

# Bargaining in the Housing Sector

Briefing for Unite workplace representatives



# Introduction

This short briefing is designed to equip reps with current information and arguments to use when bargaining in the housing sector. It should be read alongside existing Unite materials designed to help reps negotiate pay.

## State of the Housing Sector

Information is power and readily available information on the Housing Association sector provides an abundance of ammunition for housing workers negotiating pay.

The Social Housing Regulator (SHR) helpfully provides us with three weighty reports each year that map out the state of the Housing Association (HA) sector<sup>1</sup>. Taken together, they tell a tale of a healthy, thriving and profitable sector.

Housing Associations own an increasing property portfolio reaching almost 3 million units at the last count with most of the growth was in more valuable general needs housing. The gross value of Housing Association properties is now approaching £1.5 billion.

Housing Associations are consolidating with less than 5% of Housing Associations now owning more than half of all the sector's stock. 95% of the sector's stock is owned by just 332 of the 1,500 active Housing Associations that unsurprisingly employ most of the staff.

Turnover has continued to increase and surpluses (profits) have repeatedly hit record highs, reaching £3 billion sector wide in the latest available figures (2014/15) - a massive 25% increase on the previous year. Much of this rise has been driven by non-social housing activities which are becoming an ever larger part of association's business strategy.

The sector has also had year on year inflation busting average pay increases for Chief Executives (4% average in 2016). For example David Cowans from Places for People has seen his pay rise 89% to near £530,000 since 2010, One Housing's Mick Sweeney has seen a rise of 75% over the same period, while L&Q's David Montague received a pay increase of over £86,000 between 2015 and 2016 taking his pay to £355,105.

The sector has never been more financially healthy yet Housing Associations often plead poverty to Unite members. Staff are expected to work harder for less pay and reduced pension provision. They are put under ever increasing performance pressures and are expected to be grateful that they have a job at all.

**Unite is saying enough is enough!  
It is time win our fair share!**

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- **Statistical Data Return: Private Registered Provider Social Housing Stock in England** (latest published 11 October 2016). The SDR provides aggregate data on stock size, types, location and rents at 31 March each year, plus data on sales and acquisitions made between 1 April and 31 March.
- **Global Accounts of Housing Providers** (latest published February 2016) This sets out information such as registered providers' income and costs, the value of their housing assets and the level of borrowing that they have. The report gives an overview and the spreadsheet provides data on the individual Housing Associations although this is often a year behind the current Housing Association's accounts.
- **Sector Risk Profile** (latest published September 2016) Primarily aimed at the boards of registered providers, this report is intended to help provide a better understanding of those risks in an increasingly complex and diverse sector.

# **Things to include in your claim**

## **Key issues for your pay claim:**

Pay and terms will differ widely between your different employers and you should consult and involve your members on the issue they most care about. There are, however, some key themes that are affecting Housing Associations for you to consider in your claim.

- **A fair pay rise that takes into account the increase in the cost of living.**

Pay rises in the housing sector have fallen far below inflation for many years now, with many staff also facing cuts to pay in some organisations. This is in contrast to sector chief executives that have had inflation busting pay rises on average over the last decade. Find out what has happened to pay in your organisation and make this a key part of your claim.

- **Real Living Wage**

Low pay is a very serious issue in some organisations, particularly those delivering social care contracts. Unite is backing the campaign for the Real Living Wage, set by the Living Wage Foundation. There should be no one earning poverty wages in the housing sector.

- **Pension's contributions**

Members should seek pay rises that take into account increases in pension contributions that are being driven by the Social Housing Pension Scheme (SHPS). The SHPS has an increasing deficit and this has meant that employers are required to make larger contributions while benefits are being reduced. In 2016 National Insurance contributions were also increased for both employers and employees. The changes to future benefits (introduced in April 2016) included increasing the Normal Retirement Age to 67 and capping pension increases before and after retirement at 2.5% per annum. Each employer will have implemented this differently but this is an important issue to raise in a claim.

- **Gender Pay Gap**

All employers with over 250 employees will be expected to publish information about pay ratios by 2018 and this is a strong lever to push for a higher pay rise for members, especially where executive pay has been rising fast. A gender pay gap can emerge where equal pay discrimination goes unchecked within an organisation and it's helpful for Housing Associations to commit to carrying out an equal pay audit. Tackling pay discrimination is therefore another major issue for a pay claim.

## **Can you broaden the pay claim?**

You may also want to address other terms and conditions that may affect staff in your claim:

- **The number of days holiday**
- **Hourly working week**
- **Loans for travel cards and bicycles**
- **Training**
- **Flexible working for parent**
- **Shift design and out of hours payments**
- **Child care vouchers**
- **London allowances**
- **Consolidation of additional bonuses**
- **Performance pay**

# Housing Association Information

## Rights as a Trade Union Rep

A recognised trade union representative has the legal right to ask for the most up to date financial information about your organisation.

The Trade Union and Labour Relations (Consolidation) Act 1992 states that every employer who negotiates with independent trade unions must provide information to them:

- Without which unions would be materially impeded in conducting collective bargaining with the employer; and.
- Which is related to matters the union is recognised to negotiate on for that group of employees.

The Act does not specify exactly what this information should be but the ACAS Code of Practice on 'Disclosure of Information:

[http://www.acas.org.uk/media/pdf/l/p/Code\\_of\\_Practice\\_-\\_Disclosure\\_of\\_information\\_to\\_trade\\_unions-accessible-version-July-2011.pdf](http://www.acas.org.uk/media/pdf/l/p/Code_of_Practice_-_Disclosure_of_information_to_trade_unions-accessible-version-July-2011.pdf)

## Finding Housing Association Accounts

Housing Associations can have a range of legal structures (e.g. coops, mutual or charities). That said all Housing Associations must register their accounts with the **Social Housing Regulator (SHR)** which is currently part of the **Homes and Community Agency (HCA)**<sup>2</sup>.

Each Housing Association will also produce an individual annual report. This can usually be found on their website, under "About Us" or "Publications".

If they have chosen not to publish their annual report on their website it can still be found in one of the following places depending on how the HA is set up:

- **Companies:** Companies house, <https://beta.companieshouse.gov.uk/>
- **Mutuals and Cooperatives:** The Financial Conduct Authority <https://mutuals.fsa.gov.uk/Search.aspx>
- **Charities:** The Charity Commission. <http://apps.charitycommission.gov.uk/showcharity/registerofcharities/RegisterHomePage.aspx>

If you are struggling to find the accounts for your employer you can receive support from the Unite Research Department – [research.enquiries@unitetheunion.org](mailto:research.enquiries@unitetheunion.org)

## Getting in touch with reps in other organisations

Unite members across over 300 Housing Associations and other reps may be able to share information about wages and terms and conditions in their organisation.

Unite officers will be able to help you get in touch with other organisations, both in your area and nationally, and can help you to link up with local branches in your sector: <http://www.unitetheunion.org/how-we-help/listofregions/>

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<sup>2</sup> The Homes and Communities Agency (HCA) is being split into two in order to separate its regulator role and investment arm. The regulatory arm will be called the Social Housing Regulator and should be an independent organisation by April 2018.

## Key information and arguments

Good information can be used to strengthen your arguments, help you to motivate and organise members and put pressure on your employer to win a fair pay rise for members.

Most of the following information can be found in your employer's accounts and further up-to-date information can also be requested from your management. You may also find useful information in press releases, investor presentations and the notes in the annual report.

### 1. Surpluses (profits)

Housing Associations are not for profit organisations so they do not make profit, but they often make more money than they spend. In not for profit organisations profits are called surpluses.

Over much of the last decade the vast majority of Housing Associations have made a surplus after tax and the money from these surpluses should be used to pay staff fairly.

### 2. Reserves (savings)

Housing Associations hold large financial reserves (i.e. savings) which can be found in their accounts. Housing Associations hold four types of reserves. These are as follows:

- **Capital Reserves** – this is an accountancy term used by some Housing Associations to represent the increased value of assets (mostly housing properties) i.e. it is an estimate of the cash that could be made from the sale of properties.
- **Designated Reserves** - these are surpluses which have been earmarked by the Housing Association board for particular purposes in their business plan, e.g. repairs and maintenance, welfare funds, property acquisition.
- **Restricted Reserves** – these represent surpluses which can only be used in accordance with the wishes of funders, regulatory bodies, or other external bodies (e.g. banks).
- **Accumulated Surpluses** - retained surpluses which have been generated by a Housing Association from its annual operating activity after making transfers to other specific reserves (i.e. profit). These are sometimes referred to as 'free reserves' as there are no specific restrictions on how they may be used.

While it is important for Housing Associations to hold reserves to plan for financial risks, many Housing Associations will have large free reserves, or have chosen to designate reserves rather than give a pay rise. Questioning reserve policy can be one factor that helps you to make the case for a fair pay rise for your members.

### 3. Information about future plans

Annual reports and accounts, as well as press releases and investor statements often present the long-term strategy and investment of your organisation. In most cases this will show the priorities of your management and where they intend to spend their money.

These plans are not inevitable but are a choice. If they do not factor in pay rises for staff that too is a choice in many cases. This is something that you can challenge them on.

#### **4. Staff numbers and salaries**

These figures will be included in your annual report and accounts. These are usually shown as a total cost of staffing figure (often referred to as salaries and wages, or remuneration). They will usually include figures for total numbers of staff, numbers of full time equivalent staff as well as overall spend on agency staff and consultants.

It is also important to ask management for a current breakdown of salary bands, how many people are on each band, what the hourly pay is, over time (if paid) and bonuses.

These figures can be used to show the average salary of staff and also the numbers of staff employed. Average staff salaries can be compared with senior figures pay while staff numbers can help you to cost your pay claim and compare that to surpluses and reserves. You may wish to challenge the costly use of consultants and agency staff too. This will strengthen your argument that a fair pay rise is affordable.

#### **5. The pay of Chief executives and other senior figures**

On average Chief Executive pay has risen by more than inflation almost every year since 2001. In many organisations the senior figures have had pay rises of £20-30,000 pounds in single years. Average basic pay of a Housing Association chief executive is now £150,000 but the highest paid now earns nearly £530,000.

It is likely that your CEO has had much better pay rises than your members over the last few years. This information has been helpfully compiled each year by Inside Housing magazine showing which CEO had the largest rises.

Unite has access to the long term data for CEO pay in many organisations dating back as far as 2001. This can be accessed by contacting the Unite research department: [research.enquiries@unitetheunion.org](mailto:research.enquiries@unitetheunion.org)

#### **6. Your members are your best source of power and information**

Your members are a huge source of information regarding what is going on in the organisation.

You should carry out a survey of staff to identify pay concerns. Unite has provided a model survey in the Fight for Four campaign pack. This survey should help you to understand the major issues motivating your members and how much strength you have to push your pay claim demands.

Your members may also be party to information from their day to day work that will help you to develop your case in negotiations, for example they work in the finance department. This information can be useful in countering myths and give you levers to pressure the employer with. Be careful to protect your sources scrupulously though, as you would not want to put members in difficult positions with management.

# Unite Pay Bargaining Resources

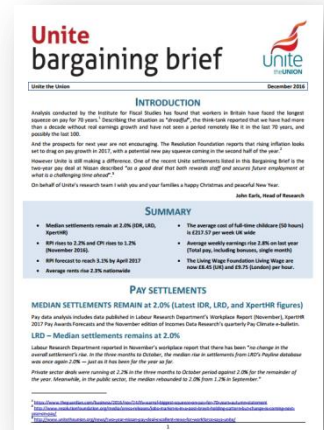
## Bargaining Brief

Unite produces a monthly bargaining brief for all workplace reps. It provides key pay information and updates on other relevant issues including:

- Current inflation rates and other prices (housing, childcare)
- Average earning
- Average settlements
- Latest Unite deals
- Government Minimum Wage rates and Living Wage rates

See more at:

<http://www.unitetheunion.org/campaigning/repzone/bargainingbrief/>



## Work, Voice, Pay

As part of Unite's industrial strategy, a range of Work, Voice, Pay guides have been produced to assist you, our shop stewards and representatives, in your critical work on behalf of our members.

These include guides to:

- Campaigning Around Pay
- Drafting a Pay Claim

Model template agreements:

- Trade Union Facilities
- Trade Union Recognition
- Agency Workers
- Apprenticeships

A database of Unite agreements



Training is also available for reps on organising around pay

See more at: <http://www.unitetheunion.org/work-voice-pay/work-voice-pay-guide/>

## Equality

Pay discrimination of people with protected equality characteristics (Gender, Race, Religion, Disability, Age and Sexuality) is another major issue for a pay claim.

Unite's Equality department provides guidance and support for reps seeking to challenge pay discrimination and bring in fair pay. This includes guidance on:

- Pay gaps
- Organising fair pay
- Equal Pay Audits
- Job evaluation

For more information visit: <http://www.unitetheunion.org/unite-at-work/equalities/>



# **Busting myths and key arguments**

Unite members have encountered the following arguments from Housing Association employers when negotiating pay.

## **MYTH: “Government policy is putting income streams at risk”**

Employers complain about excessive challenges and risks to income streams from government policy such as the mandatory 1% rent cut for social housing, income lost through welfare reforms, the impact of right to buy and National Minimum Wage rises. The latest of these will be the introduction of fees for regulation based on the number of housing units they own.

### **Unite says:**

While the challenges that Housing Associations point to are real enough, the negative impact on their businesses overall are normally minimal. Many associations are sitting on huge reserves after making record surpluses, and as housing providers they have substantial asset bases. In most cases risks that Housing Associations face are due to the poor decisions of management and the development model they have chosen to pursue.

As such these complaints appear somewhat hollow and certainly do not justify pay cuts, pension cuts, job losses and work intensification that associations inflict on their staff. Such actions are both opportunist and ideological.

## **MYTH: “Private housing income cannot be used for pay rises”**

Employers argue that money made from private rentals or houses built for sale cannot be used to cross subsidise contracts and pay salaries of workers delivering government contracts such as supported housing.

### **Unite says:**

Housing Associations have been rapidly increasing their income from developing properties for market rent and outright sale. For example at present many associations based in and around London generate less than half of their income from social housing. In many cases they have built this business on the back of their work in social and supported housing, winning contracts on the back of their good name. They are therefore not separate businesses and staff should receive their fair share.

## **MYTH: “Market forces justify pay cuts for staff and CEO pay rises”**

Employers argue that market forces, caused by contract competition, are forcing them to cut salaries to compete. At the same time those same market forces mean that they must pay large salary rises and bonuses to their CEOs to keep them from going elsewhere.

### **Unite says:**

The market has been shaped by the actions of these very same employers. If they worked together they could easily avoid the race to the bottom instead of trade on cuts to staff



terms and pay. Such an argument is a convenient ideological choice to justify pay cuts and fat cat pay rises for the top.

### **MYTH: “BREXIT is causing uncertainty for Housing Associations”**

Employers are arguing that economic uncertainty caused by the UK BREXIT vote is causing uncertainty for the housing association sector.

#### **Unite says:**

While the impact of the BREXIT vote is still unclear and economic volatility is a major concern, the negative impact on Housing Associations should not be overstated. As has been stressed above Associations are sitting on huge reserves and large asset bases and have been making record surpluses. It is unclear yet what the impact will be on the housing market, but it has been reported that some Housing Associations are quietly confident that BREXIT may offer opportunities as well as risks.

The latest quarterly survey from the Homes and Communities Agency (HCA)<sup>3</sup> (December 2016) concluded that the housing association sector is in a “robust” position to respond to economic uncertainty following the Brexit vote. It concluded that the economic environment for housing associations was “largely benign” with “little immediate impact” from the Brexit vote.

### **MYTH: “Paying all staff the Living Wage is unaffordable”**

Employers argue that paying the real Living Wage (as set by the Living Wage Foundation) is unaffordable.

#### **Unite says:**

It is absurd that organisations designed to support vulnerable people and those on low income with housing should be paying their own staff or contractors poverty wages.

There is strong evidence that far from adding costs to an employer, paying staff the Living Wage or higher actually improves outcomes for businesses. Staff morale increases and productivity rises while employee turnover reduces saving employers money in recruitment costs.

The Living Wage foundation provides guidance<sup>4</sup> and assistance to employers that want to introduce the Living Wage and with nearly 1,000 registered Living Wage employers across the UK it is clear that not paying the Living Wage is a choice.

Unite would also stress that the Living Wage should not be a substitute for proper negotiations with union reps or used as a bargaining chip to reduce other terms and conditions.

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<sup>3</sup> <http://www.insidehousing.co.uk/business/regulation/sector-in-robust-position-to-face-post-brexit-economy/7017917.article>

<sup>4</sup> [http://www.livingwage.org.uk/sites/default/files/BAR\\_LivingWageReport%20cropped%2021%2001.pdf](http://www.livingwage.org.uk/sites/default/files/BAR_LivingWageReport%20cropped%2021%2001.pdf)

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