

The Case for an in-house Housing Service for the London Borough of Barnet



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The **European Services Strategy Unit** is committed to social justice, by the provision of good quality public services by democratically accountable public bodies.

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1. Closure of ALMOs continues

1.1 The Decent Homes Programme was launched in 2001 to improve living standards by the installation of new kitchens, bathrooms and central heating systems. A Decent Homes Standards Review was launched in 2022 because 10% of social homes still did not meet the standards.

1.2 “Arms-Length Management Organisations (ALMOs) have spent more on improvements per property than local authorities that retained their stock. The Department has not gone back to examine whether ALMOs were provided with more funding than was necessary. The Department and the Homes and Communities Agency should go back to those ALMOs that have completed their work to identify why they spent more per property and assess whether any future funding needs to be reduced.” (The Decent Homes Programme, House of Commons Committee of Public Accounts, Twenty-first Report of Session 2009-10).

1.3 “The Department has very little information on whether the funds provided for improving private sector homes have been spent well.”

1.4 There were originally 70 ALMOs. However only 19 remain as of July 2024 as local authorities transferred housing services in-house. Only Barnet Homes (13,991 homes) and Sutton Housing Partnership (7,411) remain in London. Furthermore, Newcastle City Council (27,641 homes) and South Tyneside Council (17,375 homes) have both decided to transfer their housing service in-house, thus reducing the list of current ALMOs to 17. (“Our Members” National Federation of ALMOs, 9 May 2014).

1.5 Of the remaining members of the ALMO Federation, eight have between 4,000 and 7,400 homes, five have between 11,000 – 14,000 homes and three have between 28,000 - 24,000 homes.

1.6 Seventeen ALMOs have closed in London between 2010 and 2023 with housing services transferred back to local authority provision. This leaves two in London (Barnet and Sutton)

1.7 **Barnet UNISON produced a report in January 2012 which identified flawed methodology** in the then Council’s approach to the housing service. We also noted that “the London Boroughs of Ealing and Hillingdon have returned their ALMOs to in-house provision and Islington will do so in April 2012. These authorities examined the option of continuing with the ALMO, renegotiating the agreement with the ALMO, but decided to return the housing management service to in-house provision and close the ALMO.”

1.8 There have been a total of 17 closures of ALMOs in London to date.

Table 1: ALMOs closed by local authorities in London

Date/Year	Local Authority	No of Homes	Reasons	Tenant support
2010	Hillingdon	10,100 & 3,340 leaseholders	Expected to save £300,000 per annum by rationalising services	Positive support from tenants and leaseholders
2010	Hammersmith & Fulham	12,980 tenants & 4,430 leaseholders	Hopes to save £400,000 as Decent Homes programme is complete	A ballot revealed 70% of tenants Wanted to return to the Council
2010	Ealing	18,000	End the duplications of functions and deliver better value for money	61% of tenants supported closure
2012	Islington	36,000	Save £2m a year and disputes and deliver better value for money for the Council	n/a
2012	Newham	18,340	2012 Olympic Games investment plus ALMO Disputes over social cleansing	n/a
2012	Havering	15,000	Save £300k a year	48.3% of tenants wanted service return to Council
2012	Redbridge	7,000	Save £4m a year	63% of the 17% who responded agreed with closure
2014	Hounslow	16,500	Long delays in repairs & alleged fraud	57% tenants supported, only 9% opposed
2015	Waltham Forest	12,220	Save at least £300k p.a. ALMO bailed out twice with £7.6m	n/a
2015	Lambeth	24,000 tenants & 10,000 leaseholders	Overspend of £767k ALMO trading loss £575k. Save £1m per annum and £300k over next 3 years	Many tenants organisations opposed the ALMO from the start
2015	Enfield	11,610	Annual saving £519k Reviews in 2012 and 2014	n/a
2016	Hackney	33,740	Council and Hackney Homes agreed on closure as improvements had been made	56% of tenants who responded supported closure
2017	Brent	11,500	Tenant satisfaction had fallen to 56%	49.1% supported the Council decision to close ALMO
2018	Westminster	12,000 & 9,000 leaseholders	ALMO was failing residents on service delivery	n/a
2022	Haringey	15,750 & 6,000 leaseholders	More integrated services Improved accountability Stronger tenant voice	81% tenant support
2023	Tower Hamlets	22,000	Gain control over budgets and save £6m over 5years	86% of tenants and leaseholders agreed closure
2023	Lewisham	13,000 & 5,000 leaseholders	Council wants to ensure tenants and leaseholders are involved in how homes are managed	71% tenant supported ALMO closure

Sources: Local Authority Websites, Housing Digital, Inside Housing,

2. Advantages of in-house provision

2.1 Integrate Housing Services with other Council Services.

2.2 Meet the needs of tenants and residents more effectively and communicate with them directly.

2.3 Ensure coordination of the planning and provision of facilities, schools, community facilities, open spaces, recreational/sport and services that will be required for tenants/residents in regeneration areas and the 311 new homes at Upper Lower Fosters and the 830 Homes at Grahame Park North East.

2.4 Engage tenants, leaseholders and housing staff in developing innovative projects to improve service delivery.

2.5 Adopt a comprehensive and coordinated approach to retrofitting and decarbonisation of the housing stock and related community facilities.

2.6 Increase housing resources by eliminating the high corporate costs in Barnet Homes.

2.7 Barnet Homes and the Council have improved fire safety with £75m investment and created a healthy Homes Team to tackle cases of damp and mould, plus initiatives to tackle homelessness and rough sleeping in Barnet. These initiatives will continue after a transfer of Housing staff to the Council and will be delivered by the same staff.

- Deliver the right homes in the right places.
- Ensure safe sustainable council housing
- Raise quality and standards in the private rented sector
- Support living well by promoting healthy homes and wellbeing
- Prevent homelessness
- Ensure a sufficient supply of accommodation
- Provide support for people who are or have been homeless
- Ensure safe sustainable council housing
- Prevent homelessness and support rough sleepers off the streets

(Barnet Homes 2024-25 Delivery Plan)

3. Embedded workforce inequalities in Barnet Group subsidiary TBG Flex Limited

3.1 The UNISON report on Pay and Conditions Claim 2021 in the Barnet Group explained how TBG Flex is a Company within the TBG Group structure

“...for the recruitment and employment of staff. TBG Flex is the Group’s preferred vehicle for employing new permanent and temporary staff, when needed, and will be fundamental to making our business growth strategies commercially viable in the future.” (TBG Annual Report, 2019).

3.2 Details of the differences in pay rates, pensions and other terms and conditions are contained in UNISON’s 2021 report.

3.3 TBG Flex previously charged other companies in the Barnet Group a 4% annual fee for the employment of staff, but it was reduced in 2023 to 3.1% for Barnet Homes and 1.5% for YCB and will be ‘locked’ at 1.5% for YCB with a higher balancing rate for Barnet Homes.

3.4 TBG Flex was incorporated in October 2015 and made an increasing profit every year since 2017 rising to £446,000 in April 2023 which increased the company’s **retained earnings rising to £1,271,000** (TBG Flex Annual Report 2023, page 14) .

3.5 Annual wages in YCB plummeted by £12,000 per annum between 2013-2020. TBG Flex annual wages also declined since 2018 in contrast to Barnet Homes which hovered around

an average of £30,000. Annual employment data reveal broad trends but conceal variations in the use of part-time jobs.

3.6 The TBG Flex pension scheme is a defined contribution pension scheme which means that the employee's pension is entirely dependent on the total sum paid into the pension scheme plus the gains/losses made on investments on the stock market (in this case managed by Legal & General). TBG Flex was based on 3% employee and employer matched contributions deducted from your Flex Fund and was increased to 4% employee and employer contributions from April 2019. The difference between pension contributions as a percentage of wage costs varies between 2.6% for TBG Flex and 31.6% in Barnet Homes.

3.7 The TBG FLEX company began operating 2017 when Barnet Council was under Conservative control. The Barnet UNISON report "Pay and Conditions Claim 2021" devoted Part 3 (Pages 17 – 24) to exposing the differential impact on terms and conditions in the Banet Homes workforce. TBG Flex plans to increase the number employees from 616 in 2023-24 to 767 by 2027-2028 (Annual Report 2023-2024).

3.8 There are several references in the report to Overview and Scrutiny referring to "Barnet Homes remain as the lowest cost housing delivery team when compared to its peer group in London." But these statements are fundamentally flawed because they conceal the exploitation of the workforce in Barnet and not its efficiency or level of productivity.

3.9 Barnet Labour Party has inherited a model which has embedded a workforce based on inequalities. The workers in The Barnet Group are delivering Council public services but who are subjected to second class terms and conditions. This runs counter to the **New Deal for Working People** promised by the Labour Party in the general election.

4. Gender pay gap in Barnet Homes and Your Choice Barnet

4.1 The gender pay gap is alarming between The Barnet Group and Your Choice Barnet. This should be of concern to any organisation which is subject to the Public Sector Equality Duty. No data has been provided regarding a race pay gap but we believe on the basis of an informed assumption that any data would show similar inequalities as the gender pay gap data demonstrates.

4.2 Average hourly rate by gender data (Equality, Diversity and Inclusion Annual Report 2022-23)

Barnet Homes

Gender	% of total	Average of hourly wage
Female	54.78%	£20.42
Male	45.01%	£22.04
Unspecified	0.21%	£19.43

Your Choice Barnet

Gender	% of total	Average of hourly wage
Female	83.21%	£12.97
Male	16.55%	£13.55
Unspecified	0.24%	£11.95

No information was available on the Race Equality Pay Gap

5. Housing Workers Quotations

5.1 *“The Council talk a lot about Equality but seem to be happy to ignore the blatant inequality of the Barnet Group”* Outreach Worker

5.2 *“Housing Services should be in house – we are Council workers and should be treated as such.”* Repairs worker

5.3 *“When we were TUPE into Barnet Homes they lied to us – we were told we work for the Council, we do, but we don’t get Council T&Cs or Pension, it needs to happen”* Council Housing Repairs worker

5.4 *“Too many fat cats at the top who believe they are indispensable – they don’t do the work, we do, we deserve a decent pension.”* Housing worker

5.5 *“I didn’t realise until after I joined [TBG Flex] how badly they treat housing workers, it’s a disgrace.”* Housing Needs Officer

5.6 *“The worst thing is we spend millions on bureaucracy instead of front-line Housing Services.”* Housing worker [Finance]

5.7 *“We support the most vulnerable in our community to maintain their tenancies – but our employer treats us like second class Public Servants.”* Outreach worker

5.8. *“All I want is to be treated with the dignity and respect afforded to other Council workers and have a pension I can afford to retire on – is that really too much to ask?”* Housing Officer

5.9 *“Talk is cheap – Labour promised us something better than this Tory employment model based on inequality – time for the administration to deliver”* Housing Needs Officer

5.10. *“They wonder why its so difficult to employ Housing Officers and retain them – maybe treat your Housing staff the same way as every other London Borough.”* ASB Officer

5.11 *“The Barnet Group are preaching Equality, well Equality begins at home, pay us the same as other council workers.”* Sheltered Housing Officer.

5.12 *“We perform well as an organisation because we [Housing staff] are good at what we do, despite our senior management. We should have the same T&Cs and pension as other Council workers.”* Housing Officer

6. Consultation with tenants, leaseholders and residents

6.1 The first report to Overview and Scrutiny Committee on the future of the Housing Service stated that a Steering Group will be set up to facilitate stakeholder engagement. Key stakeholders include tenants, leaseholders and trade unions and must be fully represented in the Steering Group and engaged throughout the process.

6.2 Barnet Council must have a lead role in the planning and implementation of the consultation. Table 1 has ten examples of conclusive support by tenants and leaseholders for local authority housing services in London to be directly operated by local authorities.

6.3 The consultation should not focus on the existing performance of the Tenant Satisfaction Measures, but make the case for an effective in-house service that can improve and develop to meet tenants and leaseholders longer-term housing needs.

7. Estimated costs/savings of transfer of housing and YCB inhouse

7.1 The undated report to Overview and Scrutiny claimed that a transfer of services to the Council would be ‘unaffordable’ (para 1.67). Total cost/savings from the full closure of Barnet Homes would be £1,967,000 per year to £3,167,000 per annum. The retention of Opendoor and Bumblebee in Barnet Homes and transfer of Your Choice Barnet would involve additional costs and savings.

7.2. However, if they wish to continue with TBG as a separate entity [not what we would recommend or want] but if they wish to do so then they need to give Local Government T&Cs and allow access to the Local Government pension – anything less will and is leading to industrial unrest and a workforce that feels they are being cheated.

7.3. It is significant that the accumulated profits/retained earnings in TBG Flex Limited were **£1,271,000** in April 2023 which were absent from the Barnet Homes/Council financial analysis. A further £450k profit is expected in the accounts for 2024 and again in 2025.

7.4. In addition, the transfer of the Housing Service to Barnet Council should lead to a significant reduction in the corporate costs in the Barnet Group.

7.5 The estimated costs of transfer are between £3.95m and £5.3m with £800k one-off costs (Table 3).

7.6 The estimated savings and retained earnings in TBG Flex total £2.95m. This leaves a gap of between £1m and £2.3m (Table 3).

Table 3: Estimated costs and savings in the transfer of the Housing Service inhouse

Estimated costs per year	£	Estimated savings	£
Barnet Homes staff move to LGPS	2.1m – 3.3m	Removing Chief Exec role	220k
LBB T&C holiday & sick pay	250k	Removing back office from Barnet Homes	500k
Loss of service level provided to TBG by LBB	300k	Removing Board	63k
Redundancy to avoid duplication back office service	500k (one-off)	Retained earnings in TBG Flex at April 2023	1,271k
		plus estimated £450k in April 2024	450k
		plus estimated £450k in April 2025	450k
Winding up costs	300k(one-off)		
Transfer of Your Choice staff to LBB	1.3m-2m		
Total	3.95m –5.3m 800k one-off	Total	2.95m

Source: Report by Deputy Chief Executive LBB, Head of Strategic Housing LBB and Chief Executive of The Barnet Group to Overview and Scrutiny (undated).

7.7 The Report to Cabinet also estimated the cost or savings of the future of Opendoor Homes and the potential closure of Bumblebee and Medium Term Financial Strategy acquisitions.

8. Recommendations to Barnet Council

- 8.1 Transfer the Barnet Homes housing service to Barnet Council to maximise the integration of Council services to increase their effectiveness and achieve public objectives and values. This is part of UNISONs Bringing Services Home policy and the Labour Party's commitments about reviewing all outsourced contracts.
- 8.2 Abolish the inequitable and discriminatory TBG FLEX Limited two-tier employment structure in Barnet Homes. *"Most staff are employed through TBG Flex. Whilst TBG is owned by the Council it was set up to manage the Council's social housing properties at a lower cost than the Council could deliver, as well as to be able to compete with the private sector for care and support. For this reason, TBG Flex offers different terms and conditions the Council"* (Report to Cabinet, 16 July, 2024). The embedded inequalities in TBG Flex must be removed as a matter of priority.
- 8.3 Allocate the £1,271,000 accumulated profits/balance in TBG FLEX at 31 March, 2023 (certain to be larger in 2024 and 2025) to reduce the cost of transferring the housing service to Barnet Council.
- 8.4 If necessary Barnet Homes should retain control of Opendoor Homes and Bumblebee Lettings.
- 8.5 Transfer all Your Choice (Barnet) services to Barnet Council's Adult Social Care.
- 8.6 Once Barnet Council has completed the review of the housing service it should consult tenants, lease holders and trade unions and carry out a consultation process to obtain their agreement to the transfer of the housing service to Barnet Council or to maintain the existing agreement with Barnet Homes.
- 8.7 A Comprehensive Equalities Impact Assessment is legally required and should include a full analysis of the gender and racial impact of the two-tier terms and conditions operated by Barnet Homes for the last 7 years.
- 8.8 The Council and Barnet Homes have a Public Sector Equality Duty which they are not adhering to because of the inequality prevalent in Barnet Homes and across the Barnet Group. The transfer of the housing service inhouse will reduce these inequalities.

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