthly outgoings have been calculated for these purchase and rental prices so that they can be compared to each other and to social rented properties. The table below shows that, at present,

- Renting is cheaper than purchasing for all property sizes.
- Social rented accommodation is cheaper than all market options.

Table 3.6 Typical outgoings per month (excluding service charges, utility bills, maintenance etc)

<i>Property size</i>	<i>Outgoings £ per month</i>			
	<i>Social rent</i>	<i>Minimum sale</i>	<i>Minimum rent</i>	<i>Average sale</i>
<i>1 bedroom</i>	£222	£477	£362	£622
<i>2 bedrooms</i>	£253	£658	£486	£883
<i>3 bedrooms</i>	£295	£842	£604	£1,147
<i>4 bedrooms</i>	£338	£957	£694	£1,372

Source: Fordham Research Survey of Estate Agents 2004

NOTES Outgoings for owner occupied accommodation are based on a Nationwide Building Society variable rate 25 year repayment mortgage at 5.14%; Outgoings for Social rent are taken from the most recent CORE data.

In addition, the Estate Agents survey found that minimum purchase prices have risen by roughly 40% overall since the original Housing Needs Survey was carried out in 2002. Private rental housing, on the other hand, has only increased by an overall average of 4.5% over the same period. Rental prices for larger, four bedroom properties even show a small decrease in price. This is typical of findings elsewhere where increased buy-to-let activity has had the effect of increasing

supply of private rented property and limiting significant price rises. It is also reflected in the fact that outgoings for rental prices are currently cheaper than for equivalent owner occupied accommodation.

3.6 Housing need, affordable and intermediate housing in Southend-on-Sea

Fordham Research's 2004 Housing Needs Update was carried out in line with the standardised ODPM Guidance, and showed a significant need for affordable housing in Southend-on-Sea Borough Council.

According to this analysis, over the next 5 years:

- 2,135 affordable housing units per annum are required to meet housing need
- There will be an estimated supply of 772 units
- Therefore 1,363 additional units per annum are needed.

The Housing Needs Study update's main implications for affordable housing policy are thus that any target would be justified on all suitable sites, and that the minimum site threshold possible should be applied.

Further analysis implemented in the 2004 Update considered the potential role of intermediate housing, defined as housing with outgoing costs anywhere between social rented and minimum market housing.

The results are shown below and suggest that:

- some form of intermediate housing could meet roughly 52.5% of the requirement for affordable housing, although this is not consistent across all size categories.
- the large majority of households in this category could only afford intermediate housing with outgoing costs significantly closer to social rented than to minimum market housing levels.

Table 3.7 Net annual need for affordable housing for each type of affordable housing

Dwelling size	Type of housing			TOTAL
	Social rented	Intermediate housing		
1 bedroom	57	436		493
2 bedrooms	315	234		549
3 bedrooms	269	48		317
4+ bedrooms	10	(6)		4
TOTAL	651	712		1,363

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

3.7 Balancing Housing Markets in Southend-on-Sea

A separate piece of analysis carried out in the Update looked at the whole housing market, considering how supply and demand are 'balanced' across tenure and property size. The results of this Balancing Housing Market (BHM) assessment are shown below.

This assessment showed:

- a significant requirement for affordable housing, which is likely to be being met at present through a surplus of private rented accommodation.
- The owner occupied sector shows a shortfall overall, although this masks variation across property size.
- The greatest shortfall within this tenure is of two bedroom properties, while there appears to be a surplus of accommodation with three bedrooms.

Table 3.8 Total shortfall or (surplus)

Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	26	448	(232)	10	251
Social rented	341	677	271	77	1,366
Private rented	(408)	(435)	(165)	(39)	(1,048)
TOTAL	(41)	689	(127)	48	569

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

The above analysis has constrained overall household growth to 569 per annum, based on information provided in Southend-on-Sea's 2003 H.I.P. However, if the planned economic development-driven regeneration initiatives described briefly above are successful then growth could well exceed these projections.

3.8 Summary and conclusion

This chapter has provided some general context of housing issues in Southend-on-Sea. It has been stated that there is currently a considerable requirement for additional affordable housing. Steep house price rises in recent years are likely to have exacerbated existing problems of local affordability. Any existing strain on the affordable housing supply could become further exaggerated with the implementation of local economic growth plans, as well as continued migration of households from London.

A Balanced Housing Market analysis underlined the shortage of affordable housing and also demonstrated a small shortage of owner occupied housing. Private rented accommodation, in contrast, shows a surplus in all property sizes. This over-supply is reflected in the fact that estimated monthly outgoings for private rented accommodation are currently lower than for equivalent owner occupied housing.

In conclusion the findings of this chapter have an important bearing on the Key Worker Study as a whole:

- There is a shortage of social and intermediate housing especially one and two bedroom dwellings
- Some form of intermediate housing could meet just over half of the requirement for affordable housing
- A larger than average private rented sector which is to some extent taking the strain of the above shortages
- Economic development plans centred upon growth in the cultural and intellectual sectors that are likely to place further strains on the housing market through growth in lecturers, students and tourists.
- There is a shortage of land for development
- There is significant commuting into greater London
- There has been rapid growth in house prices.

4. KEY WORKER ANALYSIS - 2004 HNS UPDATE DATA

4.1 Introduction

This chapter utilises the 2004 Housing Needs Update dataset in order to provide some preliminary analysis of key worker households in Southend-on-Sea. This is possible because the original questionnaire, distributed to a random sample of the Borough's households in early 2002, asked respondents whether they worked in one of a number of employment categories. However, it must be realised that analysis in this chapter is based only on households defined as key worker by the 2002 survey. This important point is elaborated in the next section. The chapter then proceeds by looking at some household characteristics, tenure aspirations and affordability analysis of key worker households according to the 2004 Update dataset.

4.2 Definition of key worker - 2002 study

One of the clear objectives of this key worker study is to try and establish what occupations, or categories of workers, should be included within a locally relevant definition of key worker. With local economic development a priority, it is understood that this could span a wide range of private and public sector workers. Analysis of the Update dataset will not be able to inform on developing this definition, since it is only possible to analyse households identified as key worker in the 2002 survey.

The 2002 HNS defined a household as key worker if the head or partner worked in one of the following sectors:

- Health Care
- Social Services
- Education
- Local Government
- Public Transport
- Emergency Services.

This list is clearly dominated by public service provision occupations. In addition, the key worker household pool measured by the HNS is geographically limited since an HNS is a survey of households currently living in the Borough. In reality many groups of key workers may live

outside Borough boundaries and travel in to work. Also the survey can take no account of key workers who may wish to seek work in the area.

In other words the Update uses a limited definition of key worker and only measures a limited, and probably unrepresentative proportion of the Borough's total key worker population. From this point of view, the figures provided probably represent minimums.

For the purposes of the following analysis, then, a household is counted as 'key worker' if it fulfils one of the following criteria:

A household is counted as a key worker if the respondent is employed in one of the key worker categories above and:

- has no partner or
- the key worker and partner are both employed
- at least one partner is employed as key worker on a full or part time basis
- household income must be less than £40,000.

This figure is adopted in line with the GLA's maximum figure eligible for intermediate housing (as discussed in Chapter 2) and on the basis that is roughly a third of the minimum price for a two bedroom properties (refer to Chapter 3). The figure has local relevance in that it is nearly twice the average individual key worker salary as found by the updated housing needs study and information collected by the Council that is unpublished at this time.

This selection criteria is applied in order that patterns specific to lower paid key worker households can be identified.

4.3 Key worker households – household characteristics

According to the criteria stated above, the 2004 survey data estimates that **there are 8,567 key worker households in Southend-on-Sea.** The tables below outline some characteristics of these households, as compared to the whole population and as compared to all households in which either the respondent and / or their partner is in full or part time employment.

Table 4.1 Tenure and key worker households compared to all households and all households in which head and / or partner is working

Tenure	No. of KW households	% of KW households	% of all households	% of working households
Owner-occupied (no mortgage)	1,637	19.1%	32.9%	16.9%
Owner-occupied (with mortgage)	4,319	50.4%	40.2%	63.1%
Council	393	4.6%	8.2%	3.5%
RSL	326	3.8%	4.2%	2.9%
Private rented	1,893	22.1%	14.5%	13.5%
TOTAL	8,567	100.0%	100.0%	100.0%

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

Table 4.2 Household type and key worker households compared to all households and all households in which head and / or partner is working

Tenure	No. of KW households	% of KW households	% of all households	% of working households
Single pensioners	156	1.8%	17.5%	1.1%
2 or more pensioners	97	1.1%	10.1%	0.6%
Single non-pensioners	3,324	38.8%	18.0%	23.3%
2 or more adults - no children	2,553	29.8%	30.2%	40.7%
Lone parent	570	6.7%	4.7%	3.4%
2+ adults 1 child	814	9.5%	8.0%	12.7%
2+ adults 2+children	1,053	12.3%	11.5%	18.2%
Total	8,567	100.0%	100.0%	100.0%

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

Table 4.3 Household income of key worker households compared to all households and all households in which head and / or partner is working

Household type	Gross annual income excluding benefits	Net weekly income including non-housing benefits	Savings
Key worker household	£20,174	£331	£5,054
All households	£22,421	£373	£5,804
All working households	£32,856	£498	£5,240

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

These tables suggest that the key worker household profile is distinct according to some key household characteristics.

Compared to all working households Key Worker households are:

- more likely to be in private rented accommodation
- more likely to be single person households
- less likely to live in owner occupied accommodation
- Likely to have less income .

4.4 Key worker households – household aspirations

There are **3002 key worker households who need or plan to move within the next 3 years**, according to the 2004 Update dataset. (35.0% of the 8,567 identified key worker households). This compares with 21.2% of all households 22.4% of all working households.

Table 4.4 shows tenure aspirations and expectations of those 3,002 key worker households stating an intention to move within the next three years. It is clear that more would like to buy their own home than expect to and the reverse is true with regard to private rented accommodation. It is also interesting to note that a small percentage of key worker households intending to move would be interested in shared ownership tenure or accommodation tied to a job, but that none expect to achieve either.

Table 4.5 outlines the number of bedrooms required by key worker households intending to move.

Table 4.4 Tenure aspirations and expectations of key worker households

<i>Where like to live</i>	<i>Like</i>	<i>Expect</i>
<i>Buy own home</i>	68.9%	63.7%
<i>Rent from a Council</i>	16.5%	10.0%
<i>Rent from a Housing Association</i>	6.2%	4.6%
<i>Rent from a private landlord</i>	0.9%	19.2%
<i>Tied-Linked to a job</i>	2.5%	0.0%
<i>Shared Ownership</i>	1.4%	0.0%
<i>Other</i>	3.7%	2.6%
Total	100.0%	100.0%

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

Table 4.5 Bedroom requirement of key worker households intending to move

<i>Bedrooms</i>	<i>Number</i>	<i>Percent</i>
<i>One</i>	1,808	60.2%
<i>Two</i>	730	24.3%
<i>Three</i>	465	15.5%
<i>Four</i>	0	0.0%
Total	3,002	100.0%

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

4.5 Key worker households – affordability

Affordability tests can be applied to the key worker household group. Analysis implemented here looks at affordability of the key worker household group against market housing and four separate bands of intermediate housing. Table 4.6 below details the price thresholds assumed for each housing type.

When calculating affordability, minimum market housing outgoing costs can be owner occupied or private rental; whichever is cheapest in each property size category is assumed. As was shown in Table 3.6 (Chapter 3), outgoing costs for private rental are currently cheaper than for owner occupied in all size categories at present in Southend-on-Sea. The minimum market costs given below therefore reflect minimum rental prices. The intermediate housing bands are based on quartiles between these figures and social rented costs.

Table 4.6 Approximate outgoings for different types of intermediate housing

<i>Size requirement</i>	<i>Approximate outgoings (£/week)</i>					
	<i>Minimum market housing</i>	<i>Most expensive int. housing</i>	<i>3^d</i>	<i>2nd</i>	<i>Cheapest int. housing</i>	<i>Social rented</i>
<i>1 bedroom</i>	Above £84	£77-£84	£68-£76	£60-£67	£51-£59	Up to £51
<i>2 bedrooms</i>	Above £112	£99-£112	£86-£98	£72-£85	£58-£71	Up to £58
<i>3 bedrooms</i>	Above £139	£122-£139	£104-£121	£87-£103	£68-£86	Up to £68
<i>4+ bedrooms</i>	Above £160	£140-£160	£120-£139	£99-£119	£78-£98	Up to £78

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

The next table shows the results of applying a standard affordability test to the key worker household group at each of these price thresholds. In brief, a household is measured as unable to afford certain housing if the outgoings associated with that housing exceed 25-35% of equivalised disposable household income. This is the methodology employed in *Fordham Research's* HNS and complies with ODPM Guidance.

Table 4.8 breaks down these results according to the number of bedrooms required by each household.

Table 4.7 Household affordability of key worker households

<i>Housing</i>	<i>Number</i>	<i>Percent</i>
<i>Afford full market</i>	5,997	70.0%
<i>Afford expensive intermediate</i>	401	4.7%
<i>Afford second most expensive intermediate</i>	173	2.0%
<i>Afford second cheapest intermediate</i>	363	4.2%
<i>Afford cheapest intermediate</i>	387	4.5%
<i>Afford social rent only</i>	1,245	14.5%
Total	8,567	100.0%

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

Table 4.8 Household affordability and household size requirements of key worker households

<i>Size requirement</i>	<i>Housing</i>						TOTAL
	<i>Minimum Market housing</i>	<i>Most expensive intermediate housing</i>	<i>3rd</i>	<i>2nd</i>	<i>Cheapest intermediate housing</i>	<i>Social rented</i>	
<i>1 bedroom</i>	4,152	275	42	215	0	198	4,882
<i>2 bedrooms</i>	1,456	80	42	71	210	411	2,270
<i>3 bedrooms</i>	358	46	90	77	177	607	1,355
<i>4+ bedrooms</i>	31	0	0	0	0	29	60
TOTAL	5,997	401	174	363	387	1,245	8,567

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

4.6 Affordability of key worker households intending to move

This final section applies affordability analyses to the group of key worker households stating a need / desire to move within the next three years. This information can assist in providing some indication of potential housing requirements arising from key worker households.

Table 4.9 Affordability and household size requirements of key worker households stating a need or desire to move

Size requirement	Housing						TOTAL
	Minimum market housing	Most expensive intermediate housing	3 ^d	2 nd	Cheapest intermediate housing	Social rented	
1 bedroom	1,372	167	0	151	0	118	1,808
2 bedrooms	374	41	0	54	97	163	729
3 bedrooms	77	46	90	29	43	180	465
4+ bedrooms	0	0	0	0	0	0	0
TOTAL	1,823	254	90	234	140	461	3,002

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

The data suggests that almost two thirds (60.7%) of the selected key worker households could afford minimum market housing. This is quite high, although it must be remembered that the costs assumed for minimum market housing represent absolute minimums for the Borough, regardless of geographical location, tenure or quality. Moreover, supply at the very cheapest end of market housing is often limited.

Even taking these factors into account, some requirement for intermediate housing is shown, particularly of one bedroom properties. Moreover, of the estimated 718 key worker households that could afford some kind of intermediate housing, but not minimum market housing, 254 (35.4%) could afford intermediate housing in the most expensive quartile.

However, it must be stressed that this is only an indication of possible housing requirements amongst key worker households. The results may not be an accurate reflection of actual demand arising from key workers for a number of reasons:

- The group of key worker households has been restricted by the pre-defined occupation categories imposed through the 2002 survey form (as discussed at the beginning of this chapter) and also by the geographical boundaries of the Borough, which the HNS is limited to.
- The household income ceiling of £40,000 assumed may be considered too high in relation to actual average local earnings. The effect of reducing this figure would be to reduce the pool of key worker households identified, but possibly increase the percentage of that smaller pool that could not afford minimum market housing.
- Minimum rental costs were assumed for affordability calculations since they were shown to be cheaper than equivalent owner occupied accommodation for all property sizes. This is in line with ODPM recommended methodology. However, analysis clearly shows that most of the identified key worker households aspire to owner occupation. If owner

occupation outgoing costs, stated in Table 3.6, were assumed in the affordability analysis, it is likely that a greater percentage of the key worker households would not be able to afford market housing.

- The analysis here has not taken preference for housing type, such as flat or house, or geographical location into account.

4.7 Affordability of owner occupied accommodation

Since the majority of key worker households were seen to aspire to owner occupied accommodation it is interesting to briefly look at affordability of this tenure only. The table below shows the results of running affordability tests without taking into account the lower rental prices available.

It can be seen that a slightly smaller proportion of identified key worker households cannot afford owner occupied housing than cannot afford market housing when private rented is also an option (34.3% compared to 30.0%).

Table 4.10 Tenure that key worker households intending to move can afford

<i>Afford</i>	<i>Number</i>	<i>Percent</i>
<i>Afford owner occupied</i>	5,631	65.7%
<i>Not afford owner occupied</i>	2,936	34.3%
Total	8,567	100.0%

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

4.8 Conclusion

This chapter has applied some basic analysis to the 2004 Housing Needs Update dataset in order to try and build up a preliminary picture of key worker households in Southend-on-Sea. Although the key worker definition is limited to that adopted in the original 2002 HNS, results can still provide an indication of some key worker household characteristics.

It has been shown here that key worker households are:

- more likely to currently occupy private rented accommodation (table 4.1)
- small households requiring 1 or 2 bedroom accommodation (table 4.5)
- comprised of single non-pensioners than households generally (table 4.2)
- more likely to move within the next 3 years than other working households

- likely to be able to afford intermediate housing but have incomes significantly less than the average of all working households. 60.7% of those stating a need or desire to move can afford minimum priced market housing (table 4.9 supported by table 4.10)
- 1746 (58%) of key worker households stating a need or desire to move can afford minimum market housing and have a size requirement of 1 or 2 bedrooms (table 4.9)
- 63.7% of key worker households stating a need or desire to move expect to become owner occupiers (table 4.4)
- likely to be underestimated in number;
- estimated to be 5877 key worker households one or two person not pensioner households without children, resident in the Borough. This figure takes no account of other key workers commuting into the Borough or who might take up work in the Borough.

All of the above information combines to be a considerable body of evidence to support the case for investment in housing for key workers in Southend in and gives guidance as to the size and type of accommodation required to meet the need.

5. PRIMARY RESEARCH

5.1 Introduction

This chapter provides commentary and analysis of the primary research undertaken specifically for the Southend-on-Sea key worker study. The research splits in to two phases:

- qualitative; interviews of 10 major employees across the public and private sectors;
- quantitative; Postal questionnaires distributed to employees identified as 'key' within those organisations.

These two together build on the picture of key worker households and their housing requirements that emerged from the 2004 Update analysis covered in Chapter four.

This chapter starts with a brief overview of the two research procedures and then provides a short description of each participating organisation. The next section looks at themes emerging from the depth interviews, considering four main topics in turn before pulling together the main inferences in a discussion. Finally the survey data is considered.

5.2 Research implementation

A wide range of organisations across the private and public sector were contacted during April and May 2004, resulting in depth interviews with senior human resources or personnel staff in 10. It should be noted that a significant effort was made to engage a wider range of private companies, particularly in the transport sector, but with no success.

The purpose of the interviews was to try and build up a picture of:

- who key workers are
- reasons behind their possible shortage.

Interview topics included:

- the definition of key worker as viewed by the employer
- where key workers currently live
- issues surrounding recruitment and retention of key workers faced by the employers

- and a discussion of efforts currently made by employers to ease the housing situation of key worker employees.

Up to 100 questionnaire forms were then distributed within each organisation to employees identified as potentially 'key' during the interviews. These were intended to collect information concerning

- current tenure
- tenure aspirations
- travel to work patterns
- household income data.

This data was intended to be complementary to, and supplement findings from the update. The main benefit of the additional survey element is that, unlike an HNS, it will cover key employees that work but do not live in Southend-on-sea.

Unfortunately, however, not only was the response lower than expected but it was disproportionately weighted to Council Department employees and therefore not a representative profile of employees across all organisations interviewed. The resulting dataset is therefore only of illustrative use and only very basic descriptive tables are shown.

5.3 Employers Interviewed

Representatives from the personnel or recruitment divisions from the following were interviewed as part of this study:

Social Services and Housing Department, Southend-on-Sea Borough Council:

There are roughly 800 people employed within the Council's Social Services Department, of which about 80 are social work based.

Education Department, Southend-on-Sea Borough Council:

Southend-on-Sea Borough Council's Education Department oversees the strategic recruitment of staff within the Borough's schools. Direct recruitment of individual staff members is the responsibility of each school, although the Education Department can help if requested.

Technical and Environmental Services, Southend-on-Sea Borough Council:

This department oversees the Council's planning functions and is responsible for progressing economic development across the Borough.

University of Essex, Southend-on-Sea Campus:

The University of Essex has had a presence in Southend-on-Sea for about three to four years. Until now it has mainly served to validate degrees taught by South East Essex Higher Education College and therefore only has about 30 staff members. However, there is currently an expansion of the campus underway, with students being taken on directly by the University of Essex in Southend-on-Sea. Staff numbers are projected to grow to about 300 to 400 over the next couple of years in order to support this. About a third of these would be expected to be teaching staff.

Southend Adult Community College

The Community College employs roughly 250 teaching staff, many of whom are part time. In addition to this, there are about another 70 or 80 non-teaching staff, which includes administration, clerical and management personnel.

Southend Hospital NHS Trust

Southend NHS Trust has roughly 3,856 employees, plus 1,200 bank staff. The medical staff total 345, of which 147 are doctors in training.

Southend Primary Care Trust

The PCT employs roughly 450 people, although many of the clinical staff, such as district nurses and health visitors, are employed on a part time basis. Administrative and clerical staff account for a small proportion of total staff. In addition the PCT is required to ensure that there are sufficient GP Practices in the area to assist with recruitment where necessary. However, it is not responsible for direct recruitment of GPs.

Southend-on-Sea Division, Essex Police

There are currently 284 uniformed police staff employed within the Southend-on-Sea Division of Essex Police. These break down into 208 constables (of which 64 are in their probationary period), 31 sergeants, seven Inspectors and one Chief Inspector. There are an additional 87 support staff.

KeyMed

KeyMed is a private company, part of Olympus, which produces medical and air traffic endoscopes. It is entirely based in Southend-on-Sea and has been since it was set up in the 1970s. It employs roughly 350 people and is one of the largest private sector employers in the Southend-on-Sea. The staff breakdown into three main sections: a sales function,

including administration, personnel and support staff (200 people); a research and development division, comprised mainly of engineers (50 people); and manufacturing (100 people).

Waitrose

Waitrose is a supermarket chain retail outlet. There are currently 512 employees in the Southend-on-Sea Waitrose branch. Of these five are branch managers, 14 are middle managers, 23 are store supervisors and the remainder are supermarket assistants.

5.5 Overview of interviews

(i) Recruitment and retention: strategies and problems

Recruitment and retention strategies and problems varied considerably, both between organisations and between employment categories within organisations.

Council departments clearly reported recruitment problems within the roles defined as key worker by the ODPM, but also stretching beyond. The Social Services department pointed to specialised IT and finance staff, adding that retention can be a real problem. The Technical and Environmental Services Department outlined increasing problems in recruiting professional staff such as: planners, engineers, food inspectors, group managers and asset managers.

Despite national recruitment campaigns, the majority of applicants for all of these roles tend to be locally based. For instance, the Education Department, in conjunction with Essex County Council, attends recruitment fairs all over the country but the majority of Newly Qualified Teachers (NQTs) that it secures are people returning home to Southend-on-Sea, possibly after a period away studying.

While locally based recruitment is seen as positive in many respects, particularly in light of current unemployment rates, the local pool of trained, qualified people is currently insufficient to adequately meet the recruitment needs for all roles identified above. It therefore becomes important to understand why national recruitment campaigns are not more successful.

The University of Essex highlighted skilled, experienced non-teaching staff as difficult to attract, which raises concerns for their planned expansion. In contrast, they had a fairly good response when advertising for a professor.

“And yet our first professor, we have recruited now. I mean he lives in North London and we had a reasonable number of applicants, even at that level. But in the middle, that’s where the problems are. So let’s take an ordinary job like IT manager……when we whittled down to the last six or seven, they were all pretty much within easy travelling distance of South End.”

[University of Essex; 20/04/04]

At the Adult Community College, the majority of teaching staff are on part time contracts and have been recruited locally. Full time senior management posts are advertised nationally but the interviewee stated that recent campaigns had yielded virtually no response from applicants willing to consider re-locating.

The healthcare sector has been widely documented as suffering from a lack of key workers, as understood by ODPM, in the East and South East of the UK due to unaffordable market housing. The NHS Trust and Primary Care Trust (PCT) in Southend-on-Sea confirmed this, expressing concerns surrounding supply of nurses and other front line service providers. However, both also stressed problems recruiting personnel at the higher end of the pay and skill spectrums.

For instance, GPs may earn more money than many people in the health sector, but there have been real problems securing sufficient numbers in Southend-on-Sea, with a number recently brought over from Spain. Both the NHS Trust and PCT commented that radiographers are in very short supply across the region and the former also outlined other specific professions.

“Some of the most difficult jobs to fill are people who don’t tend to get thought of as part of the health team, like staff who are professionally qualified who work in the lab, the pharmacy……it’s not just doctors and nurses, you’ve got what we call practitioners, and they are like gold dust.”

[NHS Trust; 20/04/04]

A common theme that emerged in interviews with all the organisations discussed so far is that there are not really any problems recruiting the lower grade administration, clerical and support staff. The Adult Community College stated a paucity of quality, experienced administrators but the general opinion was that there is an adequate supply of local labour to fill current requirement for lower skilled roles.

“On the lower paid and the technician sort of grades, there does seem to be a pool of labour in Southend that is already housed, that isn’t presenting a problem. There is enough there.”

[Department of Social Services; 20/04/04]

The Police interview raised slightly different issues. Police officers, who are eligible for assistance under Key Worker Living scheme (KWL), are recruited centrally by the Essex Constabulary, although the ones that actually join Southend division will tend to already live locally. There are currently no problems at all with supply, there in fact being a waiting list of up to 10 months of people who have been accepted into the Force but are waiting probation. It is retention of higher paid staff that is more of a problem within the Police.

“The impact we’ve had, in what we suffer within Essex, is the aggressive advertising campaigns by the Metropolitan Police, which is causing us to lose top end experience....Metropolitan Police can offer you £6000 a year straightaway extra.”

[Southend Central Police Station; 05/05/04]

However, it is recruitment, and retention, of civilian staff that was identified as the real problem by Southend-on-Sea Police. The major problem is low pay, with civilian wages at a maximum of 60% of those for desk based police performing similar functions. Civilian staff are recruited locally.

Both of the private companies interviewed, KeyMed and Waitrose, stated that they have no problems with recruitment at any level. Although the two organisations have very different workforce profiles with regard to scope and skill specialisation, there were some comparable observations surrounding recruitment and retention.

Both said that they have a low staff turnover and that senior or highly skilled posts tend to be filled by people who have been recruited as junior members of staff and risen through the ranks or been provided with specialised training. Both representatives considered that, within their respective sectors, their organisations were considered desirable places to work by the local population.

(ii) Explaining recruitment problems within a local context

This section covers respondents’ views on the possible causes behind some of the main recruitment problems identified, focusing on whether affordability of housing locally may be a significant contributing factor.

A number of common points emerged from the interviews. Council Departments, University of Essex and Adult Community College all identified competition with the private sector as a primary cause behind their difficulty to attract, and retain, sufficient professional, IT and management staff. The skills required for these roles are transferable and public sector salaries are

simply not as competitive. This concern was not really shared by the healthcare organisations, whose senior support staff tend to have quite specific experience.

Competition with other geographical areas was also cited by a number of the interviewees. The higher salaries on offer in London were clearly stated as a problem by the Police, as demonstrated by the quote above, and also by the University of Essex. Neighbouring Local Authority areas were also highlighted, particularly with reference to employee groups that are in short supply across the region. For instance, the NHS Trust pointed out that they are in direct competition with the large hospital in Basildon for quality staff.

As discussed in the section above, a main concern across many organisations was that the pool of potential employees appears to be restricted to the existing, geographically limited, local population. This is to say that people appear reluctant to re-locate to Southend-on-Sea in order to take up employment. One Council department suggested that this was in part to do with the image of both the area and the Local Authority organisation.

“And we’re not that attractive.....Southend hasn’t got the best in needs as an area I’m afraid. And the media hasn’t helped either to be quite honest. So it’s all based on factors I think and being a seaside town people have certain perceptions about it. Southend itself is seen as a very traditional authority.”

[Department of Economic Development and Planning; 20/04/04]

Local house price rises were certainly identified by a number of employers as a possible deterrent, particularly with regard to professions where wage salaries are uniform across the Country. However, in general, housing affordability was not singled out as the crux of recruitment problems in itself, but rather rooted within more general explanations surrounding lifestyle choices.

“We’ve had people that have done that [moved away] and then they can’t afford to come back, and literally I’m aware of police officers that have gone somewhere else, they’ve bought themselves a nice house, their family’s grown, they think I really want to come back home and they can’t because they can’t afford it. So it does have an impact.” [Southend Central Police Station; 05/05/04]

“I think that social work recruitment problems are caused by very many factors. I think that there is probably a perception of moving from a cheap housing area, that this would be a more expensive area.....So housing is one factor I think, in the whole sort of thing” [Department of Social Services; 20/04/04].

“But it [moving] is more to do with an economic decision and quality of life decision. And then people somehow fit a job around that rather than [think] I must stay in nursing and I’ll move wherever the housing is cheaper. It doesn’t work like that.”
[NHS Trust; 20/04/04]

Issues surrounding, and arising from, affordability are therefore not straightforward and vary according to typical requirements and aspirations of the employee group in question. An average GP, for instance, may well be able to afford market housing according to ODPM recommended affordability tests but they may well not be able to comfortably afford what they want, where they want within, or near, Southend-on-Sea.

Many public sector employers recognised that some recruitment problems are in part explained by a current shortage of qualified people across the whole Country. In order to address this, particularly in the health sector, recruitment campaigns have been extended overseas. This has occurred at a whole range of grades and pay scales: for instance, the PCT has recently brought a number of GPs over from Spain and the NHS Trust recruited nurses from India.

In both of these cases, the respective interviewees raised the issue of housing. In the short to medium term, staff recruited from overseas need to be provided with suitable housing and in the longer term, housing affordability may contribute to an employee’s decision of whether to stay in the country.

“Because there aren’t enough qualified nurses in the UK.....we’ve recruited 50 odd qualified nurses from India. Obviously one of the issues of recruiting from India is where are they going to live? And therefore housing becomes a critical issue that we have to factor in our ability to attract and then retain them.” [NHS Trust; 20/04/04]

It is also relevant to mention at this point that local housing affordability was raised as a concern by some employers not reporting recruitment problems. For instance, the Southend Police representative interviewed believed that, although there are sufficient applicants for the Force in terms of numbers, high property prices do impose some restrictions. Whereas in the past, new recruits would be posted all over Essex, trainees at Southend nowadays will tend to already live locally, often with their parents.

The interviewee commented that, in his experience, many younger police wanted to move out and buy their own home but that the cost of housing is prohibitively expensive. Affordability was also mentioned at Waitrose, although the respondent said that it did not appear to have a negative impact on recruitment from a business point of view.

“Affordability of houses is a problem for a lot of the workers in Waitrose. They [supermarket assistants] really struggle to afford market housing.” [Waitrose: 27/04/04]

(iii) Housing requirements and targeted housing

As discussed in the above section, local housing affordability and access to suitable housing emerged from the employer interviews as one, but certainly not the only, factor contributing to problems surrounding recruitment and retention for many employers. This section moves on to consider whether employers felt that targeted housing might be of assistance and what form it should take.

In overview, it appears that some employers felt that the availability of targeted housing would help with the recruitment of some groups of employees. The notion appeared particularly relevant when discussing recruitment strategies that involved trying to attract people to the town, such as newly qualified teachers (NQTs). It also seems relevant to the retention of newly qualified nurses already working at the hospital.

“Absolutely it would make a difference. Wales is one of our main places that we look to try and bring teachers in because you’ve got four major initiative training providers.....Most of them [NQTs] are actually home based, local to Wales, and they won’t necessarily come out of Wales. Now if we stood there and said okay, come out of Wales; we’re trying to attract you because you’re going to get a job and, we do try and do that and put them in contact with people. Then you’ve got the difficulty of house prices, so if we had the accommodation, the subsidised accommodation, hopefully it would make a difference.” [Department of Education; 20/04/04]

Nurses and other health workers were also identified as employee groups in short supply who might be more attracted to come to, or stay in, Southend-on-Sea if subsidised accommodation was available. University of Essex also pointed to the potential benefits of housing schemes for retaining students as they finish studying and embark on careers.

Interviewees did stress, though, that success of any scheme would depend on the offer and its terms. People take a number of factors into account when seeking accommodation, including proximity to work, price and local environment. Targeted housing would have to appeal across more than one of these variables. Moreover, it is clear that different groups of employees would be attracted to different types of housing. For instance, the Police emphasised how difficult it is for staff on lower salaries, both Force and Civilian, to achieve home ownership.

“As I say, there are plenty of young couples who are police officers or who are police officers and then support staff who can’t get housing, because they can’t get to that starting point, what people can’t do at the moment is save for the deposit, that’s the bottom line.” [Southend Central Police Station; 05/05/04]

For the people he referred to, then, an ideal targeting housing package would equate to assistance in purchasing properties. However, not everyone aspires to owner occupied tenures in the short term. For instance, the Education Department observed that NQTs will often look to rent initially, even if they generally intend to purchase in the longer term once they are settled. Employees from overseas or on short term contracts will almost certainly require rented accommodation. The NHS said that in these instances the employee’s accommodation will usually be secured by the employer. It may therefore be appropriate for some targeted accommodation to be marketed through, and secured by, organisations that employ key workers, rather than directly to the key worker themselves.

Delivery mechanisms are also important. The Technical and Environmental Services Department suggested that the ODPM’s Starter Home Initiative had been difficult to sell locally because it was a long winded process involving a large number of forms and entirely down to the individual to sort out. Targeted housing that was already in place, they said, could be more attractive in persuading potential recruits to come to Southend.

However, targeted housing is not the answer to all recruitment problems.

“It would be wrong for me to think that all nurses are in short supply, therefore for all nurses housing is an issue. Because, to some it is not an issue at all and in other cases, it is absolutely imperative.” [NHS Trust; 20/04/04]

The NHS Trust went on to say that even more flexibility may be the key for some individual posts. Targeted housing in fixed developments is unlikely to be appropriate for people employed to permanent senior posts, for instance, for whom base line affordability is not a critical issue. However, a perceived shortage of suitable housing in the area could still be concern for potential employees considering re-location. Assisting individuals in securing their specific housing requirements would allow public sectors employers to put together the kind of competitive employment packages necessary to attract the quality, skilled staff currently in short supply.

“I think there are solutions [to the area’s high house prices] but they’re more to do with the freedom that employers have to construct a package that is attractive to the individual at that point in their life.....And this is where the health sector, unlike the private sector – the private sector has twigged this and in the last 10 or 15 years has

introduced a flexible benefit approach. And I think that's much more likely in the public sector to overcome some of the labour shortages." [NHS Trust; 20/04/04]

(iv) Key worker definition

This final section briefly picks out interviewees' opinions on the meaning of the term key worker and whether they feel that eligibility for the ODPM Key Worker Living programme is currently too narrow.

In general, employers interviewed suggested that, within the context of their workforce, current central government usage of the term key worker is too restricted. For instance, the Police say;

"I'm not 100% au fait with what the range [of key worker occupation categories] is. But support staff are just as vital in terms of running this organisation. We couldn't run this organisation without our front office staff, without our detention officers and without those people that arrange the duties." [Southend Central Police Station; 05/05/04]

The Waitrose interviewee also said that they considered all their workers to be key and that they thought that any benefits for key workers in the public sector should be extended to those in the private sector too.

The Council Departments interviewed talked more in terms of workers that were in short supply, saying that recruitment and retention problems stretch well beyond those employees eligible for KWL. They felt that there would certainly be a case for extending the list of occupation categories covered by any local schemes to assist key workers.

The NHS agreed with this, saying that any worker in short supply is a critical worker. The PCT representative said priority concerns were probably accurately reflected by current key worker assistance programmes within the health service but that it might be appropriate to cast the net a little wider in some instances. In particular, they pointed to situations where take up of key worker initiatives have been poor, saying that the allocated resources could be usefully re-directed.

In other words, if the Southend PCT cannot attract the people it originally wanted, perhaps it can identify and attract the specific skills that are in short supply through a more flexible approach to recruitment of key workers and labour distribution throughout the health service.

"But there is the potential there for GPs to use their specialist skills better and hand over some of the tedious stuff and the specialist work in relation to particular conditions. Say, for example, they might employ a nurse practitioner with a speciality

in diabetes. The GP doesn't have to see the diabetics any more; the specialist nurse would see them." [Southend PCT; 28/04/04]

5.4 Telephone interview of Employment Agencies

Five employment agencies were asked to participate in a telephone interview. Agencies that were selected included national and local agencies. The purpose of the interview was to ascertain in the opinion of the agency:

- The main reasons for employers using the agency.
- What proportion of placements from Southend companies are from people who live in Southend.
- The extent to which high house prices might be preventing people taking up employment locally.
- Whether house prices are the biggest barrier to recruitment.

One agency refused to participate. Another agency was unable to put us in touch with someone sufficiently knowledgeable and the information obtained has been disregarded. A third agency said that a major client was the Borough Council mainly clerical and administrative staff and there was no difficulty in filling these positions. There was an adequate supply of people that lived locally.

The fourth agency, a larger multi-branch agency spoke at length about the problems with transport and the weak image of Southend as a place to live and work as the major issue. They did not regard house prices as the major factor saying 'they are higher elsewhere aren't they'.

None of the agencies offered quantitative evidence. They were also vague about their opinion of the balance between problems when pressed.

The fifth agency specialised in recruiting social workers and teachers. This was a very productive interview. The principal spoke in great detail and offered many illustrations describing the multi-layered reasons why social workers and teachers were hard to recruit generally. He felt that these problems were compounded by shortages of affordable housing especially for staff needing to relocate. He also described transport problems as being particularly difficult in Southend as one of a number of factors contributing to recruitment problems. He commented that some potential recruits found the prospect of working for the County Council more attractive.

The respondent's understanding of the key worker living scheme was explored. The opportunity was also taken to consider the development on Victoria Avenue which is the object of the case study in Appendix 2. The Principal was vaguely aware of both schemes. After we described the

schemes in more detail he stated his intention to contact Tower Homes to see if it would be possible to link housing to recruitment. He thought this would be particularly beneficial for recruits from overseas.

5.6 Discussion of interviews

This section draws together the main points from the above sections that are specifically relevant for the research brief: identifying key workers within a local context; understanding whether a lack of affordable housing is in part to blame for a shortage of key workers; and considering whether there would be some requirement for targeted, key worker housing.

It is clear that there is some confusion surrounding the term key worker, both with regard to definition and implication. Opinions on which occupation categories the term should refer to seem to be informed by two main variables: 'key-ness' to the organisation; and supply of appropriate employees.

With regard 'key-ness', some respondents appeared uncomfortable with the idea that some employee groups should be considered more important than others. Comments from the Police, quoted above, as well as Waitrose and KeyMed, clearly demonstrate that these employers consider all employees to be 'key' to the organisation's effective functioning.

With regard to supply, a number of public sector organisations reported significant recruitment problems within particular occupation groups and expressed concerns of the implications for continued service provision or planned expansion. This appears to present a more useful indicator for identifying and defining key workers within Southend-on-Sea.

The two private sector companies reported no recruitment problems in any areas. This provides some support for a theory that the key worker notion is simply not as relevant for commercial companies, which, unlike public sector service organisations, are free to change salary bands and employee benefits or upsize / downsize the workforce in response to supply and demand. Such an idea is lent further weight by the reluctance of many private sector companies contacted to participate in this research. In addition, recruitment of senior management and administration staff is easier in the private sector because, at this level, companies tend to offer more attractive pay and benefits packages than their public sector counterparts.

Recruitment problems were certainly identified within the front line service provision occupations eligible for the ODPM's Key Worker Living programme, such as nurses, teachers and social workers. However, the public sector's skills shortage stretched well beyond this. Skilled and

experienced IT and Finance personnel were mentioned by more than one interviewee, as well as specialised professionals such as planners or medical practitioners. The health service in particular stressed that recruitment problems existed across the whole pay scale range.

Local housing affordability emerged as one possible cause of these recruitment problems, with employers speculating that potential applicants might be unwilling to re-locate to the area because of the high cost of housing. This was thought to be relevant even for people on higher wages, for whom base line affordability would not be a problem. In general, though, interviewees were careful not to overstate the housing case, pointing out that many, interrelated, factors influence a person's decisions to move or where to live. Road traffic congestion, poor public transport links and shortages of car parking were also highlighted.

This said, an impression of potential requirement for key worker housing did emerge. A number of employers believed that programmes offering targeted housing could assist recruitment drives. The main context in which its potential arose was as an incentive to attract employees that are in short supply locally, and across the region, to come to Southend from elsewhere, or to stay in Southend after graduating from University.

However, all respondents were quick to point out that there is not a 'one size fits all' solution. Tenure aspirations are not a given and will vary across employer groups. For many people, such as constables and some teachers, owner occupation is the ideal. But for others, particularly people on short-term contracts or new to the town, a scheme that facilitated purchase would not be relevant.

There is also a case, articulated most specifically by the NHS, for (at least some of any planned) targeted key worker housing to be marketed through, and secure by, the employer for potential employees. Such an approach would allow the very large employers, such as the NHS Trust or the Education Department, to balance the supply of housing with demand from employees. We are aware that some PFI hospital building schemes include housing.

The nature of the housing, its location and property size would all play a role in whether a scheme is taken up and by whom. For instance, a development of apartments in a central location might appeal to younger, junior grade professional staff, such as; NQTs., economic planners, junior nurses or constables. A GP with a family, however, is less likely to be attracted by such an offer.

This point helps to clarify the key worker definition point with regard to income. It is clear that, particularly in the health sector, any worker that is in short supply is considered a key worker and this will often include employees at the highly paid, highly skilled end of the scale. It may be

appropriate, as the NHS Trust interviewee suggested, for the individual employer to be awarded a degree of flexibility in attempting to secure that 'key worker'.

However, it is probably not appropriate for that employee category to then become eligible for subsidised housing through a local or regional scheme with an earmarked budget. Taking base line affordability, demand and priority in to account, it would seem that eligibility for such a scheme should be established with reference to an income ceiling.

The main finding from the discussions with employment agencies is that more needs to be done to improve communications with agencies that specialise in recruiting key worker staff that are in short supply.

5.7 Employee questionnaire analysis

The most relevant information arising from the sample is shown below.

Table 5.1 Key worker occupation categories

<i>Afford</i>	<i>Number</i>	<i>Percent</i>
School/ University/ Other Education	3	3.6%
Health Service/ Primary Care Trust	22	26.5%
Emergency	5	6.0%
Other public sector	39	47.0%
Other private company/ Business	14	16.9%
TOTAL	83	100.0%

Source: Southend-on-Sea Borough Council Key Worker Survey 2004

Table 5.2 Key worker occupation categories and tenure (%)

<i>Afford</i>	<i>Owner occupied</i>	<i>Living with parents / relatives</i>	<i>Social rented</i>	<i>Private rented</i>	<i>Tied-linked to job</i>	<i>Bed & Breakfast</i>	TOTAL
Education	0.0%	0.0%	0.0%	2.4%	1.2%	0.0%	3.6%
Health	6.0%	0.0%	7.2%	1.2%	12.0%	0.0%	26.5%
Emergency	3.6%	2.4%	0.0%	0.0%	0.0%	0.0%	6.0%
Other public	32.5%	4.8%	1.2%	7.2%	0.0%	1.2%	47.0%
Other private	13.3%	1.2%	0.0%	2.4%	0.0%	0.0%	16.9%
TOTAL	55.4	8.4	8.4%	13.3%	13.3%	1.2%	100.0%

Source: Southend-on-Sea Borough Council Key Worker Survey 2004

It is clear from the outset that responses received are heavily biased towards the 'other public' occupation group. Given the organisations interviewed, these respondents will all have been employees in Council Departments. Table 5.2 then demonstrates that the large majority of these employees are already in owner occupied accommodation. This does not reflect the expected profile of key workers in the Borough.

Table 5.3 below shows that 83.1% of the achieved responses state a need or desire to move within the next five years. Tables 5.4 and 5.5 show how aspirations and expectations with regard to geographical location and tenure within this household group.

Table 5.3 Key worker households that need / are likely to move

<i>Afford</i>	<i>Number</i>	<i>Percent</i>
Now	3	3.6%
Within a year	22	26.5%
One to two years	5	6.0%
Two to five years	39	47.0%
Other private company/ business	14	16.9%
TOTAL	83	100.0%

Source: Southend-on-Sea Borough Council Key Worker Survey 2004

Table 5.4 Geographical aspirations and expectations of key worker households

<i>Geographical location</i>	<i>Like</i>	<i>Expect</i>
<i>Southend-on-sea -Town Centre</i>	6.3%	9.5%
<i>Southend-on-sea -North Shoebury</i>	0.0%	0.0%
<i>Southend-on-sea - Leigh</i>	22.2%	6.3%
<i>Southend-on-sea - Westcliffe</i>	20.6%	27.0%
<i>Southend-on-sea - Elsewhere</i>	6.3%	14.3%
<i>Within Thames Gateway</i>	3.2%	11.1%
<i>In Rochford</i>	4.8%	3.2%
<i>Elsewhere in Essex</i>	7.9%	9.5%
<i>In Greater London</i>	3.2%	3.2%
<i>Elsewhere in South East</i>	3.2%	3.2%
<i>Elsewhere in the United Kingdom</i>	7.9%	9.5%
<i>Abroad</i>	14.3%	3.2%
Total	100.0%	100.0%

Source: Southend-on-Sea Borough Council Key Worker Survey 2004

57.1% of respondents to the survey expect to be housed in the Southend-on-Sea area. Slightly fewer would like to remain resident in the area.

Table 5.5 Tenure aspirations and expectations of key worker households

<i>Tenure</i>	<i>Like</i>	<i>Expect</i>
<i>Buy own home</i>	76.2%	68.3%
<i>Rent from a Council</i>	7.9%	11.1%
<i>Rent from a housing association</i>	6.3%	3.2%
<i>Rent from a private landlord</i>	0.0%	6.3%
<i>Tied/ linked to job</i>	0.0%	0.0%
<i>Shared ownership</i>	0.0%	3.2%
<i>House/flat share</i>	9.5%	7.9%
Total	100.0%	100.0%

Source: Southend-on-Sea Borough Council Key Worker Survey 2004

Other information from the sample that indicated a need to move within 5 years:

- Over 60% of the households responding were under 35 years of age
- 44% were already owner occupiers
- nearly half (49.2%) would prefer to move to a flat or maisonette
- nearly half (49.2%) would require 2 bedrooms

5.8 Conclusion

This chapter reviewed and presented findings from the primary research undertaken specifically for the current Southend-on-Sea key worker research. Research splits into two phases; exploratory qualitative interviews with 10 major employers; and a questionnaire distributed to employees identified as 'key'. Unfortunately response to the latter was disappointing and the resulting dataset therefore of very limited use.

Key themes that emerged through employer interviews include:

- that recruitment problems within public sector organisations stretch beyond employment categories covered by the ODPM definition of key worker but the categories are essentially professional, managerial and technical within the public sector and the NHS;
- there appears to be an adequate supply of lower paid workers.
- that local housing affordability is thought to be one factor contributing to recruitment problems locally;
- there is likely to be some requirement for targeted temporary housing for key worker households, either intermediate rent or temporary accommodation to assist re-location

- there are critical shortages of key workers in the Social work and teaching categories and assistance with housing would improve Southend-on Sea's ability to compete with other employers
- there are significant gaps in the understanding and awareness of the key worker living scheme
- It has proved particularly difficult to engage with private sector employers. The reasons for this may be speculated upon but there is no evidence to suggest the reason for this.

Key themes that emerged through from the employee questionnaires include:

- The housing requirement from this sample re-emphasises the trends stated in the updated housing needs assessment in respect of the size and tenure of dwellings
- A higher proportion need or intend to move than working households generally.

Overall it is clear that problems with recruiting teachers, social workers and some health service technicians and professionals would be greatly assisted with the availability of accommodation linked to employment. This is because vacancies can only be filled by means of people re-locating into the area. It would provide Southend-on-Sea employers with a crucial edge when competing with other employers.

6. DISCUSSION, CONCLUSIONS and RECOMMENDATIONS

6.1 Introduction

This final chapter brings together some of the main findings presented throughout the report.

The research on which the report is based was comprised of multiple components, including a secondary literature review, affordability analysis implemented on the 2004 HNS Update dataset and qualitative interviews with major employers. The following few pages draw on the broad body of evidence that has emerged across all of these, setting the scene for a 'key worker housing framework' in Southend-on-Sea.

Firstly a local definition of key worker is reviewed and then the relationship between key worker shortages and the housing market is considered. Finally a proposed mechanism for defining and reviewing key worker groups for the purpose of subsidised housing schemes in Southend-on-Sea is outlined.

As stated in the Council's Brief, the research into key workers in Southend-on-Sea intends to:

'establish the basis for developing a key worker housing framework, based on the principle components of definition, demand, need, priority and affordability' [para 1.3]

These components are briefly expanded below:

- Definition - The identification of key workers within Southend-on-Sea and its travel to work area, including a consideration of both public and private sectors. Such a remit steps away from a conventional central government thinking, which tends to focus its definition of key workers solely on specific public sector occupations.
- Demand - An idea of the amount and type, in terms of tenure and property size, of housing required to meet key worker needs. This should assist in informing on the impact of the proposed release of 240 key worker units.
- Need & priority: - Understanding the relationship between key worker housing needs, market housing and traditional social rented housing.
- Affordability: - Housing costs that key workers could reasonably afford.

6.2 Key worker definition

Providing clarification on Parliamentary Questions, the Minister of Housing stated that a key worker is someone employed by the public sector, in a frontline role delivering an essential public service.

Eligibility into the Key Worker Living programme is restricted to the following occupation categories and is subject to an upper household income level typically £60,000 per annum:

- nurses and other NHS clinical health staff
- teachers in schools and in further education and sixth form colleges,
- police officers,
- prison service
- probation service staff
- social workers.

It is understood that these occupation categories represent a base line for any local definition of key workers. However, the literature review in Chapter two showed that other government bodies, as well as a wide range of research reports, clearly consider the term key worker to have a broader meaning than that stated above. One of the main objectives of this research was to consider whether a broader definition would be appropriate in Southend-on-Sea, particularly in light of planned local and regional regeneration and economic development.

In considering an appropriate definition of key workers the underlying variable that appears constant throughout the secondary literature, employer interviews and Council concerns surrounding sustained development, was that key workers are workers whose specific skills are in short supply locally. In Southend-on-Sea this was seen to stretch beyond the frontline public sector service provision roles incorporated within the ODPM definition of key worker.

In general, it is particular skilled, professional posts within public sector organisations that are difficult to fill. Some specific roles that were mentioned by employers are as follows:

- experienced Information Technology staff
- Local Government finance personnel; planners; engineers
- non-medical health professionals such as pharmacists
- GPs
- all civilian staff within the Police Force.

For the most part, these occupations are in the lower to mid range of salary scales - in the region of £15K to £30K - although some interviewees reported recruitment problems in higher salary bands. However, as discussed in detail in Chapter five, although a very senior member of staff that is difficult to recruit is certainly 'key' to the organisation and possibly 'key' to the service sector in question, it is probably not appropriate for that employee group to be categorised as a 'key worker' with regard to eligibility into a publicly subsidised key worker housing scheme.

There does not appear to be a skills shortage at all amongst lowest grade administration, clerical and support staff in public sector organisations. The general opinion amongst employers interviewed was that there is an adequate supply of local labour to fill current requirements for these roles.

Only two private sector companies were interviewed and both reported no recruitment problems in any areas. Although impossible to generalise, this observation does potentially lend support to the notion that the key worker issue is not really relevant for commercially oriented, market-driven companies.

One branch of the private sector that is often included within key worker definitions is privately owned public service companies. Examples are public transport, refuse collection and care provision companies. Unfortunately, despite numerous attempts to contact all major transport companies in Southend-on-Sea, we were not able to engage any such organisations in the current research. However, if it emerged that there were specific skills shortages locally within any of these sectors, it may be appropriate to include the associated occupation categories within a local key worker definition.

6.3 Housing requirements, demand need priority and affordability

Southend-on-Sea Borough Council's updated Housing Needs Study (2004), carried out by *Fordham Research*, established that house prices in Southend-on-Sea have risen sharply over the last year and that average property prices sales are high within a regional and national context. It was also shown that, at present, outgoing costs are cheaper for private rented than for owner occupied accommodation in all size categories. The main finding of the Housing Needs Study is that there is significant requirement for additional affordable housing across the Borough.

Chapter four of this report utilised the 2004 Update dataset to perform new analysis on key worker households, as defined and measured by the original 2002 study. It was shown 70.0% of the Borough's 8,567 identified key worker households could afford minimum market housing if tenure preference and geographical location within the Borough were not taken into account.

Some idea of potential requirement for intermediate housing tenures was also established through applying affordability analysis to the 3,002 identified key worker households that stated a need or desire to move within the next three years. It was shown that 718 could afford some kind of intermediate housing, but not market housing, where intermediate housing has outgoing costs that lie between those for social rented and minimum market.

The size requirement and affordability of these 718 households are given below. It is likely that these figures represent minimums since the key worker households identified are limited to the occupation categories assumed by the 2002 study and to households actually living within the Borough's boundaries.

Table 6.1: Household affordability and household size requirements of key worker households

Size req.	Most expensive int. housing	3 rd	2 nd	Cheapest int. housing	TOTAL
1 bedroom	167	0	151	0	318
2 bedrooms	41	0	54	97	192
3 bedrooms	46	90	29	43	208
4+ bedrooms	0	0	0	0	0
TOTAL	254	90	234	140	718

Source: Southend-on-Sea Borough Council – Housing Needs Survey Update 2004

Themes emerging from the employer interviews, discussed in detail in Chapter five, supported the notion that there would be some requirement for targeted housing at sub-market levels amongst key worker households in Southend-on-Sea. A number of employers believed that programmes offering targeted housing could assist with recruitment campaigns. However, it was clear that there is not a 'one size fits all' solution. The level of subsidy, tenure, geographical location and property type would all impact on the range of employee groups that any scheme appealed to.

6.4 Conclusion: A local definition of key worker

This final section of the report sets out a possible strategy for defining key workers locally, with specific reference to eligibility into a subsidised, targeted housing scheme.

The occupation categories incorporated within the ODPM definition form a base line definition of key workers. However, evidence emerging through this report suggests that the term has broader relevance.

Focusing in on what should be included within a new, broader, definition of key workers, some specific occupation groups were mentioned by employers as particularly problematic to recruit

into. These are listed and discussed in Chapter five. In general, they can all largely be described as professional, skilled roles in public sector organisations.

However, this list is certainly not exhaustive since only a relatively small profile of organisations was interviewed. Moreover, if the underlying indicator of a 'key worker' category is a skills shortage locally, then the list of occupation categories incorporated by the term may change over the life of any one scheme.

With this in mind, one possible strategy would be for the Council and their partners to put in place a review methodology, by which eligible key workers could be identified according to set criteria. A suggested forum for this is the Local Strategic Partnership, or similar body, with membership from, and an overview of, a wide range of local sectors.

Drawing on all of evidence emerging here, a possible framework of relevant criteria for identifying occupation categories as key with reference to eligibility into a targeted housing scheme would be if that occupation category was categorised by a number of the following:

- Regional skills shortage
- Low response to job advertisements
- Poor quality of candidates against the person specification
- Refusal of a job offer by successful candidates
- High turnover of staff
- Viability of service or product is threatened by insufficient staff

It should be noted that, although this research found no recruitment problems in the two private sector companies interviewed, there is no reason in principle why private sector occupation categories that were genuinely found to fill a number of the above criteria should not be eligible especially from private sector companies providing essential public services.

A final point concerns a possible income ceiling for eligibility. Although individual employers did cite difficulties recruiting into some senior posts, it does not, as discussed in Chapter five, seem appropriate for such employee categories to be eligible for publicly subsidised targeted housing schemes. An upper salary limit for eligibility will help to ensure that housing is targeted at those for whom affordability represents the greatest problem.

As cited in Chapter two, the GLA set an upper household income limit for access to **intermediate housing** of £40,000 per annum. This ceiling was used to define key worker households from the 2004 Update dataset, reported in Chapter four. However, house prices and salaries are typically higher in London and so £40,000 may appear on first reading to be inappropriately high within the

context of Southend-on-Sea. Moat Housing, as Zone Agent for Essex, assume an average key worker salary (single or joint) of £29,854.

This leads us into a discussion as to the correct level for a key worker household income cut off point in the context of the Southend-on-Sea local economy. A rationale could be applied relating to minimum market prices for owner occupation. The estate agents survey reported in table 3.5 above cites the minimum price for a 3 bedroom house as £142,000 as at June 2004. The minimum price for owner occupied property is cited as it would be the point at which the intermediate housing market would cease to apply. The typical income multiplier used by a mortgage lender of 3.25 gross annual income works out higher than £40,000. There are dangers in setting the income limit too low given that mortgage rates and house prices can be more volatile than income levels.

It would appear that the upper earnings limit used in the ODPM scheme of £60,000 is set at a level that would allow for some upward pressure on affordability within the housing market without proving a barrier to households especially if they need to re-locate into the areas covered by the key worker zones.

6.5 Recommendations

The Council takes urgent action to ensure that:

1. New private sector house building is set targets for affordable housing and intermediate housing aimed key workers. Intermediate market and key worker housing should be mostly one and two bedroom units.
2. tenure within new intermediate housing should not be restricted to shared ownership. A range of housing is desirable including intermediate rented housing.
3. The Regional Housing Board understands the serious problems in respect of social housing and intermediate housing being experienced in Southend-on-Sea and its importance to sustaining the local economy.
4. To ensure the use of such housing in perpetuity mechanisms should be set up locally to monitor house prices and from time to time review key worker categories as the local labour market changes. A mechanism involving the Local Strategic Partnership or similar body is suggested.
5. It has a more competitive offer when recruiting teachers and social workers by including temporary affordable housing in its re-location package.
6. The impact of the expansion of the University On the local housing market should be carefully monitored to ensure that the housing market and communities near to the University are not unbalanced

The NHS trust and primary care trust take urgent action to

1. Ensure it has a more competitive offer when medical nursing and technical staff by including temporary affordable housing in its re-location package.

APPENDIX 1: PROPERTY PRICE INFORMATION

A1.1 Introduction

This Chapter provides further detail in support of the housing market analysis set out in Chapter 4. It contains information on prices obtained from the analysis of Land Registry property price data, and explains the methodology and approach used in our survey of local estate agents.

The estate agent survey is a key step in assessing minimum and average property prices in Southend-on-Sea but only provides limited information concerning price difference within the Borough, and doesn't shed light on the prices relative to other Local Authorities in the region.

We can look at the wider context of prices in the surrounding areas, and also the differences between areas within Southend-on-Sea, using information available from the Land Registry. This data is valuable in giving further background to the local housing market, although it does not displace the need for the estate agent information.

A1.2 The need for primary data

There are four main reasons why Land Registry data cannot be used to calculate prices for use in the affordability model. These are:

- The information can only usefully give a guide to average prices. For a Housing Needs Survey we take the view that it is necessary to estimate the minimum price for which dwellings in satisfactory condition are available
- No information is available about the condition of the dwellings whose price is being obtained. Clearly a property which needs major repairs is unlikely to be suitable for a first-time buyer with a limited budget, even if the initial price is relatively low
- A more serious limitation of this source is that records are kept by property type (i.e. detached, semi-detached, terraced, flat) and not in terms of the numbers of bedrooms. This information is, in our view, essential to provide an accurate assessment of need

- The Land Registry data cannot produce information about rental levels, which again ought really to be considered in carrying out a satisfactory analysis of affordability. There may be a small, but significant, number of households who cannot afford to buy market housing but who could afford suitable private rented housing. The affordability of such households cannot be adequately considered using only sale price information

Despite these drawbacks the information available is certainly of interest to give some feel to the local context of property prices, and more specifically to provide comparison between prices in different areas.

A1.3 Estate agents survey: Methodology

The methodology employed to find purchase and rental prices takes the following steps:

- We establish the names and telephone numbers of local estate agents. This includes well known national estate agents as well as those operating specifically in the local area (allowing for good comparative measures of smaller and larger agencies). The estate agents selected are intended to be those dealing primarily with housing at the lower end of the market (e.g. not specialist agencies dealing with up-market properties)
- These are then contacted by telephone and asked to give a brief overview of the housing market in the Borough- including highlighting areas of more and less expensive housing
- The questioning takes a very simple form (this tends to improve efficiency without jeopardising results - people often lose interest when asked a series of detailed questions and quality of response is diminished). All agents are asked 'in their opinion'
 - What is the minimum and average price for a one bedroom dwelling in good condition (i.e. not needing any major repair) and with a reasonable supply (not one off properties occasionally coming onto the market)?
 - This process is repeated for 2,3 & 4 bedroom dwellings
- The same questions are then asked about private rented accommodation

- Once several estate and letting agencies have been contacted, the results are tabulated and averages calculated to give an accurate estimation of minimum and average purchase and rental prices in the Borough. Any outlying values are removed from calculations.
- The estimated purchase and rental prices are then inserted into the analysis to estimate the numbers able to afford a dwelling depending on the minimum number of bedrooms that the household requires.

A1.4 Land Registry data

The Land Registry compiles information on all residential land transactions. Analysis of this data is made available for recent quarterly periods, for geographical areas including Council areas, and more highly disaggregated data postcode areas, and by four main dwelling types.

This data is thus very versatile, and can potentially provide a valuable picture of housing market behaviour in quite specific detail. However, an eye needs to be kept on the size of sample when using disaggregated data for smaller areas and/or periods.

We used the data to provide several useful views of the housing market in and around Southend-on-Sea. These are considered below.

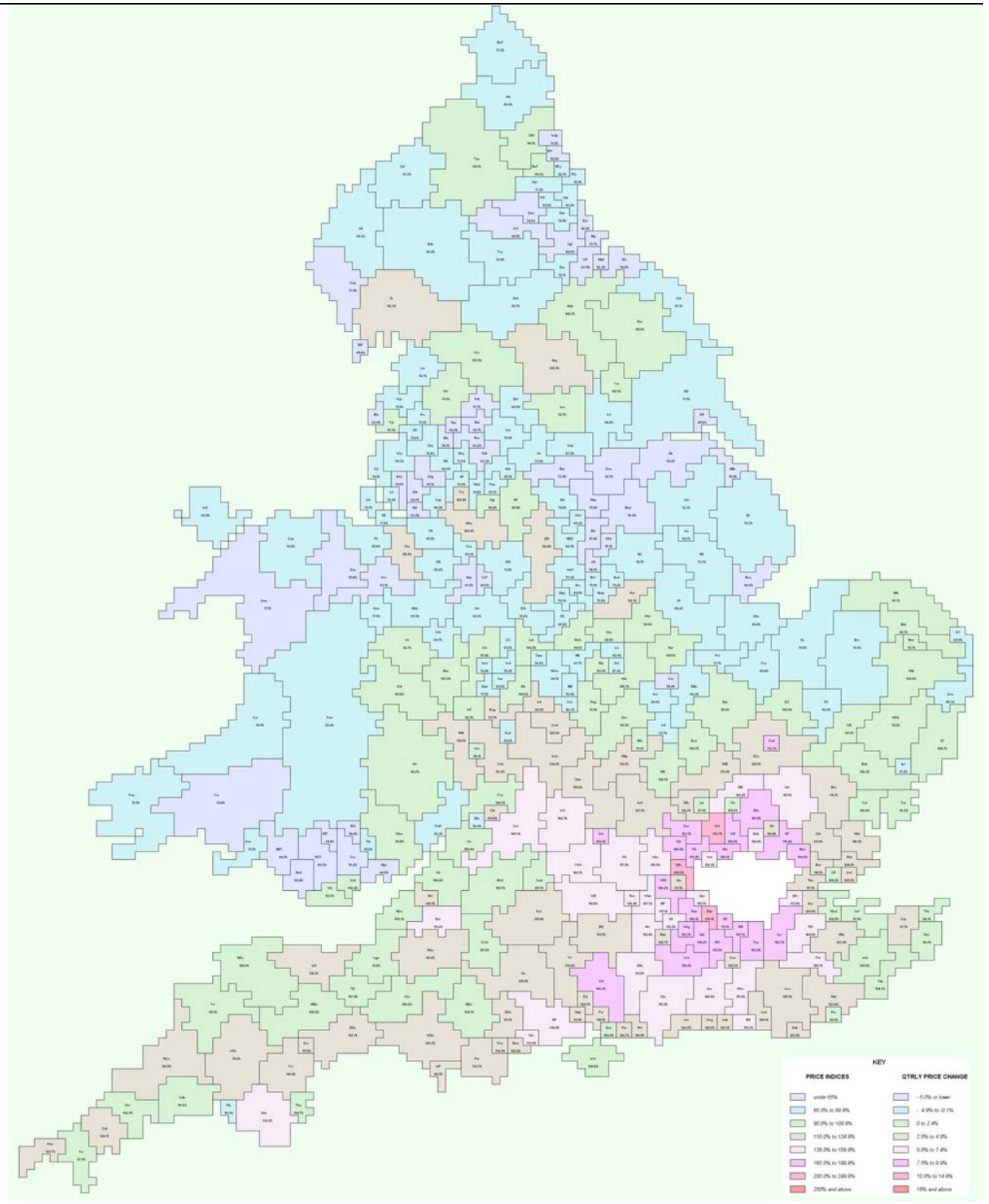
A1.5 The national picture

In order to make a valid comparison of price levels between areas it is necessary to tackle the impact of variations in the mix of house types. For instance, detached houses typically cost rather more than semi-detached, and in turn these are normally rather more expensive than terraced homes or flats. However, different areas do not contain the same mix of types; for instance, rural Districts close to prosperous urban areas can contain very high proportions of detached units, whilst older industrial towns can be predominantly terraced housing. In some parts of London, flats can be the predominant house type. If we wish to compare price levels accurately between one area and another, such variations in the type mix must be eliminated by standardisation.

Using such a technique, *Fordham Research* have analysed the most recent Land Registry data for every local Council in England & Wales to show how the price level for each area compares with an average for England & Wales as a whole.

The results are shown in the form of a map below. Indices for each local authority area are related to a base of 100% for England & Wales.

Figure A1.1 House price levels in England & Wales by Council area at Q4 2003



The map shows that the three highest price bands are highly concentrated around London, the Thames Valley through Oxford to the Cotswolds, and into Hampshire and Cambridge. The two lowest price bands are concentrated north and west of a line from the Severn to the Wash; above this line higher prices are largely confined to areas which are attractive to tourists and purchasers of second homes, or of homes for retirement.

In this context Southend-on-Sea has a price index of 120.3% of the national average and is therefore in the middle (fourth) of the eight price categories. Its price level in relation to the adjoining areas is considered in the next section.

A1.6 Comparing prices in neighbouring areas

The table below shows detailed information on average sale prices for the Local Authorities adjoining Southend-on-Sea.

Table A1.1 Average property prices by Local Authority (4th quarter 2003)

Number of sales in brackets

<i>Property type</i>	<i>Southend-on-Sea</i>	<i>Thurrock</i>	<i>Castle Point</i>	<i>Basildon</i>	<i>Rochford</i>	<i>England & Wales</i>
<i>Detached</i>	£294,618 (162)	£269,613 (108)	£217,478 (197)	£290,369 (230)	£270,213 (122)	£248,943 (68,389)
<i>Semi – detached</i>	£182,189 (286)	£175,581 (224)	£161,015 (185)	£174,995 (236)	£170,791 (204)	£147,196 (84,147)
<i>Terraced</i>	£138,801 (309)	£141,964 (340)	£144,444 (49)	£133,619 (325)	£152,443 (54)	£123,231 (99,488)
<i>Flat / Mais'ette</i>	£112,118 (438)	£109,724 (297)	£99,249 (50)	£96,480 (149)	£139,870 (50)	£154,598 (49,383)
Overall average	£160,528 (1,195)	£154,081 (969)	£176,031 (481)	£176,474 (940)	£193,099 (430)	£163,584 (301,407)

Source: HM Land Registry, Property Price Data, 2003

The overall price figures for each district (e.g. Southend-on-Sea at £160,528) show that only Thurrock and Southend-on-Sea have property prices lower than the England and Wales average. The remaining districts are significantly above the average. Rochford shows the most expensive average (£193,099) whereas Thurrock shows the least expensive (at £154,081).

However, this overall average figure is coloured by the type mix of sales in each area. At its most extreme, there were 50 sales of flat/maisonette properties in Castle Point (10.4% of the total sales) but 438 of the same property type in Southend-on-Sea (36.7%) over the same period. Sales of flat/maisonette property accounted for 16.4% of total sales across England and Wales. Similarly there were only 108 sales of detached properties in Thurrock (11.1% of total sales) compared to 197 sales in Castle Point (41.0%). Sales of detached properties accounted for 22.7% of total sales across England and Wales over the same period.

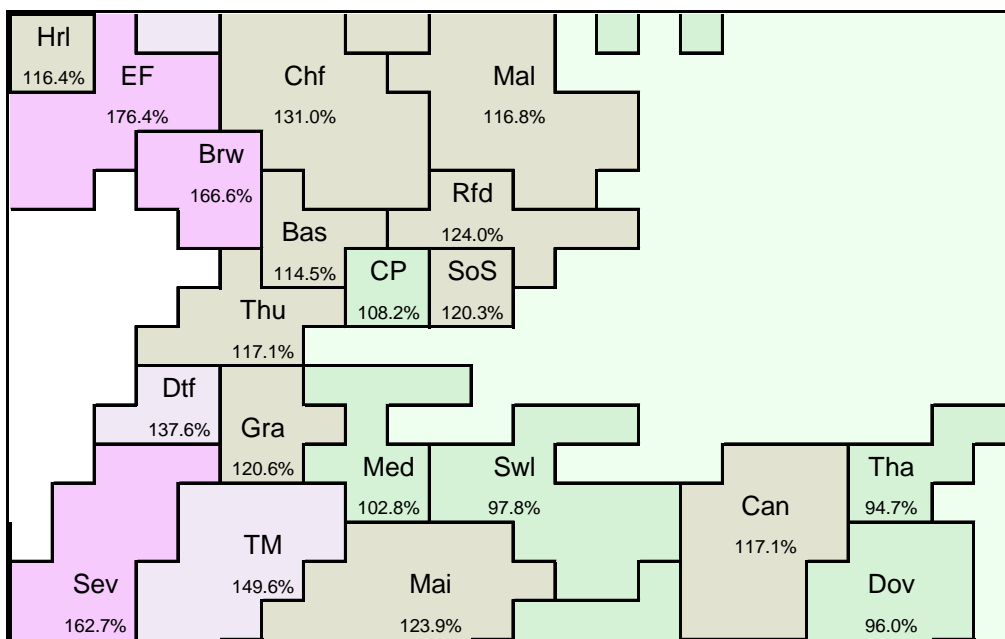
The effect of such variations on the overall average can be eliminated, by expressing the price for each type as an index (the proportion of the England & Wales average) and combining the four indices into a single percentage index using weights based on the type mix of sales for England & Wales as a whole. The results are shown in the table and figure below.

Table A1.2 Relative property prices by Local Authority (4th quarter 2003)

Property type	Price as % England & Wales					
	Southend-on-Sea	Thurrock	Castle Point	Basildon	Rochford	England & Wales
Detached	124.3%	113.8%	91.8%	122.5%	114.0%	100.0%
Semi – detached	128.1%	123.4%	113.2%	123.0%	120.1%	100.0%
Terraced	116.0%	118.7%	120.7%	111.7%	127.4%	100.0%
Flat / Mais'ette	110.1%	107.7%	97.5%	94.7%	137.3%	100.0%
Overall average	120.3%	117.1%	108.2%	114.5%	124.0%	100.0%
Average as % of Southend	100.0%	97.3%	90.0%	95.2%	103.0%	83.1%

Source: HM Land Registry, Property Price Data, 2003

Figure A1.2 House price levels in England & Wales by Council area at Q4 2003



Source: HM Land Registry, Property Price Data, 2003

The effect of standardisation is to re-order the area rankings quite radically. Rochford remains the highest priced area, but Southend-on-Sea becomes the second most expensive area (compared with fourth most expensive before standardisation). In contrast Basildon and Castle Point become the cheapest areas after standardisation whereas before they were second and third most expensive respectively. The very cheapest area, Castle Point, is 90.0% of the Southend-on-Sea average price, whereas Rochford is only 3% above the Southend-on-Sea average. It is also worth noting that, standardised, the Southend-on-Sea average is above the England and Wales average.

A1.7 Results for Southend-on-Sea as a whole

It is possible to examine in more detail information from the Land Registry for Southend-on-Sea. The table below shows data for sales in the five quarters to December 2003.

Table A1.3 Average property prices in Southend-on-Sea – 4th quarter 2002 to 4th quarter 2003

Property type	Number of sales in brackets				
	Oct - Dec 2002	Jan - Mar 2003	Apr – Jun 2003	Jul – Sep 2003	Oct - Dec 2003
<i>Detached</i>	£252,468 (148)	£270,470 (109)	£260,666 (122)	£270,912 (146)	£294,618 (162)
<i>Semi-detached</i>	£154,302 (346)	£162,336 (257)	£170,738 (241)	£173,809 (352)	£182,189 (286)
<i>Terraced</i>	£120,479 (322)	£123,623 (205)	£135,979 (237)	£138,366 (322)	£138,801 (309)
<i>Flat/ maisonette</i>	£92,162 (588)	£99,777 (425)	£96,887 (402)	£100,295 (433)	£112,118 (438)
OVERALL	£130,868 (1,404)	£139,508 (996)	£143,837 (1,002)	£150,611 (1,253)	£160,528 (1,195)

Source: HM Land Registry, Property Price Data, 2003

Over the duration of the period overall average property prices can be seen to have increased quite considerably. Over the period since the last quarter 2002, overall prices have increased by around £30,000. Overall property prices increased by 23% in the year to December 2003. Price rises were most dramatic between the last quarter 2002 and first quarter 2003 and between the third and fourth quarters of 2003.

In terms of property type, flat/maisonette type property saw the largest rise over the period, increasing by around 22% for the year ending December 2003. The largest rise for this type of property occurred between quarter three and four of 2003. In contrast terraced property saw the smallest increases (up 15% for the year ending December 2003).

A1.8 Differences within Southend-on-Sea

(i) General methodology

The general methodology is quite straightforward. We have drawn up a list of the main postcode sectors within the Borough, and mapped where these postcodes are. The table below gives a brief description of which postcodes apply to which areas of Southend-on-Sea.

It should be noted that the local authority boundaries are not always coterminous with postcodes. Therefore some properties in a postcode may be outside the area; in addition it is possible that some parts of the Borough are in a postcode zone that is predominantly located outside the Local Authority area, and are therefore excluded from analysis.

This means that the data by sub-area is only a guide to actual variations within Southend-on-Sea.

Table A1.4 Approximate sub-areas and postcodes

<i>Area description</i>	<i>Postcode(s)</i>
<i>Eastwood</i>	SS9 4, SS9 5, SS0 9, SS0 0
<i>Leigh-on-Sea</i>	SS9 1, SS9 2, SS9 3, SS0 8
<i>Southend-on-Sea</i>	SS0 7, SS2 4, SS2 5, SS2 6
<i>Thorpe Bay</i>	SS1 1, SS1 2, SS1 3
<i>Shoeburyness</i>	SS3 8, SS3 9

Source: Southend-on-Sea Borough Council - Housing Needs Survey Update 2004

The table above shows 17 different postcode sectors in five different broad sub-areas. This gives us the opportunity to compare prices across the whole of the Southend-on-Sea area.

(ii) Results by sub-area

In the table below, average property prices are shown for each type of property for each sub-area. It is necessary to bear in mind that the number of sales in some cells of the table are quite small and the average price shown may be less reliable as a consequence.

Table A1.5 Average property prices by sub-area (4th quarter 2003)

No of sales in brackets

<i>Property type</i>	<i>Eastwood</i>	<i>Leigh-on-Sea</i>	<i>Southend-on-Sea</i>	<i>Thorpe Bay</i>	<i>Shoeburyness</i>
<i>Detached</i>	£240,761 (35)	£351,411 (46)	£208,894 (19)	£324,845 (31)	£280,726 (24)
<i>Semi-detached</i>	£169,761 (32)	£221,001 (20)	£157,400 (66)	£205,153 (42)	£152,363 (33)
<i>Terraced</i>	£129,061 (115)	£188,660 (42)	£130,764 (92)	£141,813 (42)	£128,464 (38)
<i>Flat/ Maisonette</i>	£95,011 (59)	£145,165 (132)	£93,013 (117)	£104,593 (79)	£88,771 (19)

Source: HM Land Registry, Property Price Data, 2003

In the table below we express these figures by house type as percentages relative to the average for the area as a whole, and show an overall average percentage. This has been calculated by weighting these individual indices by the mix of total sales.

Table A1.6 Relative property prices by sub-area (4th quarter 2003)*Price as percentage of Southend-on-Sea total*

<i>Property type</i>	<i>Eastwood</i>	<i>Leigh-on-Sea</i>	<i>Southend-on-Sea</i>	<i>Thorpe Bay</i>	<i>Shoeburyness</i>
<i>Detached</i>	81.7%	119.3%	70.9%	110.3%	95.3%
<i>Semi-detached</i>	93.2%	121.3%	86.4%	112.6%	83.6%
<i>Terraced</i>	93.0%	135.9%	94.2%	102.2%	92.6%
<i>Flat/Maisonette</i>	84.7%	129.5%	83.0%	93.3%	79.2%
<i>Weighted average</i>	88.5%	127.8%	85.1%	102.5%	85.9%

Source: HM Land Registry, Property Price Data, 2003

The table demonstrates that prices in Leigh-on-Sea and Thorpe Bay are above the average whereas the remaining areas are significantly cheaper. This confirms the findings from the estate agent survey and provides justification for using minimum prices from the Eastwood, Southend-on-Sea and Shoeburyness.

A1.9 Summary

An additional analysis of Land Registry data was carried out to help put property price information obtained from estate agents into local context. The Land Registry data suggests that actual average prices in Southend-on-Sea are generally lower than found in adjoining local authority areas (with the exception of Thurrock) but that prices have risen by around 22% since 4th quarter 2002.

APPENDIX 2 : THE VICTORIA AVENUE DEVELOPMENT

A2.1 Introduction

This appendix focuses on a planned 'key worker housing' scheme that involves re-development of a former office block on Victoria Avenue, Central Southend-on-Sea, into residential units. Following negotiations between the Council, the developer and an RSL it is proposed that up to 50% of the one and two-bedroom apartments will be offered on a sub-market basis to 'key workers'. This chapter provides a brief outline to the scheme, before detailing current proposals, marketing mechanisms and possibilities for letting the scheme.

This appendix assesses the scheme in relation to the findings of the main report.

A2.2 Background information

Southend-on-Sea Borough Council recognised that action was needed to redevelop part of Victoria Avenue to reflect changes in the commercial sector. The office block in question needed extensive modernisation and the Council used its influence to achieve a change of use to residential. It produced a planning/design brief and sponsored a design competition to convert and manage the building for residential use.

The ability to offer a substantial part of the scheme at intermediate housing prices has been enabled by a £6 million grant from the Thames Gateway regeneration initiative. A further £2.8 million needed for the scheme will be funded by the RSL partner. The key worker housing scheme makes up about 50% of a larger development, with the other dwellings being offered for sale on a long lease on the open market.

The proposed scheme is a local initiative. Eligibility for the scheme will therefore be subject to locally imposed terms and conditions rather than those relevant for the ODPM's Key Worker Living scheme. A fixed development, unlike grants made to individual households, raises questions surrounding appropriate tenure, letting mechanisms and perpetuity. These are discussed below.

At the time of this report's publication partners have been selected and a planning application submitted. It is intended that this study will assist the Council and its partners in planning negotiations.

The developers are Heath Property Development and the RSL partner is Tower Homes, part of the London and Quadrant Housing Group.

A2.3 Proposed Key Worker Housing

Under current proposals, it is intended that 41 one and 199 two-bedroom apartments will be made available to key workers on a shared ownership basis. The minimum equity purchase will be 40%. The table below states preliminary costs (as at May 2004).

Table A2.1 Cost of proposed key worker unit on a shared ownership basis

<i>Size of unit</i>	<i>100% sale price</i>	<i>40% share sale price</i>	<i>Additional rental per month (assuming 40% purchase)</i>	<i>Service charge per month</i>
<i>One bedroom</i>	£110,000	£44,000	£178.75	£50-£60
<i>Two bedroom</i>	£145,000	£58,000	£235.63	£50-£60

Source: Tower Homes

This table demonstrates that, in addition to servicing the mortgage taken out to purchase a 40% stake, a key worker opting into this scheme would pay £178.75 to rent the remaining 60% and a further £50-£60 service charge every month.

Further provisional details provided by Tower Homes include:

- The initial offer is based upon a 99-year lease (the head lease being 125 years);
- Stair casing will be possible from the minimum 40% ownership
- A clause would be inserted into the lease giving Tower Homes first refusal for buy back. If, however, Tower Homes did not purchase after an eight week window, the tenant would be free to sell on the open market.

A2.4 Affordability of the scheme

Table 3.6 compared typical monthly outgoings associated with the following housing types: social rented, minimum purchase, minimum rent and average purchase. Table A2.2 below estimates these outgoing costs for the proposed Victoria Avenue the units, assuming 40% purchase, based on provisional prices provided by Tower Homes (and stated in Table 6.1). Table A2.3 then compares those figures with those estimated for market purchase and rental in the one and two bedroom size categories.

Table A2.2 Cost of proposed key worker unit on a shared ownership basis

Size of unit	Monthly outgoing for 40% purchase price	Additional rental (assuming 40% purchase)	Service charge	TOTAL
One bedroom	£260.48	£178.75	£55	£494.23
Two bedroom	£343.36	£235.63	£55	£633.99

Source: Tower Homes

NOTES Outgoings for owner occupied accommodation are based on a Nationwide Building Society variable rate 25 year repayment mortgage at 5.14%. Outgoings for Social rent are taken from the most recent CORE data.

Table A2.36 Typical outgoings per month (excluding service charges, utility bills, maintenance etc)

Property size	Outgoings £ per month				Proposed KW units
	Social rent	Minimum sale	Minimum rent	Average sale	
1 bedroom	£222	£477	£362	£622	£494
2 bedrooms	£253	£658	£486	£883	£634

Source: Fordham Research Survey of Estate Agents 2004

NOTES Outgoings for owner occupied accommodation are based on a Nationwide Building Society variable rate 25 year repayment mortgage at 5.14%. Outgoings for Social rent are taken from the most recent CORE data.

Analysis estimates that the proposed key worker units, assuming a 40% purchase stake, will have higher monthly outgoing costs than minimum price market rental properties of equivalent size in the Borough. Projected outgoing costs are roughly similar for the key worker units and minimum sale.

In terms of ODPM recommended base line affordability tests, therefore, it appears that the proposed key worker units do not represent a reduction on minimum market prices in Southend-on-Sea. However, it must be remembered that the minimum sale prices stated are minimum across the whole Borough and therefore reflect actual prices in the cheaper, less desirable, areas. In addition, supply of properties at the very bottom end of the market is usually limited.

Moreover, analysis of the 2004 Update showed that roughly 70.0% of key worker households could actually afford minimum market housing, 68.9% of key worker households stating a desire to move would like to buy their own home and 84.5% of key worker households stating a desire to move require only one or two bedroom properties. Taken together, this suggests that access to newly developed apartments in a central location at a monthly cost equal to minimum purchase across the whole Borough may be an attractive proposition for key worker households.

A2.5 Eligibility of the scheme

The scheme will be open to locally defined 'key workers' working within the Southend-on-Sea Borough. Since the scheme is locally determined and driven, there is possible scope for eligibility to go beyond those occupation categories stipulated by the Key Worker Living Programme. For ease of reference these are;

- nurses and other NHS clinical health staff
- teachers in schools and in further education and sixth form colleges
- police officers, prison service and probation service staff
- social workers.

The occupation categories listed above form a base line for eligibility into any scheme providing subsidised housing for key workers. However, it may be appropriate to expand the list for local schemes in order to reflect skills shortages specific to the current local situation. This research is intended to inform this matter with regard to Southend-on-Sea. The topic is addressed in detail later in this appendix.

A note should be added that potential eligibility will be subject to any conditions imposed as a condition of the Thames Gateway grant. Such terms are under negotiation at this time.

A further issue is a maximum level of household income that might be applied to the scheme. This is discussed at length in the main report. It is recommended that the maximum income levels within the ODPM scheme apply if the use of resources for reviewing a locally determined earnings limit is to be avoided.

A2.6 Need for the scheme

There is considerable estimated need for a scheme of this description.

It has been shown in the Southend-on-Sea Key Worker Study (2004) main report that key worker households are:

- more likely to currently occupy private rented accommodation (table 4.1)
- small households requiring 1 or 2 bedroom accommodation (table 4.5)
- comprised of single non-pensioners than households generally (table 4.2)
- more likely to move within the next 3 years than other working households

- likely to be able to afford intermediate housing but have incomes significantly less than the average of all working households. 60.7% of those stating a need or desire to move can afford minimum priced market housing (table 4.9 supported by table 4.10)
- 1746 (58%) of key worker households stating a need or desire to move can afford minimum market housing and have a size requirement of 1 or 2 bedrooms (table 4.9)
- 63.7% of key worker households stating a need or desire to move expect to become owner occupiers (table 4.4).

- likely to be underestimated in number;
- estimated to be 5877 key worker households one or two person not pensioner households without children, resident in the Borough. This figure takes no account of other key workers commuting into the Borough or who might take up work in the Borough.

(Table references relate to those found in the Southend-on-Sea Key Worker Study, 2004)

The primary research undertaken for the study revealed that:

- around 60% of the respondents to the survey were under the age of 35. Care must be exercised with this last finding as it is based upon a small unrepresentative sample.
- Employers urgently need a supply of accommodation to help attract key workers into jobs where there are shortages
- There is scope to work alongside specialist recruitment agencies for key workers

It is self evident that:

- There is considerable need for the scheme
- The scheme is likely to be attractive to newer or younger key workers
- There is considerable scope for the scheme to assist in the urgent recruitment of Key Workers that are in short supply

Converting need into demand will require a marketing and sales strategy that will be informed by the above research.

A2.7 Demand for the scheme

The above section illustrated that the proposed Victoria Avenue development may meet some key worker housing requirements. This section focuses in on likely demand.

Moat Housing, the Zone Agent covering Essex state that, with no pro-active marketing to date, there have been 107 'qualified' enquiries from eligible employees about the KWL programme. This figure suggests that, on the one hand, there is an existing demand for key worker housing products across the region. On the other hand, however, a wider client base needs to be created.

A wider client base can in part be encouraged by widening eligibility. As discussed in Section 7.2 of the Key Worker Study, if a specific skills shortage is assumed as an indicator, there is certainly a compelling argument for broadening eligibility into a local targeted key worker housing scheme beyond the occupation categories covered by the ODPM definition.

Effective marketing is also key to the scheme's success. Under current arrangements Moat Housing, as the area Zone Agent, are only obliged to market key worker programmes progressed by the ODPM. Tower Homes, and the Council if appropriate, will therefore have to engage in direct marketing.

Effective marketing will target appropriate client groups. A new development in a central location, such as the Victoria Avenue scheme, is likely to appeal to younger single or two person households without children aspiring to take the first step on the property ladder. Employer interviews identified the following, amongst others, as occupation categories in which the current skills shortages may be abated through the offer of targeted housing: NQTs, police constables, and civilian police force support workers, health professionals and planners.

It should also be noted that a number of employers indicated requirement for targeted housing to be offered on a sub-market **rental** basis, with a possible option to take up shared ownership at a later date. If this was pursued, it may in addition be appropriate in some cases for the targeted housing to be marketed through, and even secured by, the employer. This would assist the employer in their recruitment campaign and also reduce the pressure of Tower Homes and the Council of securing demand.

One specialist recruitment agency also expressed interest in a similar mechanism.

A2.7 Marketing strategies

Effective marketing to the target client group is essential to try and maximise the scheme's take up. Tower Homes will, in part, work with Moat Housing Group, the area Zone Agent to try and ensure this. A Zone Agent is an RSL appointed by the ODPM that markets Key Worker Living housing schemes for key workers across an area.

However, the Zone Agent's remit is concerned with the Key Worker Living scheme and does not accept responsibility for all local schemes. Below is an extract from the latest version of the Service Level Agreement, which will be signed by Zone Agents and non-Zone Agent RSLs in each Key Worker Living Zone including Essex.

"The Zone Agent will be responsible for 'broad brush' marketing of housing products available to key workers. Marketing will be targeted to the qualifying groups as determined by the ODPM." [London Zone Agent, Service Level Agreement, April 2004; Para 6.1]

"Non Zone Agent RSLs will remain responsible for 'scheme specific' marketing (ie. their own shared ownership or intermediate rent schemes). In the event of low demand it will be the responsibility of the non-Zone Agent to generate sufficient applications." [London Zone Agent, Service Level Agreement, April 2004; Para 6.2]

It is clear, therefore, that Tower Homes, and the Council where appropriate, will need to assume some direct marketing techniques. This is particularly the case with regard to reaching any occupation groups not eligible for the ODPM's Key Worker Living programme.

A2.8 Retaining the key units for key worker in perpetuity

This is an important issue since a significant public subsidy of £6m is being made available to facilitate the provision of housing at sub-market levels. There is the potential for the scheme to be undermined in the event of subsequent sale of individual leases if the RSL landlord is unable or unwilling to buy-back. There are a number of possible safeguards.

The statements in Para 16 of Circular 6/98 (on affordable housing) make it clear that ODPM has perpetuity in mind as regards affordable housing, normally by its being held by a RSL, but otherwise through a Section 106 Agreement or planning condition (the latter route being in practice unfeasibly rigid). The existence of 'Right to Acquire' makes it possible that any rented affordable units might be bought by their occupants. However the attractions of Right to Acquire are nothing like as great as those of Right to Buy. The annual numbers of Right to Acquire cases are only a handful at national level. A similar issue is that of stair casing in the shared ownership scenario. It is important to ensure that perpetuity is what results. The shared ownership scenario is relevant to the specific development and is discussed below.

The first set of safeguards is legal. Firstly the £6m grant will have terms and conditions attached to its use. At the time of writing these are not available to us. All we can say is that these will have a major influence on all of the following. We stress that the agreement should have some exit strategy in the event that the housing market changes and affects demand for the dwellings.

Planning permission may be granted subject to a S106 agreement which may include requirements for the landlords to take all reasonable steps to ensure that dwellings remain available at intermediate housing market prices to Key Workers. Agreements may also define priority key worker groups and define when lettings can be made to other key worker groups. It is further envisaged that a restrictive covenant can be included in the lease stipulating the conditions for buy-back by the RSL and defining the maximum sale price in relation to open market prices.

The second set of safeguards relate to the marketing process and the relationship between Tower Homes and the Council. The units will be identified as key worker housing through a restrictive covenant. This will lead to property valuations being less than similar properties offered on the open market. Further, RSLs work closely with Local Authorities and will strive to continue to manage accommodation in accordance with the priorities stated in local housing strategies.

It follows that there are two factors that will require tracking by Tower Homes and the Council; 'benchmark' property prices locally and the groups of workers that are deemed to fit within the local definition of key workers. The methodology for benchmarking property values is well known to the Council and Tower Homes and is not detailed in this report. A methodology for reviewing the key worker definition is suggested in the concluding chapter of the main report.

However at the time of writing the proposal it is intended that all flats will be let on a shared ownership basis. This represents a further challenge to the flats remaining as key worker units in the long term. This is because an owner could purchase all of the equity over time by means of staircasing.

The following table summarises options to ensure that the dwellings remain available to key workers in perpetuity. It is assumed that suitable clauses exist in the S106 agreement, that there are restrictive covenants and that mechanism are in place to provide evidence for rent and valuation levels.

Tenure model	Options	Comments
Shared ownership	Reduce the minimum equity stake	This will assist lower paid key workers to gain access to the scheme and lengthen the time needed to staircase into 100% ownership
	Cap the limit of the staircase to say 80%	This will ensure that the RSL continues to have an equity stake in the dwelling and therefore some control and influence
	Recycle capital receipts into replacement dwellings.	The RSL will be obligated to ensure that the required number of key worker homes remains in Southend but not necessarily on the site. This will help to promote flexibility and choice and may help to reduce risk
	Improve marketing and sales to ensure that 'sales' via the RSL are successful	Thus if there is a queue of people for the scheme the chances of sale back to the RSL are greatly improved. The RSL needs to think long term especially if the Key Worker Living Scheme is wound up.
	Diversify the tenure mix	See next row.
Intermediate rent	Introduce an element of intermediate rent to the scheme, targeted at key workers	This will help to reinforce the 'Key Worker' character of the scheme. Rented units provide fewer challenges for their long term use.

In summary, there are a number of possible strategies to ensure that the units are available to the to key workers in perpetuity for as long as the parties agree is necessary.

When considered within the context of the report as a whole, diversifying the tenure and a degree of portability of the grant would offer a flexible approach. This would meet local requirements and also offer the best chance of retaining units for use by key workers in the long term.

A2.9 Maintaining the reputation of the scheme

The preceding paragraph states a number of Governmental and economic risks to the scheme. Another risk, that of low demand needs to be considered and minimised. The matter is considered here as it is possible that steps taken to keep the dwellings available for key workers in perpetuity could lead to the situation that demand from them is reduced.

The location of the scheme and the size of the dwellings may be attractive to younger households whose lifestyle finds town centre living attractive. The evidence for this is stated in the chapter concerning primary research – employer interviews. Unless the scheme is well managed noise and behaviour issues could be a factor in reducing demand for the scheme. Reduced demand can have the effect of introducing tenants who reinforce the problems. There is a danger that over prescriptive obligations on the part of the landlord can limit the landlord’s response to such potential difficulties.

A2.10 Initial lettings

Given the relatively large number of units planned in one location under this scheme, it would be desirable to phase the release of dwellings coming onto the market. This will not only give Tower Homes time to fine tune its marketing strategy but avoid overloading its staff and that of the legal and financing sector. Phasing may occur naturally as part of the handover of dwellings from the contractor. As soon as building construction is underway Tower Homes can begin advertising the scheme and selling the dwellings ‘off plan’.

A2.11 Conclusion and recommendations

Negotiations are currently underway for 41 one and 199 two bedroom apartments within a proposed residential development to be offered at sub-market prices to Southend-on-Sea’s ‘key workers’. Under current proposals, the units will be offered on a shared ownership basis, with the minimum purchase set at 40%. Residents can then opt to staircase up to 100% ownership, for which current prices are £110,000 for one bedroom and £145,000 for two bedroom.

The proposed scheme is very different from the Central Government KWL programme in that it intends to offer physical housing in a fixed development. This raises issues surrounding perpetuity and also means that an effective marketing strategy is essential in order to ensure successful take up.

The Southend-on-Sea Key Worker Study, 2004 demonstrates

- a considerable body of evidence supporting the need for the scheme
- a good match to the household characteristics of key worker households who are likely to move within 3 years
- that options exist to offer intermediate rented accommodation that would significantly benefit hard to recruit key workers for which there are current vacancies

It is recommended that:

- Tower Homes and the Council meet urgently to consider how the scheme might be targeted to assist the hard to recruit groups
- the developer is asked to support the conclusions of the discussions
- Tower Homes finalise its marketing and sales strategy and that it is publicised as widely as possible
- The Council consider implementing the mechanisms recommended in the Southend-on-Sea Key Worker Study, 2004, in respect of updating financial indices and local key worker definitions that reflect local labour market conditions and thereby eligibility for the scheme.
- The Council adopt the same key worker household upper earnings limit as prescribed within the ODPM key worker living scheme.

