

**STATEMENT BY THE DEPARTMENT OF TRADE AND INDUSTRY
AND THE DEPARTMENT OF TRANSPORT, LOCAL GOVERNMENT
AND THE REGIONS**

ARMS LENGTH HOUSING MANAGEMENT : Continuity of service

Summary

- **The Department of Trade and Industry and the Department of Transport, Local Government and the Regions consider that Arms Length Management Organisations (ALMOs) are already covered by the Redundancy Modification Order (RMO).**
- **However, in view of some local concerns, DTLR and DTI Ministers are considering urgently whether it would be possible to add an explicit reference to ALMOs to the RMO.**

1. Local authorities and representatives of their staff have asked if Arms Length Management Organisations (ALMOs) set up by local authorities to delivery their housing management responsibilities, as described in DTLR's guidance of April 2001, are covered by the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order 1999 (SI 1999 No.2277) - the "Redundancy Modification Order" (RMO).

2. This is directly relevant because it determines if a period of employment with an ALMO counts as continuous with previous and subsequent periods of employment with other bodies covered by the RMO for the purposes of determining an employee's entitlement to compensation in the event of redundancy. It is also indirectly relevant because inclusion of the employer within the scope of the Order has been chosen as a criterion for determining some of the terms and conditions of employment for staff of local authorities and related bodies.

3. Only the Courts can give definitive interpretations of the law. However, DTI and DTLR consider that ALMOs are already within the scope of the RMO.

4. Schedule 1 to the RMO lists the organisations employment with which is covered by the Order. Paragraph 6 of section 1 of that Schedule specifies:

"6. Any other authority or body, not specified in any of paragraphs 1 to 4 above, established by or under any enactment for the purpose of exercising the functions of, or advising, one or more of the bodies specified in paragraphs 1 to 4 above."

5. Accordingly, an ALMO:

- is a "body";
- is not specified in paragraphs 1 to 4, which mainly cover local authorities themselves;
- is established "under an enactment", normally section 2 of the Local Government Act 2000, which empowers local authorities "to do anything which they consider is likely to promote or improve the well being of their area"; and
- is established for the purposes of exercising the housing management functions of the local authority.

6. However, in view of some local concerns, DTLR and DTI Ministers are considering urgently whether it would be possible to add an explicit reference to ALMOs to the RMO. Their decision will be communicated to all interested parties as soon as possible.

7. Meanwhile, it is important to note that the position of staff transferred from a local authority to an ALMO under TUPE is protected. Further, it is open to any staff facing being made redundant by an ALMO and seeking employment with another employer covered by the RMO to clarify their position by asking that employer whether their prior service with a local authority and an ALMO will be treated as continuous before committing themselves to that employment.

DTLR

27 March 2002