

The Barnet Group – Formal Response to Barnet UNISON Pay, Terms & Conditions and LGPS Claims (2026/27)

From: The Barnet Group

To: Branch Secretary, Barnet UNISON

Subject: Response to Barnet UNISON pay, terms & conditions and LGPS claims (Barnet Homes and Your Choice Barnet)

Dear John,

Thank you for your email and for the constructive way you and colleagues have continued to engage in these discussions. We also recognise the significant financial pressures staff are experiencing, and we appreciate the way UNISON is reflecting those concerns through the process.

We acknowledge the impact increased cost-of-living is having on staff, especially those on the lowest pay. As an employer we want to support staff in any way we can whilst also ensuring the Executive Management Team's and the Boards' fiduciary duties are met. These includes acting in the best interests of the organisation, with specific emphasis on ensuring long-term sustainability, solvency, and sound financial management, and making informed decisions to prevent insolvency.

Nonetheless, despite the significant financial pressures on both The Barnet Group and the council, which commissions service delivery, in the last five years, as you know, we have made several changes to try to support staff, including:

- Improved TBG Flex T&Cs
- Offering all TUPE transfer staff the opportunity to move to TBG Flex
- Supporting staff with continued options for working remotely / flexibly where not impacting on services

We must have a sustainable business to support employment. Increasing cost of living is not just impacting staff but also customers, our supply chain, and our own costs. We have increased demand for services and rising prices.

For Barnet Homes, all services are delivered using money received through the Management Fee, which is ultimately rent and service charges received from tenants and leaseholders.

For Your Choice (Barnet) most of the income is on a £1 for £1 basis funded by adult social care. We do not make any profit on this, and in any case any Group surpluses are reinvested in services.

Previous negotiated changes to Terms & Conditions

From 1 April 2022, The Barnet Group implemented:

Additional holiday entitlement

- All posts receiving 25 days' annual leave
- (+2 days annually for posts graded up to and including 9 small – no change for those above this)

Increased sickness entitlement

- SSP-only entitlement reduced from the first year to the probationary period only
- Followed by 4 weeks' OSP, then:
 - 8 weeks full pay (after 1 years' service)
 - 12 weeks' full pay (after 2 years' service)
 - 12 weeks' full pay + 4 weeks' half pay (after 3 years' service)
 - 12 weeks' full pay + 8 weeks' half pay (after 4 years' service)
 - 13 weeks' full pay + 13 weeks' half pay (after 5 years' service)

From 1 August 2022, The Barnet Group implemented:

- Life insurance (death in service benefit) of 3x annual salary

Your Choice (Barnet) financial position

Your Choice Barnet is forecast to make a loss of £824k for the year ending 31 March 2026 against a budgeted surplus of £134k for the same period. The most significant losses arise in the two care homes (Dell Field and Meadowside), Valley Way, and Hester Court, which is still the mobilisation phase.

Income in the care homes is mainly generated from a combination of private beds and beds block booked by LBB. 84% of expenditure in YCB relates to staff costs, meaning that any increase in staff costs compared to income levels will have a negative impact on the budget.

The 2026/27 budget approved by the YCB Board indicates a surplus of £34k on a gross turnover of £22.5m, or 0.2%. While YCB does not exist to make significant surplus and any surplus would be reinvested, any increase in staff costs will have a detrimental impact. If staff costs were increased by any of the scenarios outlined below, YCB would be unable to support the continued delivery of services as these would be unviable.

The YCB balance sheet as of 31 March 2025 showed negative retained earnings of £1,224k. Due to the deficit for the year, negative retained earnings will increase by

£824k to £2,048k. The directors of the business would have no mechanism to reduce the losses arising from increasing staff costs.

Barnet Homes financial position

Barnet Homes is forecast to make a surplus of circa £50k for the year ending 31 March 2026 against a budgeted surplus of £137k for the same period.

Income in Barnet Homes is mainly generated from the core services provided under the management agreement to LBB and the non-core income for activities such as some activities relating to temporary accommodation and the supply of new “affordable” homes. As is the case with YCB, a significant majority of expenditure in Barnet Homes relates to staff costs, meaning that any increase in staff costs compared to income levels will have a negative impact on the budget.

The 2026/27 budget approved by the BH Board indicates a surplus of £430k on a gross turnover of £65.2m, or 0.7%. While Barnet Homes is a not-for-profit organisation, any increase in staff costs will have a detrimental impact. If staff costs were increased by any of the scenarios outlined below, Barnet Homes would move into an annual deficit position, eroding its reserves and ultimately limiting its ability to deliver services. An organisation which makes regular deficits would not be viable in the long-term.

Due to the financial constraints of London Borough of Barnet (LBB), and the pressure on the Housing Revenue Account (HRA), from 1 April 2026 the core management fee paid by LBB to Barnet Homes will be reduced by £2,763k, or 6%. As such, costs in Barnet Homes have also been reduced by a corresponding amount in the 2026/27 budget following a significant cost efficiency review undertaken across all services in 2025/26. These reductions mean that any increase in staff costs compared to the management fee will have a negative impact on Barnet Homes’ financial position.

London Borough of Barnet financial position

The financial context of the council is relevant as through the management agreements it pays Barnet Homes and YCB to deliver the services.

The council faces significant ongoing financial challenge, as highlighted in the Business Planning 2026-2031 (Medium Term Financial Strategy) and 2026/27 Budget paper tabled at Cabinet on 24 February 2026 (“Business Planning 2026-2031 Medium Term Financial Strategy Feb 26 Cabinet.pdf”). This includes:

- The revised MTFs shows a budget gap of £79.3m for 2026/27, including identified savings. This is the unfunded gap taking into account identified / proposed savings of £9.4m.
- For 2026-2031 the MTFs shows the budget gap increasing across the MTFs period due to cost pressures with a forecast budget gap of £244m in 2031.

This is the unfunded gap taking into account identified / proposed savings of £19.4m.

- LBB is seeking assistance from Government in the form of an application for Exceptional Financial Support (EFS) of £79.3m to help achieve a balanced budget position for 2026/27.

Impact of the 2026 pay and T&Cs claim (costings)

Whilst there are some areas where we are limited in what can be shared due to commercial sensitivity and the nature of internal financial assumptions, we are committed to being as transparent as we can within those constraints, and to supporting meaningful dialogue.

1.1.1 Pay increase of at least £3,000 or 10% (whichever greater)

YCB

- Existing budget (2026/27 with inflation): £17,242,912.93
- Total cost: £18,276,162.95
- Impact: **+ £1,033,250.02**

BH

- Existing budget (2026/27): £29,312,558.95
- Total cost: £32,343,661.95
- Impact: **+ £3,031,103.00**

Commentary: Both options would increase annual staff costs by up to c. £3m per annum.

1.1.2 Minimum pay rate of £15 per hour

YCB

- Existing budget (2026/27 with inflation): £17,242,912.93
- Total cost: £17,460,716.00
- Impact: **+ £217,803.08**

BH

- Existing budget (2026/27): £29,312,558.95
- Total cost: £29,326,709.72
- Impact: **+ £14,150.77**

Commentary:

- Barnet Homes has 27 staff who earn less than £15 per hour.
- Your Choice (Barnet)'s services are commissioned by the council. Its rates must be competitive within the social care market, and its services are at the higher cost end due to the existing pay levels and T&Cs.
- YCB is unusual in the sector in paying London Living Wage for its care workers, in addition to the wider enhanced T&Cs. LLW has increased significantly over the last 10 years, with a 23.8% increase in pay for our staff paid this rate in the last three years alone.
- The Barnet Group has no influence over the London Living Wage. It is set by the Living Wage Foundation, which assesses it as “a decent wage” and “the only UK wage rate based on living costs”, with the London Living Wage rate based on the higher cost of living in the capital.

1.1.3 Apply increases consistently to overtime/enhancements/allowances

- n/a

1.2.1 Two-hour reduction in standard working week (no loss of pay)

YCB

- Existing budget (2026/27 with inflation): £17,242,912.93
- Total cost: £17,997,032.07
- Impact: **+ £754,119.14**

BH

- Existing budget (2026/27): £29,312,558.95
- Total cost: £30,686,591.55
- Impact: **+ £1,374,032.60**
- Additional recruitment to cover “lost hours”: **+ £1,216,633.08**

Commentary:

- For every 19 people with a 2-hour reduction in working hours YCB would need an additional full time equivalent member of staff. This would result in a need to employ an extra 23 staff.
- If Barnet Homes reduced the standard working week with no loss of pay, an additional 29 people (or 28.85 FTE) would need to be employed to deliver the workload expected during the lost hours.

1.2.2 Additional one day of annual leave

YCB

- Existing budget (2026/27 with inflation): £17,242,912.93
- Total cost: £17,638,239.68
- Impact: **+ £79,902.73**

BH

- Existing budget (2026/27): £29,312,558.95
- Total cost: £29,411,647.84
- Impact: **+ £99,088.89**
- Additional recruitment to cover “lost hours”: **+ £40,000**
- (+ cost to procure additional sub-contractor hours to complete the jobs at higher rate than in-house delivery)

Commentary:

- Your Choice (Barnet) would need to employ an extra 23 staff to provide cover.
- If Barnet Homes were provided with an additional day of annual leave, an additional 4 people (or 3.58 FTE) would need to be employed to deliver the workload expected during the lost hours.

2.1.1 Move staff onto equivalent core terms and conditions to LBB/NJC standards

YCB impacts (summary):

- Annual Leave: **+ £399,514.17**
- Sickness: impact depends on absence and years of service
- Maternity: 2 weeks additional 10% of pay (depends on take-up)
- Paternity: would worsen if aligned to LBB (TBG Flex offers 2 weeks full pay vs LBB 1 week full pay + 1 week SPP)
- Adoption Leave: 2 weeks additional 10% of pay (depends on take-up)
- Redundancy: no difference vs LBB
- Notice: 1–4 months difference (9 Big and Directors vs LBB grades G–M)
- Pay Progression: LBB is 2.25% until top of scale (not applicable for TBG Flex)
- Pay Protection: 9 months’ pay per person (maximum difference)

BH impacts (summary):

- Annual Leave: **+ £594,533**
- Additional recruitment to cover “lost hours”: **+ £240,000**

- Other items as above (variable impacts)

Commentary:

- Annual leave cost is based on increasing minimum TBG Flex entitlement of 25 days (27 after 2 years; 30 after 3 years) to the LBB equivalent of 31 days, factoring in existing length of service.
- Many impacts vary year-to-year depending on take-up and circumstances.
- TBG states the LATC model provides cost effectiveness and that TBG Flex pay and T&Cs allow TBG to operate competitively and provide cost savings to the council.

2.1.2 Single transparent pay structure / job evaluation

- n/a (costed as likely 1 year to agree and implement)

Commentary (as stated):

- LLW increases have out-performed NJC increases in recent years.
- YCB evaluation method: frontline care roles paid at LLW; some roles at LLW + 95p; senior roles on spot salaries.
- Hay job evaluation scheme has been in place since TBG Flex was established; joint evaluations carried out with UNISON for all new posts.
- Legacy Barnet Homes contracted staff could apply for GLPC-evaluated positions to access annual incremental progression.

2.1.3 Levelling up / no conditional loss of rights

- n/a

2.2.1 LGPS admission/access arrangements

YCB

- Existing budget (2026/27 with inflation): £17,242,912.93
- Total cost: £19,170,017.77
- Impact: **+ £1,927,104.84**

BH

- Existing budget (2026/27): £29,312,558.95
- Total cost: £32,495,600.95
- Impact: **+ £3,183,046**

Commentary (as stated):

- TBG states pension arrangements outside LGPS support competitiveness and cost savings.
- Reference is made to a July 2024 Cabinet paper which included LGPS transfer cost estimates and was a factor in the Council retaining the ALMO model for a further 10 years from 2026.

2.2.2 Joint meeting with stakeholders to agree route map/timetable

- n/a

Conclusion

Based on the context and the scale of the financial impacts set out above, as much as we may wish to try to cover the cost of the impact of the cost-of-living crisis for all our people, The Barnet Group is not able to agree to the terms of UNISON's claim; however, I thank you again for the constructive tone of your engagement.

End.