

Royal College of Nursing London response to the public consultation on Key Worker Living Rent as a form of rent control homes for Londoners

About the Royal College of Nursing

- With a membership of over half a million registered nurses, midwives, health visitors, nursing students, health care assistants and nurse cadets, the Royal College of Nursing (RCN) is the voice of nursing across the UK and the largest professional union of nursing staff in the world. RCN members work in a variety of hospital and community settings in the NHS and the independent sector. The RCN promotes patient and nursing interests on a wide range of issues by working closely with the Government, the UK parliaments and other national and European political institutions, trade unions, professional bodies and voluntary organisations.

Summary

- We welcome the Mayor of London's proposal to provide 6,000 affordable homes for Key Workers. However, we believe that the proposed initiative does not go far enough in meeting the significant demand for affordable housing for the capital's nursing workforce, given the number of affordable homes being built has fallen far short of what is need.ⁱ
- In summary, the RCN would like assurances that the proposal will not:
 - Disadvantage those on middle to lower incomes (below the average used to calculate the threshold)
 - Impact on the relative affordability of homes in outer London where salaries are lower
 - Increase rents and service charges, except in line with average key worker salaries and must not exceed NHS staff pay awards by government
- London's health and care services are a core part of the city's fabric and play a vital role in keeping the population safe and cared for. Nursing staff are intrinsic to keeping these services running, without which the city could not function safely. However, London's NHS is grappling with a nursing workforce shortage with over 6,000 vacant registered nursing posts, representing a vacancy rate of 7.8%, the highest of any region in England.ⁱⁱ There are also 22,000 vacant posts in the social care sector in London (across all roles).ⁱⁱⁱ
- The lack of access to affordable housing is a key driver for London's nursing workforce shortage. A survey of RCN London members revealed that 55% of respondents said they are likely to leave nursing altogether within the next five years, citing the lack affordable housing as the main reason for leaving.^{iv} When asked which interventions would help stop our members leaving London, they said increased pay followed by cheaper accommodation and discounted travel.¹
- Research suggests that individuals can expect to spend around 32% of their income on private rents in England.^v In London, average private rents stand at around half of an average salary^{vi} and nursing professionals in London told us that, on average, they spend 38% of their income on housing (rental and mortgage costs).^{vii}
- A factor for the successful implementation of the Mayor's initiative will hinge on its affordability. Setting rents and service charge fees, whether at London-wide or borough level, must support local nursing workforce planning. In addition, there must be supportive measures in place to ensure these homes will be attainable for nursing staff on lower bands (specifically those on Bands 2-4) and their counterparts working in the social care sector.

- The proposal to calculate the rent and service charge benchmarks at 40 per cent of key workers' average household net income would make family homes unaffordable for many under this scheme. The Office for National Statistics sets the affordability ratio of housing at 30% of gross income.^{viii} Key workers on lower incomes such as those on lower Agenda for Change bands, who fall below the average, would be priced out of this scheme.
- Any approach to setting rents and services charges must be assessed to ensure it will not undermine recruitment and retention initiatives. The Mayor must ensure that the preferred option does not limit proportional affordability of housing in outer London areas where pay is lower, and therefore, risk local nursing workforce supply.
- Increases in rent and service fees must not exceed NHS staff pay awards by government. This will be crucial for ensuring that intermediate housing remains a viable option for nursing staff. Despite many years of experience, the vast majority of nurses are on the lowest pay bands possible. Today 44% of registered nurses working for the NHS in England are on band 5 salaries, the lowest salary for registered nurses.^{ix} For many, their ability to earn a higher salary is inextricably linked to the future government pay awards.
- The Housing Policy Practice Note, *Allocating homes to London's key workers*, is too broad and does not mandate local councils to prioritise housing for specific key workers, such as nursing staff. There is nothing to compel local councils or providers to refer to it in planning applications and there is no publicly available data since its publication to assess how effective it has been at securing intermediate housing for key workers.
- We believe there is potential for greater collaboration between NHS institutions, local councils and housing providers to identify future key worker housing needs, and these bodies must be transparent in determining how they determine local workforce needs.
- We believe that surplus NHS land, for which there is no future clinical use, should be retained and repurposed to deliver affordable homes, with priority access given to NHS workers. The Mayor, alongside NHS leaders in London and local authorities, should work together to find a better alternative to selling off excess land from the NHS estate and commit to using the land for key worker housing.

Q.1 What do you identify as the main considerations for the Mayor to ensure that KWLR homes will be attractive to Londoners in need of intermediate housing, especially key workers

There are several important factors that must be considered. These are as follows:

- **The key principle in setting rent and service charges, and future increases**, should be affordability. This should be based on a realistic assessment of salaries and should take into account lower banded NHS staff and the equivalent roles working in the independent sector. Taking the 2023/24 average salary figure for nursing professionals and using the monthly rent and service charge benchmark for a 1 bed property set out in the consultation document, a London registered nurse with a gross annual income of £40,648 spending £1,099 a month on rent/service charge around 40% of their net income, leaves £1,633/month to spend on essentials. In contrast, for a nursing auxiliary/assistant with an average gross income of £27,155, £1,099 per month would represent 57% of their net income and would leave them with only £823 per month for essentials for the rest of their month. We have outlined our insight on income and expenditure for nursing staff in response to Q3. This 40% benchmark would therefore leave the housing unaffordable for many sole income individuals and families. An illustrative example is outlined below.

London	Average gross salary/yr	30% gross income benchmark/yr	40% net income benchmark/yr	Therefore, the 40% net income benchmark costs an extra/yr:
Registered nurse	£40,648	£12,194	£13,115	+921
Nursing auxiliary	£27,155	£8,147	£9,229	+£1,082

- We would need assurances that **families on lower salaries can claim Universal Credit for rental costs as part of the scheme.**
- **Ensuring equity of access for internationally educated nursing staff.** London’s health and care service is hugely dependent on overseas nursing staff to plug the nursing workforce gap in the city. This group often face additional challenges in securing affordable accommodation in the private housing sector. As key workers, internationally educated nursing staff, working both in the NHS and independent sector, must have the same right to apply for and secure intermediate housing. This includes ensuring that those with a ‘no recourse to public funds’ condition attached to their visa are not excluded from the scheme. The RCN also recommends raising awareness of the scheme amongst migrant workers who may have less knowledge of the UK’s housing system to maximise uptake.
- **Ensuring a mix of accommodation options.** There must be a range of options available to accommodate the needs of individuals and families. The RCN’s Member Support Service is fielding increasing enquiries from members who have a family, but do not qualify for social housing and those who have a family and have secured social housing. We are now seeing more members fall into the ‘stretched finances’ category as they are spending upwards of 50% of their salary on housing costs.^x This is not sustainable for long periods. Some members struggle to pass the 30 times rule in the private sector, whereby a property is not deemed ‘affordable’ unless a prospective tenant’s annual income is 30 times the monthly rent. As a result, members who get turned down for private rental properties will seek to move to a more affordable postcode.

- **Security of tenure** will also be crucial to give nursing staff stability and security.
- **Promoting the KWLR homes and increasing awareness of the product** amongst key workers will be important to ensure there is awareness of local initiatives. We know that awareness amongst nursing staff of housing options in London is very low. Previous RCN London research showed that just 6% of respondents were aware of their employers helping with housing.^{xi} The lack of information and transparency is very concerning and presents a significant missed opportunity to help nursing staff in the capital access affordable accommodation.^{xii}

Q3. Please share any insights you have on demand for intermediate housing and, in particular, intermediate rented homes, from key workers, as defined by the GLA's list of key worker occupations or local additions to it?

This might include insights on the role of intermediate housing in supporting recruitment and retention, or on the profile of key workers seeking and securing intermediate housing.

Access to affordable housing is key to attracting and retaining London's nursing workforce. Long before the current cost of living crisis, nursing staff said access to genuinely affordable housing was one of the biggest reasons for leaving London. Worryingly, this challenge continues. In a survey from January 2024, 55% of RCN London members said that they are likely to leave nursing altogether within the next five years, citing the lack of affordable housing as the main reason for leaving. Furthermore, a research report looking at affordable Homes for NHS Staff in North Central London echoes our concerns and outlined that 13,600 hospital staff working in North Central London cannot afford to live in a home that provides the basis for a sustainable future working in London's health service.^{xiii}

Today, there are over 6,000 vacant nursing posts in the NHS in London,ⁱⁱ with thousands more in social care.^{xiv} This puts significant pressure on health and care services and ultimately undermines the ability of local services to provide safe and effective care to Londoners.

Within London itself, there is wide variation in terms of need and workforce, meaning that a one-size-fits-all approach to benchmarking rents may not be suitable. For example, in 2023 there were 43.6 NHS and GP nurses per 10,000 within NHS South West London ICS, compared to 78.5 per 10,000 in North Central London ICS.

In London, average private rents stand at around half of an average salary^{vi} and nursing professionals in London told us that, on average, they spend 38% of their income on housing (rental and mortgage costs).^{xv} In addition, in a survey of our members in 2024, 75% of nursing respondents in London told us that they were worse off financially than they had been 12 months previously and six in 10 respondents (62%, 1,203) told us they had used less energy such as gas or electricity in their home to save money. Six in 10 (61%, 1,196) said they had used credit or savings for essential living costs within the previous 12 months.^{iv} With energy bills set to rise, the burden of essential costs such as energy must be taken into account in rent benchmarking.^{xvi}

Within the capital, 70% of London's nursing staff do not live and work in the same area.^{xvii} RCN London research showed that nursing staff working in inner London boroughs with a high concentration of hospitals cannot afford to live there. Over 52% of respondents said they worked in the boroughs of Southwark, Westminster, Hammersmith and Fulham or Kensington and Chelsea yet only 8.3% said they are resident there.^{xviii} The findings highlight the clear inequity of access to affordable housing London's nursing community face. It also highlights a fundamental risk to London's health system preparedness as the ability of the system to respond to a critical incident and mobilising nursing staff rapidly will be hamstrung due to staff not living locally.

Q4. Beyond the two Practice Notes and LPG on affordable housing described above, what more, if anything, could the Mayor do to support boroughs and housing providers to prioritise key workers for KWLR homes?

The Mayor, alongside NHS leaders in London and local authorities, should work together to find a better alternative to selling off excess land from the NHS estate and commit to using the land for key worker housing.

Q5. What do you think of the possibility that the Mayor makes allocating any KWLR homes he funds to key workers a condition of that funding (paragraph 5.8)?

We welcome this approach as it would create certainty that the intended purpose of immediate homes on land released would be used for key workers.

Q6. Do you have any insights or suggestions on how the Mayor could work with organisations and institutions interested in providing or securing accommodation for employees to support them to develop KWLR homes for staff (paragraph 5.10)?

While there are some good examples of local planning initiatives designed to provide housing support for NHS staff, there must be greater collaboration between NHS institutions, local councils and housing providers to identify future key worker housing needs. Furthermore, these bodies must be transparent in showing how they determine local need.

There must be a greater emphasis placed on raising awareness and promoting affordable housing available to key workers. For example, we know from our research that there is low awareness amongst nursing staff about what housing options exist within their employer, let alone what is provided more broadly by local councils. In our cost of living survey, just 6% of respondents were aware of their employers helping with housing. The lack of information and transparency is very concerning and presents a significant missed opportunity to help nursing staff in the capital access affordable accommodation.

Q8. What do you think about the potential starting point for setting rent and service charges presented at paragraphs 6.14 and 6.15 and Table 1, and why?

Rent set at 40% of average key worker household income would be unaffordable for many nursing staff. For nursing professionals on lower pay bands, or with lower incomes, percentage of income is not the most equitable solution, as those with lower net income will find 40% less affordable than those on higher salaries, due to the funds left over for other essentials such as utilities and food.

Today 44% of all registered nurses and health visitors working for the NHS in England are on standardised pay 'band 5' salaries, the lowest salary for registered nurses. Out of all the bands, the largest proportion of nurses are at band 5,^{xviii} meaning that rents remain similar in terms of affordability over time despite increasing experience in the profession. Furthermore, 89% of all nursing staff in the UK are female, and women are still significantly more likely than men to be the primary care giver for their children.^{xix} This means that nursing staff are disproportionately likely to take career breaks and part-time jobs as well as being financially responsible for childcare and associated costs. This impacts on the affordability of rental costs and must be taken into account in the benchmarking of rent for key workers.

Q9. What do you think about as Options A and B, outlined at paragraphs 6.17 to 6.20 above, as approaches to rent setting, and why? In particular, what do you think of the link between rent and service charges for KWLR homes and local market rents that Options B allows, and why?

We would caution that the option taken should not undermine local recruitment efforts. Any approach to setting rents and services charges must be assessed to ensure it will not undermine recruitment and retention initiatives. The Mayor must ensure that the preferred option does not limit affordability of housing in outer London areas where pay is lower, or else it could risk with the supply of nursing staff across the capital affecting the delivery of health and care services. For example, a blanket approach to rent setting could benefit inner London recruitment to the detriment of outer London.

Q.10 Do you think the Mayor should expect providers to set rents and service charges for KWLR homes at benchmarks when they re-let homes, or just when they first let them (see paragraph 6.21 above)?

We would expect to see continued benchmarking of rents when homes are re-let. Reasonable increases could be agreed upon and benchmarked based on average key worker salary increases.

In addition, we believe there is a role for an independent body to help set rents and service charges and furthermore, that this body should have powers to hold developers and housing associations to account if they exceed rent and services charges that are not deemed affordable for key workers.

Q.11 What do you think about the potential approaches to permitted increases in rent and service charge benchmarks for KWLR homes outlined at paragraphs 6.22 to 6.25 and illustrated in Table 2, and why?

To ensure continuity of affordability and access, increases in rent and service fees must not exceed NHS staff pay awards by government. This will be crucial for ensuring that intermediate housing remains a viable option for nursing staff in the future.

Despite many years of experience, the vast majority of nurses are on the lowest pay bands possible. Today 44% of registered nurses working for the NHS in England are on band 5 salaries, the lowest salary for registered nurses.^{xx} For many, their ability to earn a higher salary is inextricably linked to the future government pay awards. Therefore, potential approaches to permitted increases in rent and service charges must take account of this or risk pricing nursing staff out of the market and risk exacerbating an already fragile nursing workforce.

Q.13 To what extent do you agree that tenants of KWLR homes should not be obliged to leave their home if they cease to work in a key worker occupation and/or their household income increases above the threshold at which the household would be eligible for intermediate rented housing (paragraph 7.2) and why?

While we agree with the position of NHS Trusts that the provision of KWLR homes could support recruitment and retention of staff within the public sector through availability based on key worker status, we would expect to see exemptions in place in the case of ill health, family and caring responsibilities as well as exemptions for widow/ers.

Q14. Are there particular challenges you anticipate providers might face as a result of letting KWLR homes, with joint tenancies, to households with two or more members who are not partners? If so, are there approaches that you recommend providers adopt to help them manage these challenges.

Separate tenancy agreements/licences for each member of a group would be best option. There is an issue where currently the majority of renters from international groups are forced to have one person listed on the rental agreement. If that member of staff leaves, there is an issue for the rest of those living in that accommodation.

Contact

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