

‘THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY’

by

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ABSTRACT

This thesis examines the development and implementation of Housing Action Trust (HAT) policy, with a particular emphasis on the theme of choice. When first announced, the Secretary of State for the Environment, Nick Ridley, argued that HATs would form the 'cutting edge' of the Government's urban regeneration initiatives. In practice, as only six HATs were ever established, they became something much more marginal and experimental. HAT policy therefore represents a curious episode in the development of housing policy in England. The 1980s Conservative Government's political ideology had been particularly influenced by the New Right and their critique of the welfare state, which *inter alia* called for the removal of the local authority monopoly in the rented housing sector through the demunicipalisation of local authority housing. The first policy instrument to demunicipalise council housing was a statutory right-to-buy (RTB) for council tenants introduced in 1980. During the late 1980s, three further exit mechanisms were introduced:-- Tenants' Choice, HATs and voluntary transfers. Proposals for HATs were met with fierce opposition from the Labour party, local authorities and tenants. None of the first six areas intended to be designated as HATs were implemented. In March 1991, however, the first successful HAT ballot occurred in Hull, followed by a second in the London Borough of Waltham Forest in July 1991 and a third in Liverpool in August, 1992. In total six HATs were established. Chapter Two outlines the research agenda. Chapter Three discusses the major developments in housing policy during the 1980s. Building on Chapters One and Three, Chapter Four focuses specifically on HAT policy. Chapters Five to Seven examine HAT practice, with each Chapter focusing on one of the first three HATs. Chapter Eight draws conclusions.

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Having graduated in architecture and town planning in the early summer of 1989, I sought employment with a number of firms of architects. Two job offers particularly appealed: one from a firm of architects & planners; the other from a firm of architects strongly committed to tenant involvement in housing design. The latter's offer, however, was conditional on tenants voting in favour of redeveloping their estates. The ballot was due to happen in November 1989. Unable to wait until then, I took up the other job. In some ways this was a wise move: the ballot did not happen in November and – for a slightly different purpose -- a ballot eventually happened nearly two years later in August 1991. As I was later to realise, the estates were in Waltham Forest. In September 1989, the Government had decided the proposed funding arrangements for the redevelopment were no longer permissible and the tenant ballot was cancelled. In the wake of intense tenant lobbying, the Government offered the possibility of a Housing Action Trust (HAT) on the estates. At the time, HATs were very controversial and tenants throughout the country engaged in campaigns of opposition. That was my first contact with HAT policy. Some time later, I took up a lectureship at the University of Nottingham. I retained an interest in tenant involvement in housing design and remembered the Waltham Forest estates. In researching a possible PhD subject, I realised that tenant involvement in design was not sufficient and that wider and more complex issues were involved. This was to lead me to explore HAT policy, concepts of liberty, choice and power, policy design and implementation, the New Right and Thatcherism and a host of other issues. This thesis presents the fruit of that inquiry.

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Chapter One

THE THEORY & POLICY CONTEXT

1.0 INTRODUCTION

This thesis examines the development and implementation of Housing Action Trust (HAT) policy, with a particular focus on the theme of 'choice'. During the 1980s, a neo-liberal ideology was influential in the design of public policy and ideas of choice and freedom pervaded Government thinking. Although generally attached to a conviction in the superiority of markets, it was also argued that choice – and particularly the 'freedom' to make individual choices – was a part of 'real' democracy. The Conservative's 1987 election manifesto (which first announced the possibility of HATs), for example, promised the next Conservative Government would "... *give people greater choice and responsibility over their own lives. ... Our goal is a capital-owning democracy of people and families who exercise power over their own lives ... they would take the important decisions ... rather than having them taken for them.*". For the 1980's Conservative Governments – henceforth the Thatcher Government – the cardinal choice in rented housing was a choice of landlord. This was seen as the fundamental choice, from which would flow – at least, in principle – everything else in terms of housing quality. Choice required competition between providers. As local authorities held near monopolies of rented housing, there was no competition and, hence, quality and standards were low. As it emerged in terms of policy mechanisms, the choice for tenants was to 'exit' from local authority tenure (discussed in greater detail in Chapter Three). The first initiative was the introduction of a statutory right-to-buy (RTB) for council tenants in 1980. Subsequently, three further 'exit mechanisms' were introduced:– voluntary transfers, Tenants' Choice and HATs. The latter were intended to "... *to take over responsibility for local authority housing, renovate it, and pass it on to different forms of management and ownership including housing associations, tenants' co-operatives and approved private landlords.*" (Cmnd 214, 1987, para 6.3).

This Chapter provides the context for the thesis and is in six main parts. The first discusses 'policy' and 'implementation', the second the policy context, the third the concept of choice, the fourth choice as a policy objective and the fifth choice as an element in the implementation of policy. The final part draws together the discussion of policy implementation and choice.

1.1 'POLICY' & 'IMPLEMENTATION'

Prior to examining the development and implementation of HAT policy, it is necessary to review implementation theory. From the early 1970s onwards, prompted by the realisation that policies rarely had their intended outcome, a number of studies emerged examining the implementation of public policy. The issue had been highlighted by Pressman & Wildavsky's (1973) seminal work Implementation: How great expectations in Washington are dashed in Oakland; Or, why it's amazing that Federal programmes work at all, this being a saga of the Economic Development Administration as told by two sympathetic observers who seek to build morals on a foundation of ruined hopes. The book focused on the failure of a federal job-creation scheme to provide employment for black people in Oakland. Much of Pressman & Wildavsky's analysis was concerned with the extent to which successful implementation depends on joint action by different organisations, agencies and actors. They argued that, where action depended upon a number of links in an implementation chain, even relatively small failures of co-operation between the different organisations could easily multiply to create a major 'implementation deficit'. In particular, in a Chapter, entitled 'The Complexity of Joint Action', they stressed the significance of 'veto' or 'clearance' points – those occasions in which an actor has the capacity (regardless of whether the actor also has the legal authority) to impede the achievement of policy objects. Veto points required bargaining and negotiation between actors and, thereafter, consent or compromise. At best, they delayed implementation and, at worst, frustrated or distorted it.¹ As each link is – in principle – a possible veto/clearance point, Pressman & Wildavsky proposed implementation strategies be designed to reduce the links in the chain and, thereby, reduce the potential implementation deficit.

Pressman & Wildavsky's study encouraged the emergence of a body of literature on implementation studies. The studies demonstrated *inter alia* the naiveté of expecting an automatic translation of policy into intended outcome, showed how policies became shaped, amended or blocked and emphasised that implementation strategies needed to be part of the policy-making process. The initial studies generally came to rather pessimistic conclusions about the success of implementation strategies and were followed by a series of models – subsequently described as 'top-down' models – attempting to identify factors which made for successful implementation. These were followed by a series of bottom-up critiques and subsequently a series of 'bottom-up' or hybrid models emerged.

1.1.1 TOP-DOWN PERSPECTIVES

Top-down approaches – sometimes referred to as 'rational control' models – sought to provide advice to those at the top – the 'policy-makers' – on how to minimise implementation deficit as a result of the

¹ Pressman & Wildavsky emphasised that time was often a scarce resource and that delay could be as damaging to a policy as any other factor.

subsequent behaviour of implementers and target groups. A number of theorists offered lists of factors which made for successful implementation (e.g., Hood, 1976; Dunsire, 1978a, 1978b). Hogwood & Gunn (1984, p.198-206), for example, set out ten preconditions for perfect implementation:—

- circumstances external to the implementing agency do not impose crippling constraints;
- adequate time and sufficient resources are made available to the programme;
- the required combination of resources is actually available;
- the policy is based upon a valid theory of cause and effect;
- the relationship between cause and effect is direct and there are few intervening links;
- dependency relationships are minimal;
- there is complete understanding of, and agreement upon, the objectives to be achieved;
- tasks are fully specified in correct sequence;
- there is perfect communication and co-ordination; and
- those in authority can demand and obtain perfect compliance.²

Lists of this nature epitomise top-down approaches:— policy is the property of policy-makers at the ‘top’ and there is – or should be – a high degree of control over implementers; policy-making and implementation are – and should be – separate; policy would first be determined and then implemented. Implementation was therefore a management problem. The overarching feature of top-down approaches was control. As Parsons (1995, p.466) argues, the approach suggested implementation was about ‘getting people to do what they are told’ and developing a programme of control that minimised conflict and deviation from the goals set by the initial policy decision. Hence, he notes, its view of the policy-implementation relationship was summed up in Rousseau’s *Emile*: “*Everything is good when it leaves the Creator’s hands; everything degenerates in the hands of man.*” (ibid, p.466). Top-down approaches therefore effectively deny a policy-making role for lower level actors, leading to the conclusion that, where outcomes failed to match intentions, then, as Ham & Hill (1993, p.113) put it, “... *the top should get a better grip on the situation.*”.

Various criticisms of the approach were made including, first, that the conditions for successful implementation were unrealistic and insufficiently cognisant of the reality of both policy implementation and the ‘real world’. Barrett & Fudge (1981, p.18), for example, argued that the top-down approach assumed “... *those responsible for administering policy are in a position of total and ‘rational’ control, that implementation takes place in a static environment and in a politics-free world.*”.

Second, it was often difficult to determine precisely what the ‘policy’ was. In practice, policies change and develop and may variously be expressed in:— political manifestos; Green and White Papers; parliamentary debates; the Bill and subsequent Act; and then post-legislatively in regulations, circulars, codes, instructions to officials, reports and accounts of working practice (Hill, 1997, p.141). More

² The section in their book was intriguingly titled: ‘Why “perfect implementation” is unobtainable’ and was based on an earlier paper by Gunn (1978), which emphasised that ‘perfection’ was an analytical concept rather than an ‘ideal’ to be implemented (Hogwood & Gunn, 1984, p.198).

generally, given that it is often difficult to identify the policy in the first place, it is correspondingly difficult to evaluate whether it has been successful or not. Furthermore, some policies do not – nor were intended to – have explicit objectives and therefore lack benchmarks by which to measure them. Ham & Hill (1997, p.104), for example, suggest that sometimes policies are “... *quite deliberately made complex, obscure and ambiguous or even meaningless.*”. Similarly, Edelman (1971) argued that some policies have a ‘symbolic’ purpose and are merely intended to demonstrate that action is being taken rather than the issue or problem is being addressed seriously. Policies may be demonstrably inappropriate or ineffectual from the start; alternatively they may be starved of sufficient resources and, thereby, rendered little more than symbolic. Although, as is noted later, Sabatier & Mazmanian (1979) suggest researchers focus on legally-mandated objects, Ham & Hill (1993, p.104) caution that “... *the executive dominates the governmental system and legislates in a multiplicity of ways, only some of which are made manifest in specific Acts of Parliament, and thus, practices legislative fine-tuning continuously in subtle and often ambiguous ways.*”. Rather than setting detailed parameters, for example, 1980s public policy legislation frequently gave ministers’ discretion and, as shown in Chapter Four, HAT legislation exemplifies this trend.

Third, and related to the second criticism, was the consequent difficulty of drawing a clear distinction between ‘policy’ and ‘implementation’. The difficulty of establishing clear and consistent policy at the top and at the beginning meant some policy decisions were left to what was regarded as the implementation stage and, hence, the theoretical distinction between policy formulation and implementation could not be sustained in practice. The apparent inability to draw a clear distinction between policy formulation and implementation also suggested the futility of attempting to treat implementation as a discrete field of study. Hill (1997, p.375), for example, comments on the ‘dangerous tendency’ to separate implementation issues from policy-making issues and the importance of understanding their inter-relationships.³ For this reason, some writers prefer to define implementation as the post-legislative stage of policy-making.

Fourth, top-down approaches were criticised for placing too much attention on the role of central actors in making policy and too little on other actors. As Sabatier (1986, p.30) argues, top-down approaches assume policy-makers are ‘the key actors’ and others are ‘basically impediments’. As Means (1993, p.7) notes, they tend to assume the “... *top is a reflection of representative democracy, that the implementers are unelected officials, and that the policies pursued are relatively unambiguously in the public good.*”.⁴ Critics argued, however, that discretion among lower level actors and target groups was

³ Hill (1997, p.383) also notes how a distinction between policy-making and implementation provides a ‘splendid vehicle for shifting the blame’.

⁴ This is inherently more complex where there are competing democratic legitimacies (e.g., where the implementers are local authorities).

inevitable. Discretion occurs whenever the effective limits on an actor's power (i.e., the rules set down from above) left him free to make a choice among possible courses of action and inaction (Davis, 1969, from Ham & Hill, 1993, p.152). Although discretion can be regarded as the judicious exercise of informed judgement (i.e., as a means to overcome bureaucratic inflexibility and insensitivity), its practice can be arbitrary, promote inequality and increase opportunities both for corruption and 'control deficits' that distort the policy. Thus, from a top-down perspective, discretion posed problems if it subverted, frustrated or obstructed achievement of the policy objectives, resulting in problems of 'policy drift'. Conversely, from a bottom-up perspective, policy drift might actually be regarded as the 'natural evolution of policy'.

1.1.2 BOTTOM-UP PERSPECTIVES

Bottom-up and hybrid approaches (i.e., those which gave greater consideration to bottom-up factors and influences in policy formulation and implementation) derived from critiques of the top-down approach. Rather than start with a policy decision, such approaches typically started with "*... an analysis of the multitude of actors who interact at the operational (local) level on a particular problem or issue ... [and] ... the strategies pursued by various actors in pursuit of their objectives.*" (Sabatier, 1986, p.22). Sabatier (ibid, p.25) also argued that bottom-uppers were "*... far less occupied with the extent to which a formally enacted policy decision is carried out and much more concerned with accurately mapping the strategies of actors concerned with a policy problem. They are not primarily concerned with the implementation (carrying out) of a policy per se but rather with understanding actor implementation in a specific policy sector.*". As a methodology, Elmore (1981) coined the term 'backward mapping'. By this he meant 'backward reasoning' from "*... the individual and organisational choices that are the hub of the problem to which policy addressed, to the rules, procedures and structures that have the closest proximity to those choices, to the policy instruments available to affect those things, and hence to feasible policy objectives.*" (Ham & Hill, 1993, p.109). Similarly, and working from an approach critical of top-down approaches, Barrett & Fudge (1981) saw the implementation process in terms of a 'service delivery network', which focused on:— the perceptions of individual actors; the organisations within which they work and the factors that influence their behaviour; the multiplicity and complexity of linkages; the problems of control and co-ordination; and the management of conflict and consensus. From this perspective, implementation was a negotiating process in which various actors pursued disparate objectives and, hence, compliance with central (i.e., top-down) objectives was an inappropriate yardstick of success and failure. Thus, in contrast to top-down approaches, bottom-up approaches made a virtue of focusing on individual actors as starting points and argued that policy actions should be seen in terms of a range of actors making choices between alternative courses of action. The discretion of local actors was regarded positively and because implementers developed 'coping mechanisms' to deal with uncertainty and pressures upon them, discretion in the application of policy was inevitable. Many of the bottom-up

studies showed how local actors deflected programmes and policies towards their own ends (i.e., implementers use their discretion to further their own interests, which in turn may – or may not – be compatible with the policy’s original objectives). Lipsky (1980), for example, argued that those at the ‘sharp end’ of public policy – in his terminology, ‘street-level bureaucrats’ – are often forced to compromise and/or modify higher level policy goals in the face of day-to-day pressures and uncertainties. Depending on the evaluator’s perspective, the policy was either ‘improved’ or ‘distorted’. Lipsky (1980, p.xiv), however, went much further, arguing that “... *the decisions of street-level bureaucrats, the routines they establish and the devices they invent to cope with uncertainties and work pressures, effectively become the public policies they carry out.*”

Bottom-up approaches also emphasised the interrelation of policy and implementation. As Means (1993, p.7) notes, while top-down theorists saw the lack of a clear distinction as ‘regrettable and undesirable’, bottom-uppers saw it as inevitable. Some bottom-uppers perceived it as desirable because field-level implementers were in the best position to assess the local situation and set appropriate objectives. Barrett & Fudge (1981, p.25), for example, saw implementation as a ‘policy/action continuum’ in which interaction and negotiation took place over time between those seeking to put policy into action and those on whom action depended. They argue that: “*Policy cannot be regarded as a ‘fix’ but more as a series of intentions around which bargaining takes place and which may be modified as each set of actors attempts to negotiate to maximise its own interests and priorities.*” (ibid, p.24). Policy therefore evolves or unfolds and has to be understood as an evolutionary, ‘learning’ process, in which the ‘front end’ (merely) produces potentialities and principles that change and adapt in practice (Parsons, 1995, p.473). Given the important role of various actors in actually shaping policy, rather than as (simply) a managerial or administrative process, bottom-up approaches saw implementation as a political process and stressed that most policies ultimately result from negotiation and compromise between top and bottom; each of whom make ‘policy’. As Barrett & Hill (1984, p.22) argue, for example, policies represent compromises between conflicting values, involve compromises with key interests within the implementation structure, and involve compromises with key interests upon whom implementation will have an impact. Furthermore, rather than a simple duality of power sources (i.e., top and bottom), bottom-up approaches stressed that there were various sources of power.

Bottom-up approaches were variously criticised. From a radical democratic perspective, for example, some bottom-uppers appeared to contest the top’s legitimacy to make policy and, in *extremis*, privileged the bottom and demonised the top. Top-downers therefore reasserted the top’s credentials (i.e., its democratic credentials) to create and implement policy. Hogwood & Gunn (1984, p.207), for example, argue that in Barrett & Fudge’s work, top-down was used ‘virtually as an epithet throughout’, while ‘hierarchy’ and the ‘chain of command’ were ‘clearly out of favour’. They also argue that even in the

case of central-local relations, they found it difficult to see why “... *the view from the top* [was] *necessarily less valid than that from other levels.*” (ibid, p.208).

Second, some commentators (e.g., Marsh & Rhodes, 1992, p.9) criticised bottom-up approaches for overstating the discretion available to street-level bureaucrats and target groups. In addition to those imposed by the policy, such groups were also subject to legal, financial and organisational constraints, which – while not determining behaviour – set limits upon their actual discretion. Thus, while top-downers such as Sabatier & Mazmanian (1979) appreciated the arguments concerning the limitations of hierarchical control, they did not accept the inevitability of ‘adaptive’ implementation in which policy-makers are forced largely to acquiesce to the preferences of street-level bureaucrats and target groups (Sabatier, 1986, p.24). Instead, they sought to identify a number of legal and political mechanisms for affecting the preferences and/or constraining the behaviour of street-level bureaucrats and target groups both in the initial policy decision and then subsequently over time. Thus, as Sabatier (ibid, p.25) argues, while they “... *rejected hierarchical control – in the sense of tightly constrained behaviour – as impossible, they argued that the behaviour of street-level bureaucrats and target groups could be kept within acceptable bounds over time.*”

A third criticism of bottom-up approaches was that while they described the complexity and distortions of policy implementation, they were less capable of providing prescriptive help to ‘policy-makers’ on how to make things better (Means, 1993, p.7). Hill (1997, p.375), for example, makes the general point that the top-down/bottom-up debate often confuses prescriptive concerns with analytical ones.⁵ This was a central problem in implementation studies. Critiques of implementation, for example, often found it difficult to address both normative concerns (i.e., how policy should be implemented) and methodological concerns (i.e., descriptive or explanatory accounts of the policy and implementation process). Hence, top-down approaches often fail to explain the reality of policy implementation, while bottom-up approaches frequently fail to provide guidance to policy-makers on how to implement policy.

1.1.3 A FRAMEWORK FOR ANALYSIS

The criticisms of both top-down and bottom-up approaches suggest the necessity of viewing policy implementation with sensitivity to both perspectives – not least because each perspective could lead to different conclusions. Furthermore, although often presented as a dichotomy, the approaches actually focus on different things. As noted above, top-down approaches focus on how policies can be implemented while bottom-up approaches were less concerned with implementation as a means to achieve a particular outcome and more concerned with the study of implementation. There is therefore potential

⁵ Hogwood & Gunn (1984, p.207), for example, argue that in criticising the top-down approach, Barrett & Fudge appeared “... *to confuse ideal-type models of perfect implementation with a normative or prescriptive model.*”

for a synthesis in which insights from the bottom (i.e., in terms of process) inform the top in terms of improving guidance for policy-makers. Hill (1997, p.375), for example, concluded that the importance of implementation theory for policy-makers was the necessity of an awareness of what might happen 'downstream'.

In terms of selecting a framework for structuring an analysis of implementation, Sabatier (1986, p.36) argues that a top-down approach is appropriate where there is a 'dominant public' programme. This contrasts with situations where a new initiative enters a crowded policy space, in which case he argues that it should be examined from a bottom-up perspective. The nature of HAT policy meant that once a HAT was established it became the dominant local policy initiative. As discussed previously, Sabatier also notes that bottom-up approaches are less concerned with the extent to which a formally enacted policy decision is carried out (e.g., HAT policy) and much more concerned with accurately mapping the strategies of actors concerned with a policy problem (e.g., improving a particular run-down housing estate).⁶ He therefore argues that a top-down approach is appropriate where the analyst is solely interested in the effectiveness of a programme. To provide both a conceptual construct and a guide for empirical research, Sabatier & Mazmanian (1979; Mazmanian & Sabatier, 1981; 1983) synthesised the ideas of top-down and bottom-up theorists into a set of six 'sufficient and generally necessary' conditions for the effective implementation of 'legally-stated policy objectives'. Their argument was that legal directives structure the implementation process and significantly constrain the behaviour of implementers and other officials (i.e., a 'strong statute' approach). As their concern was with the effective implementation of policy, their approach was top-down and they argued that, if a policy achieved high scores on each of the conditions, there was a good probability that it would achieve its desired goals. They further argue that the first three conditions are dealt with by initial policy decisions, while the latter three are largely the product of political and economic pressures during the implementation phase. The conditions are outlined below and provide a framework against which to analyse the implementation of HAT policy.

Condition One: Clear & consistent objects

This condition stressed that clear legal objects provided both a 'standard of evaluation' and an important 'legal resource' for implementing officials. For methodological reasons, they emphasised the importance of distinguishing the objects contained in the legal documents (i.e., the statute) from both the political rhetoric surrounding policy formulation and what critics or evaluators might (mistakenly) perceive to be its objects.

⁶ In the context of the late 1980s/1990s, the latter might involve exploring why and how local actors explored different policy mechanisms and initiatives (e.g., Estate Action, HATs, City Challenge, voluntary transfers perhaps involving partnership arrangements with the private sector, and subsequently the SRB Challenge Fund).

Condition Two: Adequate causal theory

This condition emphasised that policy interventions incorporate an implicit causal theory about how to effectuate social change and stressed the importance of the legal and policy levers available to the implementers officials as a means of acting on those causal assumptions and factors.

Condition Three: Appropriate policy tools & sufficient resources

This condition emphasised particular aspects of policy design as being crucially important in terms of effective implementation, including:— the delivery mechanism or agency; the number of veto points and the means to overcome them; the ‘decision rules’ for implementers; and the need for sufficient resources. Mazmanian & Sabatier (1983, p.27) noted that one of the best-documented findings in the implementation literature (*pace* Pressman & Wildavsky, 1973) was “... *the difficulty of obtaining co-ordinated action within any given agency and among the numerous semi-autonomous agencies involved in most implementation efforts.*”. They therefore argued that one of the most important attributes of any statute was the extent to which it ‘hierarchically-integrated’ the implementing agencies. They stressed that, if the system was too loosely integrated, there would be scope for variation in the degree of compliance among implementers and target groups as each responded to the ‘incentives for modification’ within their local setting. The degree of hierarchical integration among implementing agencies was determined by the number of veto/clearance points (i.e., opportunities for actors to modify, delay or stop the implementation of policy) and the extent to which the policy was provided with inducements and sanctions “... *sufficient to ensure acquiescence among those who have a potential veto.*” (ibid, 1983, p.27). Their framework therefore emphasised the importance of selecting implementing institutions supportive of the new programme and who would give it high priority and, in addition, suggested the creation of new agencies. Accepting the inevitability of veto points and links in the implementation chain, they also emphasised the need to minimise or avoid veto points and, where that was not possible, to anticipate them and have strategies (i.e., incentives and sanctions) to overcome them. Mazmanian & Sabatier (1983, p.27) also stressed that the statute could further influence the implementation by stipulating the formal ‘decision rules’ of the implementing agencies (i.e., it could set boundaries on the discretion available to implementers).

Condition Four: Commitment & skill of implementing officials

Recognising the unavoidable discretion given to implementing officials, this condition emphasised that their commitment to policy objectives and skill in utilising the available resources were critical. They further argued that while this could partially be determined by the initial statute, much of it was a product of post-statutory political forces.

Condition Five: Support of – or compliance from – interest groups/agencies & sovereigns

This condition emphasised the need to maintain political support throughout the – often prolonged – implementation process both from interest and target groups and from legislative and executive ‘sovereigns’ – those institutions that control its legal and financial resources (i.e., Government ministers and civil servants).

Condition Six: Stable socio-economic contexts

This condition recognised that change in socio-economic conditions (e.g., the 1973 Arab oil boycott) could have dramatic repercussions in terms of undermining the political support or change the conditions for the causal theory of the programme. The pursuit of the statutory objects might also be undermined by the emergence of competing public policies.

1.2 THE POLICY CONTEXT

Having discussed implementation in the previous section, this section will discuss the ideas that shaped the public policy agenda during the 1980s. Although HAT policy did not appear until the 1987 Conservative election manifesto, it must be placed within the much broader context of the Thatcher Government. The Thatcher Government’s policies were especially influenced by New Right ideas; the core features of which included an economic and moral critique of both the welfare state and state intervention generally and the advocacy of free market mechanisms in all areas of public policy (King & Waldron, 1987, p.414). Two principal New Right approaches have been identified:– ‘neo-liberal’ and ‘neo-conservative’ (Table 1.1). The former stressed freedom, choice and individualism, while simultaneously expressing doubts and anxieties about government action. The latter emphasised the importance of values such as hierarchy, authority and tradition and was “... *broadly neutral in its attitude towards the economic order of capitalism, defending it on utilitarian grounds of efficiency but also advocating a strong interventionist state.*” (Davies, 1985, p.20).

The New Right’s particular target was the welfare state. Many New Right theorists drew directly and explicitly on the writings of Hayek (1944, 1960), who had argued the case for market liberalism throughout the period of the post-war welfare state’s growth. The other major source of New Right theory and ideology was Milton Friedmann (1962) who argued that, left to their own devices, markets would naturally protect individuals because consumer sovereignty would ensure that producers adapted their services to meet consumer needs. Throughout the post-war period, Hayek and Friedmann’s ideas were propounded in Britain by a right-wing think-tank, the Institute for Economic Affairs (IEA). Initially a minority voice against the welfare consensus of the post-war years, the inflation and rising unemployment of the 1970s gave credence to its predictions of market distortions and dysfunction through

state intervention, and the IEA found a wider audience for its ideas. In 1974, another think-tank -- the Centre for Policy Studies -- was formed by Keith Joseph and Margaret Thatcher, and in 1979, the Adam Smith Institute was formed. Together these new organisations and new found political allies gave New Right -- and primarily neo-liberal -- ideas a powerful push towards the centre of ideological debate. (Alcock, 1996, p.126-127).

<p>NEO-LIBERALISM</p> <ul style="list-style-type: none">• The individual• Freedom of choice• Market society• Laissez-faire• Minimal government	<p>NEO-CONSERVATISM</p> <ul style="list-style-type: none">• The nation• Hierarchy & subordination• Disciplined society• Social authoritarianism• Strong government
<p>TABLE 1.1 NEW RIGHT IDEOLOGY (Source Belsey, 1986, from Levitas, 1986).</p>	

The concept of choice was central to neo-liberal New Right ideas and was intimately associated with notions of ‘liberty’ and ‘freedom’. The following discussion is in three main parts. The first discusses the concept of choice in more philosophic and abstract terms and, in particular, draws a distinction between ‘liberty’ and ‘power’ of choice. The second discusses choice as a policy object and explains the preference for consumer or market choice. The third discusses choice as an element in the implementation of policy.

1.3 THE CONCEPT OF CHOICE

Choice can be considered in terms of three interrelated dimensions:-- opportunity, capacity (i.e., power), and resources. Initially the most important is opportunity; once opportunity is available, the emphasis switches to the power to exercise that choice. A distinction between the *ability* to make the choice (i.e., the opportunity and/or power) and the *exercise* of that ability (i.e., the outcome) should also be noted.

1.3.1 OPPORTUNITY & CAPACITY

Opportunity refers to the freedom or liberty to make choices. Based on the liberal principle that each person is the best judge of his own welfare, the New Right had a ‘negative’ conception of freedom, in which freedom was not opportunity itself, but the absence of obstacles to opportunity. Hayek (1960, p.12), for example, defined liberty or freedom (he uses the terms synonymously) as the absence of intentional coercion. Given this definition, he argues that whether an individual is free or not “... *does not depend on the range of choice but on whether he can expect to shape his course of action in accordance*

with his present intentions, or whether somebody else has power to manipulate the conditions as to make him act according to that person's will rather than his own." (ibid, p.13). For Hayek (ibid, p.21), coercion was the control of one individual by another such that "... *in order to avoid greater evil, he is forced to act not according to a coherent plan of his own but to serve the ends of another. Except in the sense of choosing the lesser evil in a situation forced on him by another, he is unable either to use his own intelligence or knowledge to follow his own aims and beliefs.*"

Hayek also distinguished three other definitions of freedom: 'inner', 'political' and 'positive' freedom. Inner or metaphysical freedom was "... *the extent to which a person is guided in his actions by his own considered will, by his reason or lasting conviction, rather than by momentary impulse or circumstance.*" (Hayek, 1960, p.15). Rather than coercion by others, the opposite of 'inner freedom' was "... *the influence of temporary emotions, or moral or intellectual weakness.*" (ibid, p.15). Thus, whether or not a person was able to choose intelligently between alternatives was distinct from whether or not other people imposed their will upon him. For Hayek (ibid, p.13) political freedom was the participation of men in their choice of government, in the process of legislation and in the control of administration. While Hayek tolerated the first two types of freedom, he did not tolerate the third – positive freedom – which he equated to the 'physical ability to do what I want'. His major criticism was its potential to be used to demand or justify a redistribution of wealth. Hayek (ibid, p.17) did not regard this as an issue of freedom but rather one of power: "*Whether or not I am my own master and can follow my own choice and whether the possibilities from which I must choose are many or few are two entirely different questions.*". Positive freedom involves both opportunity (i.e., the freedom to make choices) *and* the power or capacity to exercise choice. Regarding the distinction between negative and positive conceptions of freedom, Scruton (1982, p.180) notes that a man may be *free from* constraints and threats, in a world that leaves him *free to* do very little. Hence, a distinction needs to be made between 'liberty of choice' (the opportunity for choice or – in Hayek's terms – the lack of obstacles preventing choice) and 'power of choice' (the ability to exercise choice). For the New Right these were separable; for others, choice was meaningless without power to exercise it.

Both conceptions of freedom suggest a need for *autonomy* (i.e., the ability to resist the coercion of others and freely or voluntarily make a choice). Autonomy is generally defined as the freedom to determine one's own actions or behaviour, and refers to a freedom to manoeuvre and/or make independent decisions. Autonomy is a product of both the ability of individuals (and groups) to determine and pursue their own objectives *and* their ability to resist external coercion/influence. Autonomy must therefore be considered with respect to the relationship with other agencies or bodies. Manipulation of one group (e.g., tenants) by another (e.g., the landlord) may reduce the ability of the former to make its own choices. The ability to resist coercion is contingent on a number of factors, including, for example, the political maturity of

organisations and – in principle – the greater the immaturity the more they can be manipulated. Autonomy parallels the concept of ‘consumer sovereignty’, which exists when resources are allocated in line with consumers’ preferences. In practice, consumer sovereignty is subject to a number of limitations and/or influences that *qualify* rather than invalidate it, and, hence, the consumer’s position of sovereignty is necessarily a ‘bounded’ sovereignty.

1.3.2 RESOURCES

Freedom often requires resources to enable the choice to be exercised. In neo-liberal terms, however, freedom was not necessarily diminished by a lack of resources: as Joseph & Sumpton (1979, from Hayes, 1994, p.34) argue, for example, “... *a person who cannot afford to buy food may well have a justifiable grievance ... but it would be misleading to describe his grievance as a lack of freedom ... liberty is liberty, not something else. And a slave is a slave, you do not set him free by feeding him.*”. The power of choice, however, usually requires resources which typically include:– financial resources (e.g., the ability to pay); information; and resources that help develop or increase capacity/autonomy. Except to note that individuals have different financial resources, the first requires no further discussion. The second two are discussed here.

Information is rarely perfect and may be misleading or distorted, whether negligently or deliberately. Taking an analogy with consumers in a market, consumers do not have full sovereignty in their decision-making for a number of other informational reasons. The reasons include, first, information is often imperfect (i.e., all possible future outcomes and/or their associated probabilities are not known). Consumer choice, for example, involves the ability to trade-off between alternatives and, hence, information is required about all the choices available (i.e., the ‘opportunity cost’). Furthermore, rather than being mono-attribute, most choices are multi-attribute; as higher order goods or services usually constitute a package of attributes, trade-offs are made between packages rather than individual attributes. Second, information may be used incorrectly or all the information relevant to decision-making is not used. Even with perfect information, individuals may have limited abilities to process it, particularly when it is of a specialist or technical nature. Third, due to the influence of advertising and other forms of persuasion, consumers may be deluded or deceived to equate their best *interests* with their own *wishes* or with the interests or wishes of others. They may also look to others for guidance or advice on what to choose. Similarly, choices may be delayed until the choice of others is known and, as a consequence, their choice is influenced by what others choose (i.e., a herd instinct). In practice, therefore, decision-making reflects ‘bounded rationality’, whereby, decision-making problems are reduced to a modest number of variables, and ‘satisficing’ or ‘reasonable’ rather than ‘optimal’ decisions are made.

Resources may also be important to develop or enable autonomy. Many local authorities, for example, provide assistance to tenants’ groups (i.e., use of meeting rooms, assistance with newsletters and provision

of training). Some have appointed specialist tenant participation officers with an explicit brief to encourage 'bottom-up' processes of tenant involvement and participation. Somerville (1998, p.247) argues that resourcing for tenants is empowering (i.e., it develops their ability to exercise choice) but only if tenants have some say in determining how those resources are used. He further notes that 'forms of mediation' between landlord and tenant are required to ensure resources supplied from the top are applied as effectively as possible at the bottom (ibid, p.247). Intermediaries, such as 'Tenants' Friends', may be necessary to explore different options with tenants and advise them accordingly. In practice, however, such intermediaries tend to be employed to follow an agenda set by others rather than by the tenants (ibid, p.247). Furthermore, resources may be given for particular purposes and must, therefore, be used with 'appropriate' discretion.

1.4 CHOICE AS A POLICY OBJECTIVE

For the New Right, economic freedom via the market was seen as a prerequisite for every other type of freedom: *"For the neo-liberal, 'freedom' and 'the market' are Siamese twins, and the terms 'free economy' and 'free society' become almost interchangeable."* (Hayes, 1994, p.35). Hayek (from Hoy, 1984, p.17), for example, argued that, in a competitive market, a supplier could not coerce a customer to buy his goods at an inflated price because the customer could always turn to another supplier for the goods. The preferred form of choice was therefore individual or consumer choice within competitive markets: according to the (neo-classical) economic model of 'rational' choice, in any given situation, individuals had sovereignty and made rational decisions regarding their consumption of goods and services, choosing among those available the one expected to serve their interests best, given their preferences and perceptions of the relevant constraints.⁷ There were two interrelated sets of reasons for the preference for economic freedom:— markets were regarded as more efficient than bureaucracies (i.e., 'economic' arguments) and markets offered individual choice rather than collective choices (i.e., 'democracy' arguments). As is noted below, consumer or market choice was also favoured due to the supposed advantages of 'minimal' and 'limited' government.

1.4.1 Economic arguments

Advocates of markets, generally claim three advantages over other forms of allocative (i.e., bureaucratic) systems. First, as there is competition between producers and suppliers of goods and services, markets are more efficient allocators of goods and services. Competitive pressures ensure that all providers strive

⁷ Economists and sociologists, however, debate how and with what capacity people make choices. Duesenberry, for example, argued that *"... economics is all about how people make choices; sociology is all about why they don't have any choices to make"* (from Vanberg, 1994, p.12). Although a deliberate caricature, Vanberg (ibid, p.12) argues Duesenberry's statement captures the conflict between the economic and sociological perspective. For the purpose of this thesis, it is sufficient to acknowledge that human behaviour is influenced by both economic and non-economic factors and that 'rational' choice may take place within a web of values.

to offer a service as good as that available from other providers, and that those who do not either improve their product, move onto something else or go out of business. Competition takes place on quality and/or price, and benefits consumers by providing goods and services at prices reduced by the benign forces of competition. Second, markets empower consumers. The market is the best mechanism for discovering and co-ordinating dispersed knowledge and preferences, and the best way of finding out what people want and of co-ordinating knowledge about how best to organise its provision. Furthermore, markets allow consumers to choose between competing suppliers and to combine different packages of goods and services according to their own preferences rather than those of suppliers. The power for consumers is to take their custom elsewhere. In addition, people are able to maximise their individual welfare constrained only by their willingness and ability to pay. Third, market outcomes are neither fair nor unfair, but simply the result of 'impersonal forces'. George & Wilding (1993, p.36), for example, note that "... *market systems do not depend on their success on the beneficent motives of service providers. ... Markets compel providers to be sensitive to the needs of potential users – for the sake of their own survival in business.*".

To work efficiently markets require perfect competition. Markets, however, rarely work perfectly and often 'fail' in some way. State intervention has traditionally been justified on the grounds of market failure, where intervention is required to 'correct' or 'replace' the market. For the New Right, this commits the fallacy of supposing the alternative to imperfect markets is 'perfect' government; the real question was which imperfect form of organisation lead to a better outcome. For the New Right, the answer was markets and market mechanisms since, as Seldon (1990, p.118) argued, market failure was 'mostly corrigible' and government failure 'generally incorrigible'. Hence, their preference for government to be largely restricted to controlling the abuse of market power and that the pursuit of self-interest could be relied on to promote the public interest through the 'invisible hand' of market forces. As originally developed by Adam Smith and others, these ideas implied a minimal *instrumental* role for government.

1.4.2 Democracy arguments

The New Right's preference for individual (i.e., market) choices rather than collective (i.e., political) choices was derived from a critique of the inherent weaknesses of political democracy, drawn in large part from the 'economics as politics' school (Buchanan & Tullock, 1962; Buchanan, 1978). There are three main issues or problems concerning political democracy:— the technical difficulty of just procedures for collective choices; problems of representation; and the threat of the State to individual freedom.

— procedures for collective choices

There is a significant difference between individual choices and collective choices. Not all choices can be made individually and, in strict terms, the important features of a 'genuine' collective choice are that only

one choice can be made and the choice of some (e.g., the majority) is binding on all; hence, unless there is unanimity, individual preferences are inevitably overridden. If an individual is able to give his consent to procedures for collective choice, it would be irrational to consent to arrangements where his interests were – or could be – *unreasonably* overridden. The overriding of individual preferences is nevertheless part of the ‘coercion’ of collectivism. It is also important to note that a collective choice is not simply the aggregate or coincidence of individual choices. Furthermore, as some choices, which could be made individually, are made collectively (e.g., for other reasons efficiency, time, convenience, economies of scale, etc.), it is a matter of political debate which choices should be made collectively.

Collective choice procedures might reasonably be expected to be:– decisive; just; neutral (in the sense that individuals do not have the power to *determine* the outcome); and not unduly prolonged. The most common form is voting. Voting, however, is only one part of the process of making collective choices. Saward (1998, p.63), for example, identifies four stages to collective decision-making:– setting the agenda, including identifying the issue and setting out alternatives; debate, negotiation and discussion; the moment of decision (i.e., the vote); and implementation. Hence, in principle, involvement at all stages is crucial in actually shaping the collective choice – although, in practice, such involvement may not always be forthcoming.⁸ The most common method of voting is the majority rule method, where the winning candidate is the one ranked first by more than half of the voters.⁹ An alternative method is the unanimity rule where the winning candidate must be the choice of all voters.¹⁰ Many writers, however, express reservations about voting as a mechanism for revealing collective choices and, taken to its extreme, argue that in order for a collective choice to be made a ‘dictator’ (or some other entity invested with dictatorial powers) must – inexorably and *perhaps* unreasonably – override individual preferences. This is the ‘voting paradox’ and is one of the conclusions of social choice theory and, in particular, of Arrow’s Impossibility Theorem.

Social choice theory aims to produce a social welfare function that has a procedural justice (i.e., although an individual may not agree with the outcome on this or that occasion, he accepts the justness of the process and, thereby, its outcome). Arrow’s Impossibility Theorem begins with the idea of a social

⁸ Although there may also be other reasons for non-involvement, including doubt that involvement will be effective (i.e., ‘resignation’ rather than apathy), Hirschman (1981, p.215-216) suggested a major reason for the ‘much-lamented apathy in relation to public issues’ was “... *often not an absence of interest in a public policy, but considerable interest combined with the expectation that someone else will exert himself on one’s own behalf*.” In this respect, collective action can be considered to be analogous to a public good and the related issue of free-riders. The more free-riders, the more the costs are concentrated on the activists who contribute to the good’s production. Those who get involved do so because they consider the quality and quantity of the public good to be insufficient *and* are prepared to incur additional personal costs to improve it and/or derive additional (individual) benefits from being involved.

⁹ A separate problem is to account for abstentions. Even if there are two candidates, unless the winning candidate gets more than 50% of the possible votes, a majority of possible voters do *not* support the winning candidate.

¹⁰ Mueller (1989, chapter 7) discusses the merits of various voting methods.

welfare function that is interpreted as a set of rules for transforming the preferences of individuals into a social (i.e., collective) choice and lays down certain ostensibly reasonable conditions or requirements that such a function should satisfy. It is then shown that no such social welfare function can meet these conditions. Arrow's theorem provoked a variety of responses. Some considered Arrow's conditions too exacting for practical purposes, accepted the imperfections of collective choice procedures and worked at limiting them. Others saw the theorem as indicating the need for a wider informational base. Weale (1992, p.215), for example, argues that an alternative model is a process of dialogue in which reasons are exchanged between participants in a process *perceived* to be a joint search for a 'consensus' (i.e., unanimity).¹¹ In effect, this returns it to stage two of the collective choice process outlined above. A third group (which broadly includes the New Right) accepted Arrow's result as showing the inherent impossibility of collective decision-making and, in effect, proposed side-stepping the 'Arrow problem' by severely reducing the range of collective choices (Barry, 1995, p.288).

Although this discussion implicitly assumes all individuals or parties have similar powers in terms of making of collective choices (non-dictatorship, for example, being one of Arrow's conditions) and that decisions are – or should be – made in terms of the 'better argument prevailing' (i.e., on some notion of rationality), that is an ideal situation. In majority vote systems, for example, a group commanding an overall majority (or able to coerce a majority) can outvote other groups regardless of argumentation. Differential power can, in some circumstances, be redressed by giving some or all parties the power to veto a proposal; the advantage being that all parties have to be in agreement before a decision is taken (i.e., some form of consensus must be achieved – although for practical purposes, it may be agreed unanimity is not required and that a more exacting requirement than a simple majority – such as for 75% to be in favour – is sufficient). A veto may therefore be used to ensure that discussions continue until more acceptable or better-conceived proposals are made or agreed; an in-built majority, for example, may result in ill-considered decisions. Conversely, as a single dissident can veto an option favoured by everyone else, a veto gives undue power to particular groups or individuals and increases the difficulties in actually reaching a collective decision. There are also problems of time costs and strategic behaviour, such as 'log-rolling' in which an actor foregoes an option he values lowly in return for support for an option he values highly.

— representation

A distinction must also be drawn between 'unmediated' (i.e., where individuals express their own preferences) and 'mediated' (i.e., where representatives express preferences) collective choices. In the

¹¹ Rather than fixed preferences to be amalgamated, this process of collective choice works with preferences that can be altered or modified as competing reasons are advanced during the course of discussion. This process is, in fact, a version of the unanimity rule, the shortcomings of which are time costs involved in reaching a decision and the possibility of strategic behaviour, such as 'log-rolling'.

former, there is some form of direct collective choice procedure (e.g., a vote of all tenants on whether to transfer to a private landlord). In the latter, a representative body (i.e., a parliament or committee) exercises choice on behalf of its membership or constituency (i.e., it has 'sovereign authority' to make collective choices).¹² In mediated collective choices, the accountability of those making the choice on the group's behalf is important. In an elected committee or parliament, for example, the members are accountable to the extent that they can periodically be voted out of office.¹³ In principle, representatives are elected or appointed to save individuals the time and cost involved in taking collective decisions; the trade-off being an acceptance that some decisions may be taken with which the individual does not agree. The objection, however, is that representatives – inevitably and perhaps deliberately – distort and misrepresent individual preferences. Furthermore, bureaucrats and professionals within the state sector – who are unelected, often unaccountable and possibly self-interested – may also make or influence the choices made by representatives.

– interference with the freedom of individuals

For Hayek, state intervention involved an unwarranted interference with the freedom of individuals to organise their own affairs. He, therefore, argued that intervention was only justified if its aim was to protect individual freedom (e.g., criminal law to protect private property) (Alcock, 1996, p.126). For Hayek, liberalism concerned what the law ought to be and the limitations of governmental power, while democracy was concerned with the manner of determining what would be the law and who exercises power; more specifically, it designated the majority of citizens as a source of power. Hayek (1960, p.103) argued that liberalism was “... *concerned mainly with limiting the coercive powers of all government, whether democratic or not, whereas the dogmatic democrat knows only one limit to government – current majority opinion. The difference between the two stands out most clearly if we name their opposites: for democracy it is authoritarian government; for liberalism it is totalitarianism.*”. Thus, for Hayek, as the preservation of individual liberty was the more important, the *source* was not as important as the *limitation* of power. Hence, his preference for limited government.

1.4.3 THE NEW RIGHT

The New Right highlighted the shortcomings of representative democracy and mechanisms for making collective choices and contrasted them with the perceived success of market mechanisms providing (individual) choice and responding to consumer preferences. They therefore adopted a critical stance towards democratic decision-making, which underpinned “... *a general presumption towards limiting the scope for decisions to be made in this collective way, for example, by limiting the role of local*

¹² As they are made up of a number of representatives, parliaments and committees do not resolve the problem of collective choice procedures.

¹³ Rather than being elected, members of a committee could be appointed by a third party who is elected (i.e., the Secretary of State).

government, or by privatisation and marketisation of state activities.” (Bramley & Lambert, 1998, p.88). A longstanding director of the IEA, Arthur Seldon (1990, p.114), for example, argued that while ‘control by the sovereign people of their spokesmen’ was ‘very tenuous’, “... *in the market all the people make decisions themselves individually and enforce them by paying or moving elsewhere. There are no representatives to misrepresent them.*”. Seldon (1990, p.115-116) also gave five reasons why markets as ‘vehicles of individual decisions’ were superior to governments as ‘vehicles of collective decisions’. First, in the market, people make decisions as individuals and do not have to wait for others to agree; in politics, decisions are made collectively with many others and individuals “... *have to persuade enough others to form majorities, to organise ‘movements’, to march with banners or create deputations to intimidate politicians.*” (ibid, p.115). Second, individuals in markets decide for themselves or for small private units like families or voluntary associations, while in the political process collective decisions are made for thousands or millions who are strangers. Third, individuals in markets make decisions directly, through face-to-face or otherwise personal exchange with other individuals, while in government decisions are made indirectly by delegation to representatives. Fourth, in markets people generally spend their own money, but governments spend other people’s money and in much larger quantities. Furthermore, there are no safeguards in representative bodies that reproduce the “...*intimate personal knowledge in the market of the conditions or requirements of each man or woman; no comparable anxiety to make the most of every penny...; no consciousness of the personal consequences or error, carelessness or foolishness; no corresponding sense of responsibility in spending, saving, investing or wasting money.*” (ibid, p.116). Fifth, in the market individuals who suffer from poor service can generally escape (i.e., exit) to other suppliers, while the very fact that they can escape prevents poor service being widespread or prolonged. By contrast, where services are provided by the government or the public sector, individuals are generally tied to the provision.

In summary, therefore, the New Right argued that ‘economic’ democracy was greater than ‘political’ democracy because, first, the market offered a more effective form of democracy by enabling everyone to make choices and, second, the consumer in the market making individual choices based on preferences and the willingness and ability to pay was a better form of legitimation than social or collective choices made by imperfect political systems. Hence, public policy choices should – wherever possible – be (individual) market – rather than (collective) political – choices.

The New Right critique of the welfare state

The above set of ideas informed the New Right’s critique of the welfare state – a significant element of which was the council housing sector – and, in turn, its policy prescriptions and proposals. Five main strands to the critique can be identified (adapted from Wilding, 1989; George & Wilding, 1993).¹⁴ First,

¹⁴ It is not proposed to debate or provide a critique of these ideas. George & Wilding (1993) undertake both an exposition and critique of the various ideologies regarding the provision of welfare. It should also be noted that the

the welfare state was fundamentally inefficient because it was monopolistic, there was no competition between providers, and only through competition could efficiency be achieved. As the state was seen as the main source and provider of welfare services, other sources and systems of welfare – the family, the community, the voluntary sector, the market – were neglected and weakened, and would ultimately perish. Second, as the welfare state provided what professionals, bureaucrats and sundry experts ‘thought’ was wanted, it was paternalistic and unresponsive to individual needs and wishes. Choices were made for people, who therefore had little or no choice about the type or quality of service provided. In addition, due to the inadequacy of representative democracy, services were not subject to effective democratic control and accountability. Furthermore, the paternalism was morally corrupting and created perverse incentives and a syndrome of dependency. Third, the welfare state weakened the economy because it depended on debilitating rates of taxation that fuelled inflation, destroyed incentives and damaged investment, thereby, undermining the real sources of welfare – a healthy economy and economic growth. The welfare state also weakened the authority of government. Governments became the focus of interest group activity as groups fought for the recognition and protection of their particular needs. Politics was reduced to reconciling interest groups, who concentrated “... *on the distribution of the economic pie rather than the production of a bigger pie.*” (Ashford, 1985, p.40). Fourth, the welfare state inevitably tended towards continual growth and increasing bureaucracy; the so-called ‘ratchet effect’ (Brittan, 1977, from Cole & Furbey, 1994, p.179). Two main arguments supported this conclusion. The first was that the structures of large public bureaucracies created incentives for bureaucrats to gain prestige, higher salaries and security by expanding the size of their empires, by pressing for larger budgets and producing more goods for society than society would choose to pay for, while simultaneously, providing few incentives for bureaucrats to look for productive or allocative efficiencies (Dowding, 1996, p.51). The second argument was that growth would result from the ‘fiscal illusion’ that state services could be obtained without cost to individuals. Fifth, the welfare state had failed because resources had not been redistributed in favour of the poor and hidden transfers served to provide services for the middle classes. Davies (1985, p.22) argues that the New Right had a “... *fierce hostility to privilege, in sense of special powers or dispensations acquired by groups or individual, not by virtue of competition or agreement but rather through the manipulation of political power and thus force.*”. As a result, many of the New Right’s objections to the welfare state derived from the way in which – in practice – it worked to the benefit of the already better off.¹⁵

Policy prescriptions

Although the New Right argued that state welfare was neither desirable nor practical, they did not

welfare state critiqued by the New Right inevitably has elements of caricature.

¹⁵ There is some inconsistency between this argument and earlier arguments about moral corruption and dependency. As Hirschman (1991, p.6) observed, for example, it required “... *special gifts of sophistry to argue at one and the same time that welfare payments have these highly advertised perverse effects on the behaviour of the poor and that they do not reach these same poor.*”.

countenance its complete disappearance. Even Hayek, for example, considered there was a role for state welfare, primarily as a selective and residual provision for those not able to provide for themselves in the private market (i.e., as a 'safety net') (Alcock, 1996, p.12). Nevertheless, the New Right's argument was that the existing welfare state needed fundamental and radical reform. Their critique gave rise to the political ideology that all aspects of the public sector should be exposed to the discipline of competition (i.e., a marketisation) and that private provision was superior (i.e., privatisation).

In general, New Right policy prescriptions had four overarching themes (Davies, 1985, p.21-23; Flynn, 1989). First, market mechanisms should be used wherever possible. Second, competition was the spur to efficiency and customer-orientation and should, therefore, be established between providers. Third, individualism and individual choice took precedence over collective choices and planned provision – the overarching idea being that people were individualistic in their motivation, and responded only to individual reward and individual punishment. Fourth, state provision should be kept to a minimum, to encourage those who could afford it to supplement provision or to opt out. Hence, rather than views being channelled through elected representatives, the dominant argument was that social welfare needed to approximate market conditions by creating the possibility of choice; a distinction most clearly articulated by Hirschman's (1970) contrast between 'exit' and 'voice'.¹⁶ Exit is where (some) users stop using a provider's services, customers stop buying a firm's products, members leave an organisation or tenants leave a landlord. For the mechanism to work effectively, users must be able to choose among suppliers since it is the potential for exit and the loss of users that imposes discipline on the service provider. Rather than going over to the competition, dissatisfied users could also 'kick up a fuss' and, thereby, 'force' improved quality or service upon 'delinquent management'. Hirschman termed this voice. Voice differs from exit in some significant ways. For voice to be effective, a relationship has to exist in which the producer/provider wants to hear the consumer's voice. The relationship's continuity is important and parties may be cautious of irreparably damaging it. New Right policy prescriptions, however, focused primarily on providing opportunities for exit – consumer choice being equated with the ability to exit – rather than voice or the choice between exit and voice. In justifying this preference, Seldon (1990, p.107-9) argued that the *"... power of escape from unacceptable suppliers or purchasers in capitalism has no parallel in socialism, which offers only the precarious power of 'voice', ... that usually favours and strengthens the already strong and influential."* His remedy was *"... not to attempt to equalise voice, which is unequalisable, but to facilitate escape by exit, which can be evened up by redistribution of purchasing power."* (ibid, p.110).

¹⁶ Hirschman's argument was based on voice and exit as 'recuperative mechanisms' in firms and organisations in decline, reflected most typically and generally in an absolute or comparative deterioration of the *quality* of the product or service produced (Hirschman, 1970, p.4). Barry (1974, p.90), however, argued that it was more useful to consider situations where quality could be improved. He also argued that this did not *ipso facto* provoke a reaction in terms of either exit or voice, and that consumers could simply suffer in silence.

Consumer choice in the form of 'exit' – connoting both the market mechanism itself *and* transfers away from State provision – was the policy form favoured by the New Right. As Furbey, *et al.*, (1996, p.256) note, the focus was on “... *the creation of the economic democracy of choice in the market place and, in welfare, the promotion of 'exit' options from the services of an 'over-ruling' state as opposed to the 'voice' options of promoting user involvement in public services.*”. As noted above, as a policy prescription, exit conflates two concepts. The first is exit as a market mechanism (i.e., related to a marketisation). Rather than direct provision by the state or by state subsidies to suppliers, for example, the New Right argued that, where welfare was required, a better means was the provision of subsidies or vouchers (on an individual and means-tested basis) which could be exchanged for goods or services from a range of competing suppliers. Recipients would therefore operate as consumers and the approach would, it was argued, offer the possibility of a more sensitive and responsive provision of welfare services. The second is exit as a means of reducing the size of government and of the public sector (i.e., privatisation). Privatisation might be part of a marketisation but – because marketisation requires competition – privatisation does not constitute a marketisation. Although privatisation *might* be a means of achieving competition (i.e., as the first stage of a process of marketisation), it may also – more simply – achieve the end of reducing the size of the public sector; for example, an inefficient public monopoly provider may simply become an inefficient private monopoly supplier.

1.5 CHOICE AS AN ELEMENT OF POLICY

The discussion in the previous part was concerned with choice as the intended outcome of policies (i.e., in the sense of target groups operating as consumers or behaving more like market actors). It is also necessary to discuss choice as an integral element of policy (i.e., as a means to enable or facilitate the implementation of that policy and/or achieve the policy's intended outcomes). Two issues need to be discussed here:– *how* opportunities for choice are conferred and, second, the more problematic issue of *why* they might be conferred;

1.5.1 The conferment of choice

Top-down and bottom-up perspectives are useful when considering choice as an element of policy. More opportunity for choice – and/or an enhanced ability to choose – can originate from those able to offer choice to others (i.e., top-down). Alternatively, it can start with those seeking (or exercising) choices/the ability to choose (i.e., bottom-up). In the context of the previous discussion of implementation, policies can be seen as the top giving discretion to lower groups and/or lower groups exercising discretion whether expressly authorised from above or not. Lower groups can use either of two strategies to respond to or create opportunities for choice. First, they can accept the choices permitted from above, which can be equated with top-down processes and with playing within the 'rules of the game' (i.e., choice within the

limits of permitted discretion). Alternatively, they can challenge or question the framework of choice by seeking choices outside or beyond that framework. This can be equated with bottom-up processes and with challenging and questioning the 'rules of the game' (i.e., choice beyond the limits of permitted discretion). Means (1993, p.7), for example, notes that even where discretion was not formally given by the 'policymaker', target groups and lower-level implementers may still "... *perceive themselves as important 'stakeholders' with the right to pursue their own agendas.*". Determining precisely which process is happening may not be easy, since, while choices might be made at the 'bottom', they are often enabled and shaped by decisions made at the 'top' (i.e., the top determines the limits of the discretion permitted at the bottom). In general, 'top-down' processes providing choice can be seen in four ways (adapted from Somerville, 1998, p.241):—

- conferral of specific individual and/or collective rights or powers by legislation or agreement (i.e., opportunities/powers of choice);
- transfer or recognition of specific powers of negotiation and decision-making (i.e., opportunities/powers of choice);
- communication of appropriate information, training and education (i.e., providing resources to increase autonomy); and
- provision of financial and other resources (i.e., providing resources for choice).

A further factor concerns the degree of *certainty* or permanence of opportunities for choice (i.e., the ease with which it may be withdrawn). There are four broadly hierarchical levels of certainty:—

- The opportunity might be a statutory right. Legislation may grant choice to one party and compel other parties to respect that choice: for example, granting RTB to tenants rather than giving local authorities discretion to decide whether or not to sell.
- Certain powers or decision-making functions might be transferred or delegated to lower bodies. The permanence of the opportunity for choice is dependent on whether the transfer establishes contractual rights or is merely a matter of (current) policy without legal status.
- A partnership might be created by, for example, an estate agreement between landlord and tenants.¹⁷ The permanence of the opportunity is again dependent on whether contractual rights are established or whether it is simply a matter of (current) policy; the latter raises issues of the agreement's credibility and the trust between the parties.
- The opportunity might be a matter of (current) policy. Rights in this instance can be less permanent/certain and may be subject to change. Furthermore, those exercising choice remain beholden to the higher authority and it might be withdrawn if not exercised 'appropriately'.

1.5.2 Justifications for the conferment of choice

Conferment of opportunities for choice may be justified in two ways:— as an end or goal in itself and as a means or instrument to achieve other ends. Choices may be both means and ends. RTB, for example, can be seen as a means (i.e., to empower individual tenants by, for example, offering them the power to *threaten* exit as a means of improving service provision) *and* as an end (i.e., dis-empowering local

¹⁷ The Waltham Forest Tenants' Expectations Document at Waltham Forest HAT and the Liverpool Joint Statement are examples of these (see Chapters Six and Seven).

authorities).

If choice is a goal in itself (i.e., an end), realistic choices might be regarded as part of a set of individual rights and *ipso facto* desirable. Hence, it may be considered desirable that people are free to make choices and pursue their own objectives in their own way, for example, choosing the services they receive and/or choosing between suppliers. This accords with what was previously termed the liberty of choice. If choice is a goal in itself, it is the existence of the opportunity to choose that is important rather than – necessarily – the exercise of that opportunity. A distinction between the *potential for* and the *exercise/outcome* of choice is therefore important. Rather than actually making a particular choice, it may be important that an individual is in a position to decide whether to make a particular choice. In this respect, ‘empowerment’ can be understood as the creation of (more) opportunities for and/or greater ability to exercise choice (or reducing the coercive ability of others).¹⁸

If choice is an instrument (i.e., a means), it facilitates other policy aims (such as greater efficiency and responsiveness, or more generally aids implementation). Both the opportunity to choose and the exercise of that choice are important here. If choice is a means to an end, the outcome of that choice is important. It may, for example, be important to those conferring choice that those entitled to choice make a *particular* choice (for example, to exit from the public sector). Equally, however, as noted previously, too much local discretion might subvert, undermine or otherwise distort the intentions of the policy. Power may be exercised by either not permitting a ‘real’ choice or by limiting the range of options.¹⁹ The latter empowers people but also effectively determines (or at least limits) the possible outcome(s). Incentives may also be offered to *encourage* and/or coercion and sanctions employed to *force* a particular choice. The incentive structures within a policy, for example, might be configured in such a way that confronted with choices (i.e., the need for discretion) implementers or target groups act in one way (in support of the policy objectives) rather than another – although, in extremity, an incentive is a bribe. As noted previously, Sabatier & Mazmanian (1979) discussed this with regard to veto points and suggested the deliberate weighting of incentives and sanctions as a means towards effective implementation. This raises issues of manipulation and coercion. For the purpose of this thesis, it is useful to define a ‘voluntary’ choice as one where an individual makes a choice that increases his welfare and a ‘coerced’ choice as one where an individual’s welfare is reduced by that choice *or* where a particular choice is made

¹⁸ This definition has similarities with a planning experiment in Cleveland in the early 1970s, where the City Planning Commission proposed “... that government institutions give priority attention to the goal of promoting a wider range of choices for those Cleveland residents who have few, if any, choices.” (from Krumholz, *et al.*, 1975, p.299). Krumholz, *et al.*, (1975, p.299) argued this emphasis on choices reflected the Commission’s commitment “... to providing a wider range of alternatives and opportunities while leaving individuals free to define their own needs and priorities.”

¹⁹ In principle, meaningful choice must involve (realistic) alternatives; a ‘Hobson’s choice’ being effectively no choice.

to prevent welfare being reduced.²⁰ To illustrate this, a firm encouraging customers to transfer from product A to product B may, for example, give customers an incentive to transfer to B (e.g., it might simply be recognition of product B's superiority). As customers would increase their welfare (utility), it would therefore be a voluntary choice. Alternatively, the firm may adversely change the conditions of supply of product A (i.e., by increasing its price or reducing its quality). If the conditions of supply of A were changed for the purpose of encouraging a switch to product B, this would be a coerced choice.²¹

Before closing this discussion, four other interrelated issues should also be noted. First, a key dimension of choice is *who* makes the choice. Paternalism is where the choice of an 'expert' is substituted for that of the individual on the basis that people may not be the best judges of their own welfare and some other agency should substitute its judgement for their choice. It therefore contrasts with a strict liberalism that insists each person is the best judge of his own welfare (Heap, *et al.*, 1997, p.345). Those critical of paternalism – including the (neo-liberal) New Right – emphasise the rights of individuals to live their own lives and make their own mistakes. Paternalism may, however, be justified by the desire to save people from themselves: its advocates, for example, argue that the liberal principle states individuals are the *best*, but not *perfect*, judges of their own welfare (ibid, 1997, p.345). The latter point also emphasises an important distinction between people's *wishes* and their *interests*. Second and more generally, one individual's choice can deny choice to another; hence, increasing the choices for some may reduce those available to others. Choices offered to current tenants, for example, may reduce choice for latter generations. A third point concerns the *extent* of choice: for example, whether arrangements extend choice to all or only to small – elected or unelected – cliques. The final point concerns whether the choice is reversible and whether costs are attached to subsequent changes. Those making a once-and-for-all choice are likely to be prudently cautious and risk-averse, favouring 'the known' (i.e., the status quo) over 'the unknown'.

1.6 CONCLUSION

This Chapter has introduced the policy context and background to the thesis and has focused on implementation and the general policy context and, in particular, the concept of choice. In conclusion it is necessary to relate implementation and choice. In the following discussion, choice refers to choice as an element in the implementation of policy rather than as a policy objective. Discretion and autonomy (i.e., choice) at the local level can be important for effective implementation. As Malpass & Means (1993, p.191) argue, "... *implementation almost by definition involves flexibility in the application of general policy principles to specific situations. The centre never has complete information and therefore cannot*

²⁰ This definition of coercion differs from Hayek's. Furthermore, for Hayek, both encouragement and force would be coercive.

²¹ By some method or other, the firm could also compel (i.e., coerce) the consumer to purchase product B.

anticipate all the circumstances in which its policies will be implemented.”. Decisions may therefore be better made by implementers both because they may be better equipped as a result of competence and specific training (Ham & Hill, 1993, p.107) and because they are closer to events on the ground and have better information. From a top-down perspective, the discretion of implementers and target groups should, however, be harnessed to ensure the effective achievement of the intended policy outcomes. Conferment of opportunities and powers of discretion and choice might also be used to encourage implementers and target groups to develop ‘ownership’ and responsibility for the policy’s implementation (i.e., to give them a stake in the outcome). When particular (i.e., difficult) choices have to be made, for example, it might be considered better if they are made at the local level by implementers and perhaps also with or by (rather than for) target groups. If target groups make the decision (or are involved in making it), the inevitable trade-offs and compromises may be more acceptable because they are *their* trade-offs and *their* compromises. Hence, the ability to make decisions (i.e., choices) encourages – or necessitates – the acceptance of responsibility (and ownership) of those decisions. Affording opportunities for choice may therefore be a means of generating or maintaining support for a particular policy because it becomes the choice of the implementers and/or the target group. One of Sabatier & Mazmanian’s conditions for effective implementation, for example, is ‘compliance from’ or ‘support of’ interest and target groups for the policies. While compliance can – in principle – be compelled by the use of sanctions or force, support requires persuasion and/or the use of influence or incentives. As noted previously, discretion is inevitable and, while implementers may use their discretion disruptively, policy cannot be so closely specified that implementers simply need follow rules set down from above. If implementers cannot be sufficiently or adequately ‘controlled’ from above, they need to be motivated to support the policy objects. A similar logic applies for target groups; as Mazmanian & Sabatier (1983, p.13) argue, for example, “... *an appreciation of the target group’s perspectives becomes critical when the programme is based upon assumptions about the target group’s motivation.*”. Such a viewpoint and approach to implementation also inherently recognises that top-level actors are not the only stakeholders in the policy process. Hence, rather than being passive recipients of a policy, target groups might also become – and be explicitly recognised as – active stakeholders. The next Chapter outlines the research agenda and the structure of the remainder of the thesis.

Chapter Two

THE RESEARCH AGENDA

2.0 INTRODUCTION

This Chapter outlines the research agenda and is in six parts. The first discusses the relationship between theory and empirical research, the second the issue of the research structure, the third the research focus, the fourth the research methods, and the fifth the data collection methods. The final part outlines the thesis's structure and organisation.

2.1 THEORY & EMPIRICAL RESEARCH

This thesis involves social science research in which the term 'social science' refers to the scientific study of human behaviour. As all science aims to build explanatory theory about its data, the aim of social science is to build explanatory theory about people, their behaviour and institutions. Research therefore involves not only collecting data but also explanation of that data (i.e., theory). Theory involves the ability to explain and understand the findings of research (i.e., to make 'sense' of the data). As Frankfort-Nachmias & Nachmias (1992, p.46) observe researchers operate in two 'worlds' – one of 'observation and experience', the other of 'ideas, theories and models'. Explanation and description represent two levels of understanding. Description is concerned with making complex events and phenomena understandable. Although explanation is similarly concerned, it also operates at a higher level and involves finding reasons for events and situations, showing why and how they came to be as they are. Explanation therefore draws upon or creates theory. Theory and empirical research are intimately related. May (1993, p.20), for example, describes it as a symbiotic relationship: theory informs our thinking, which assists us in making sense of the world, while our experience of undertaking research and its findings influence our theorising.

In terms of approaches to research, a distinction is usually made between 'grand' theory and 'grounded' theory. As May (1993, p.21) explains, some theories "*... appear to float over the social landscape as if they were unfettered by the problems and realities of everyday life. This ability to transcend or abstract theories from everyday life allows us to have a perspective on our social universe which breaks free from our everyday actions and attitudes.*". Although grand theories of this nature allow us to "*... locate our research findings within a general theory of the*

workings of society." (ibid, p.21), their level of generality and abstraction may be of little use in researching particular areas of social life. Hence, as May (ibid, p.21) notes, "... *some have been disparaging of the inability of 'grand theorists' to grasp social problems which are important to specific 'historical and structural contexts'.*". An alternative to such abstraction or generality is, as Glaser & Strauss (1967) argued, to 'ground' social theories in observations of everyday life. As May (1993, p.21) describes, in the grounded theory approach, "... *instead of descending upon the social world with a body of theoretical propositions about how and why social relations exist and work as they do, we should first observe those relations, collect data on them, and then proceed to generate our theoretical propositions.*".

A research project that aims at explanation can proceed using one of two routes:-- by testing or verifying theory or by generating theory. In general, grand theory research is concerned with theory verification; grounded theory research with theory generation. Theory verification -- or theory-first -- research starts with a theory from which hypotheses are deduced and studies designed to test those hypotheses. The approach is deductive and research functions to produce empirical evidence to test or refute theories (May, 1993, p.22). In theory generation -- or theory-after -- research, rather than starting with a theory, the aim is to develop theory from the data collected. The approach is inductive: research comes before theory and theoretical propositions on social life are generated from the data (ibid, p.22). A proponent of this approach, Robert Merton (from Frankfort-Nachmias & Nachmias, 1992, p.46) argued that empirical research has not only a passive role in verifying and testing theory but also an active role in helping to shape the development of theory, by initiating, reformulating, deflecting and clarifying it. Hence, there is a positive engagement in which, rather than being a fixed and immutable entity, theory is capable of being shaped and refined in the light of and through empirical research. As Frankfort-Nachmias & Nachmias (ibid, p.47-48) note, the dilemma concerns the place of theory in the research process. Nevertheless, they argue that while "... *there is a lively controversy as to which strategy most fruitfully enhances scientific progress, our position is that theory and research should interact constantly and that the contrast between the two strategies is more apparent than real.*" (ibid, p.49).

The research for this thesis started from a focus on HAT policy and its implementation and subsequently utilised implementation theory as a means of structuring explanation of that phenomena.

2.2 RESEARCH STRUCTURE

In some research projects, the agenda, structure and focus is substantively known at the outset. Alternatively it may emerge or ‘unfold’ as the research progress (i.e., it emerges from engagement with the data or with the phenomena being studied).¹ Miles & Huberman (1994, p.16) discuss this idea in terms of ‘tight’ (i.e., pre-specified) and ‘loose’ (i.e., unfolding) research and debate the issue of how much ‘shape’ a (qualitative) research design should have before its fieldwork stage. They question whether prior bounding blinds the researcher to important features in the phenomena being studied and, conversely, whether a lack of bounding and focusing leads to indiscriminate data collection and data overload. They note, for example, that many social anthropologists and social phenomenologists prefer “... *a more loosely structured, emergent, inductively ‘grounded’ approach to gathering data.*”, in which the research is highly responsive to the phenomena being studied. While – up to a point – Miles & Huberman (1994, p.17) agree with this, they also argue that the ‘looser the initial design, the less selective the collection of data’ and that “... *everything looks important at the outset if you are waiting for the key constructs or regularities to emerge from the case, and that wait can be a long one.*”. Hence, they concur with Wolcott (1982, p.157, from *ibid*, p.17) who – while recognising the merits of open-mindedness and a willingness to enter a research setting ‘looking for questions as well as answers’ – also notes it is “... *impossible to embark upon research without some idea of what one is looking for and foolish not to make that quest explicit.*”.

The above discussion emphasises the need to strike a balance between the advantages of focus and structure (not least in terms of operationalising and managing the research) and those of flexibility and responsiveness (i.e., not ‘jumping’ to premature conclusions). Striking that balance inevitably requires trade-offs: they note, for example, how in multiple case study research a looser initial framework allows the researcher to be receptive to local idiosyncrasies, while making cross-case comparability harder, increasing costs and the danger of information load (Miles & Huberman, 1994, p.17). Thus, as a case can be made both for tighter prestructured research designs and for looser emergent ones, much qualitative research lies between the two extremes. Nevertheless, as structure and focus is needed in either case, the actual dilemma concerns *when* it occurs (Punch, 1998, p.25). Punch (*ibid*, p.25) suggests the issue can be represented in the form of a continuum (see Table 2.1). At one end of the continuum (i.e., the left-hand end), research questions are pre-specified, the research design tightly structured and the data pre-structured. At the right-hand end, the research design is indicated in general terms only and takes a more detailed shape as the research

¹ This broadly parallels distinctions between grand theory/theory verification research and grounded theory/theory generation research.

progresses and as the specific focus is developed. The research questions are therefore general and guiding, the research loosely structured and the data not pre-structured. The argument in the latter case is that, until some empirical work is carried out, it is not possible (or -- if possible -- not sensible) to identify specific research questions. These become clearer as the research unfolds and as a specific focus for the work is developed. In general, quantitative studies are likely to be towards the left-hand end of the continuum. Qualitative studies are more varied and may cover a wider range along the continuum. In general, however, the further to the right-hand side, the more likely it is that the research will be qualitative.

PRE-FIGURED RESEARCH (TIGHT)	UNFOLDING RESEARCH (LOOSE)
PRE-SPECIFIED RESEARCH QUESTIONS RESEARCH DESIGN TIGHTLY STRUCTURED DATA PRE-STRUCTURED	GENERAL & GUIDING RESEARCH QUESTIONS RESEARCH DESIGN LOOSELY STRUCTURED DATA NOT PRE-STRUCTURED
Advantages <ul style="list-style-type: none">• efficiency in time & information• facilitates cross-case comparability• provides focus Disadvantages <ul style="list-style-type: none">• lack of responsiveness• lack of flexibility• may provide inappropriate focus	Advantages <ul style="list-style-type: none">• responsiveness• flexibility• enables appropriate focus Disadvantages <ul style="list-style-type: none">• time costs• information overload• difficulties of cross-case comparability• potential lack of focus
TABLE 2.1 – EXTREMES OF RESEARCH STRUCTURE CONTINUUM	

While it is desirable to have a fixed research agenda at an early stage, research is typically a recursive process in which the researcher constantly engages with the theory and data and with structuring, organising and presenting that theory and data in a meaningful and coherent manner. Hence, the research agenda and structure is frequently refined and more precisely focused during the research process: the extremes shown in Table 2.1 are therefore starting points only. Reflecting the fact that during the period of study, HAT policy was being implemented and continued to evolve, the research for this thesis was of an unfolding nature. The precise context and justification for the research questions given below therefore becomes more readily apparent in Chapters Three and Four.

2.3 RESEARCH FOCUS

Typically either hypotheses or research questions are used to focus research and generally do five main things:-- organise the project (i.e., give it direction and coherence); delimit the project (i.e., show its boundaries); keep the project focused; provide a framework for writing up the project; and point to the data that will be needed (adapted from Punch, 1998, p.39).² When it comes to their implications for research design, Punch (1998, p.40) argues that there is no logical difference between research questions and research hypotheses. A hypothesis is a tentative or predicted answer to a research question and is important when the researcher has an explanation -- a theory -- in mind at an early stage in the research project. If this is the case, hypotheses should be formulated as predicted answers to research questions and then tested, thereby, exposing and analysing the theory behind them. If answers to research questions cannot be predicted, there is no need to go further with the matter of hypotheses and research questions will normally be sufficient. (ibid, p.40).

Research hypotheses or research questions typically have the following characteristics:--

- clarity (i.e., they can be easily understood and are unambiguous);
- value-free (i.e., in principle, the researcher's own values, biases and subjective preferences have no place in a scientific approach);
- specific (i.e., their concepts are at a specific enough level to connect data indicators);
- amenable to empirical testing (i.e., the data required to answer them and how the data will be obtained is apparent);
- interconnected (i.e., they are related to each other in some meaningful way); and
- (substantively) relevant (i.e., they are interesting and worthwhile questions for the investment of research effort) (adapted from Frankfort-Nachmias & Nachmias, 1992, p.61; Punch, 1998, p.49).

The overall aim of the thesis was to examine the totality of the development and implementation of HAT policy. In practice, however, this ambition had to be tempered and the thesis concentrated primarily on housing issues, with less attention paid to HATs as examples of housing-led or neighbourhood regeneration agencies. The legislation for HATs was introduced under the 1988 Housing Act, which – as its name suggests – was primarily concerned with housing rather than regeneration. To provide focus for the research, there were two interrelated research questions:--

- Why did HAT policy fail to be implemented in the pilot HAT areas and how and why was it subsequently implemented in other areas?

² Punch (1998, p.166) notes how traditionally much research (and particularly quantitative research) has followed the theory verification model; hence, the importance attached to the role of the hypothesis in structuring the research. He notes, however, that in the grounded theory approach, no 'up-front' theory is proposed and, hence, no hypotheses are formulated for testing ahead of the research.

- How did the concept of choice inform the development and implementation of HAT policy?

As there was no obvious explanation to the issues suggested, it was decided that research questions would be sufficient to focus the research.

2.4 RESEARCH METHODS

In broad terms, data collection can be undertaken using quantitative methods and/or qualitative methods. The difference can be defined relatively easily: in quantitative research the data is numerical, in qualitative research the data is not numerical. Qualitative studies tend to look at something holistically and comprehensively, in order to study and understand it in its context and complexity. Miles & Huberman (1994, p.1) describe them as “... *well-grounded, rich descriptions and explanations of processes in identifiable local contexts.*”. They summarise the recurrent issues in qualitative research as follows:--

- Qualitative research is conducted through an intense and/or prolonged contact with a ‘field’ or life situation.
- The researcher’s role is to gain a ‘holistic’ overview of the context under study, its logic, its arrangements, its explicit and implicit rules.
- The researcher attempts to capture data on the perceptions of local actors ‘from the inside’.
- Reading through these materials, the researcher may isolate certain themes and expressions that can be reviewed with informants, but they should be maintained in their original forms throughout the study.
- A main task is to explicate the ways people in particular settings come to understand, account for, take action and otherwise manage their day-to-day situations.
- Many interpretations of this material are possible, but some are more compelling for theoretical reasons or on grounds of internal consistency.
- Relatively little standardised instrumentation is used at the outset. The researcher is essentially the main ‘measurement device’ in the study.
- Most analysis is done with words. (ibid, p.6-7).

They note, however, that while there might be recurring features, any particular research tradition configures and uses them differently (ibid, p.7). As these features seem appropriate for a complex and multi-faceted phenomena such as a public policy, the research adopted a qualitative approach. A quantitative approach (e.g., a questionnaire survey of HAT tenants) was also rejected for the following reasons. First, contacts in the HAT areas warned tenants were suffering from ‘survey fatigue’. Second, due to local factors, the HATs developed at different rates and the policy itself was constantly in flux. It would therefore have been difficult to identify appropriate and similar groups in the different HAT areas, given their different start dates, differing development programmes and contexts. Meaningful comparisons through quantitative indicators would also have been difficult. Third and most importantly, the research questions posed (i.e., concerned with the development of policy and the politics/

management of its implementation) need data and explanation/answers that are not readily amenable to quantitative methods. Although it might provide a great deal of detail about a particular aspect of HAT policy, a quantitative approach would shed limited light on the totality of HAT policy and, in particular, on its development and implementation.

Case studies are a common method of qualitative research in which one or a small number of cases are studied in detail in order to gain a holistic overview of the context under study. As Yin (1994, p.1) argues, they are often the most appropriate method of research in instances where the researcher has no real control over the 'real life' situations being studied. Yin (ibid, p.23) stresses that a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, where the boundaries between phenomenon and context are not clear, and in which multiple sources of evidence are used. Although case studies involve an explicit attempt to preserve the wholeness, unity and integrity of the case, not everything can be studied and a more specific focus is often required. Similarly, Miles & Huberman (1994, p.25) note that while there is a focus or 'heart' to a case study, the boundary (i.e., what will not be studied) is often somewhat indeterminate.

In this thesis, there are two levels of case study:-- first, a case study of a particular policy (i.e., HAT policy) (Chapters Four and Eight) and, second, case studies of locations where that policy was implemented (Chapters Five, Six, Seven and Eight). The latter is a multiple case study, where the focus is both within and across cases. The unit of analysis at the higher level is HAT policy, while at the lower level it is each individual HAT. The first three HATs to be established were selected as case studies. It was considered that this would provide sufficient diversity to typify the implementation of HAT policy; furthermore, the other three HATs areas had only just been established when the research was begun in 1994. Case studies also need to be bounded in terms of time and, in principle, the bounding should be internal to the research. It is often the case, however, that there is no obvious or 'natural' stopping point (apart from the winding-up of the final HAT). For this thesis, the cut-off point of Autumn 1998 was selected by the researcher. By this time it was considered that was most of the likely trends in the development and implementation of HAT policy had become apparent.³

Within the above research questions, there are six research objectives that indicate the data required and further focus the research:--

- First, to develop an understanding and appreciation of implementation theory (Chapter One);
- Second, to develop an understanding and appreciation of the general policy context from which HAT policy emerged (Chapter One);

³ The disadvantage of this stopping point is that the landlord choice process had not been completed and in one case (Waltham Forest HAT) had not started.

- Third, to establish the specific context for HAT policy within the housing policy context of the 1980s (Chapter Three);
- Fourth, to examine the development and initial implementation of HAT policy (Chapter Four);
- Fifth, to examine the implementation of HAT policy in three case study locations and, in particular, the following:--
 - the choice to establish a HAT;
 - the HAT's development programme;
 - tenant involvement; and
 - landlord choices (Chapters Five, Six and Seven).
- Sixth, in the light of the above, to draw conclusions and provide explanations to answer the research questions (Chapter Eight).

2.5 DATA COLLECTION

Case studies typically include a range of data collection techniques (see Table 2.2). Although most case studies are predominantly qualitative, the approach is not necessarily solely a qualitative technique. Two principal data collection techniques were utilised:-- documentation and interviews. The various sources of data were also used to encourage triangulation and convergent lines of inquiry. Much of the research effort was devoted to piecing together, understanding and subsequently explaining the 'story' of the development and implementation of HAT policy. Hence, that 'story' constitutes the research data.

Documentation

For case studies, the most important use of documents is to provide the initial and core information. They can also corroborate and augment evidence from other sources including verification of details and information obtained through interviews. Yin (1994, p.82), however, cautions against 'over-reliance' on documents in case study research and stresses the importance of appreciating that such documents are often *"... written for some specific purpose and some specific audience other than those of the case study alone. In this sense, the case study investigator is a vicarious observer, and the documentary evidence reflects a communication among other parties attempting to achieve some other objectives."* Data collection was primarily from Government policy documents, reports and other material (particularly Hansard) and HAT documentation (including annual reports, corporate plans, various progress and consultancy reports and studies, board meeting minutes, newsletters, etc.).

Interviews

Interviews are an essential source of case study evidence. Reports and other documents tend to report the outcome rather than the process of decision-making. By contrast, well-informed respondents provide important insights into a situation and offer explanation as to why, for example, certain options were pursued and others rejected. Interviews also provide indications and accounts of the prior history of a

situation and help identify other sources of evidence. Research interviews can be structured, unstructured or semi-structured. In structured interviews the respondent is asked a series of pre-established questions, with pre-set response categories. If the interview is standardised as well, all respondents receive the same questions in the same order, delivered in a standardised manner. Although some open-ended questions may also be used, structured interviews generally permit little room for variation in response, while flexibility and variation are minimised. Unstructured interviews are non-standardised, open-ended, usually in-depth and are usually used as a way of understanding the phenomena without imposing any *a priori* categorisation that might limit the field of inquiry.

Source of evidence	Strengths	Weaknesses
Documentation	<ul style="list-style-type: none"> stable can be reviewed repeatedly unobtrusive – not created as a result of the case study exact – contains exact names, references and details of an event 	<ul style="list-style-type: none"> retrievability – can be low biased selectivity, if collection is incomplete reporting bias – reflects (unknown) bias of author access – may be blocked deliberately
Archival records	<ul style="list-style-type: none"> (same as for documentation) precise and quantitative 	<ul style="list-style-type: none"> (same as for documentation) accessibility due to privacy reasons
Interviews	<ul style="list-style-type: none"> targeted – focuses directly on case study topic insightful – provides perceived causal inferences 	<ul style="list-style-type: none"> bias due to poorly constructed questions response bias inaccuracies due to poor recall reflexivity – interviewee gives what interviewer wants to hear
Direct observations	<ul style="list-style-type: none"> reality – covers events in real time contextual – covers context of event 	<ul style="list-style-type: none"> time-consuming selectivity – unless broad coverage reflexivity – event may proceed differently because it is being observed cost – hours needed by human observers
Participant observations	<ul style="list-style-type: none"> (same as for direct observations) insightful into interpersonal behaviour and motives 	<ul style="list-style-type: none"> (same as for direct observations) bias due to investigator's manipulation of events
Physical artefacts	<ul style="list-style-type: none"> insightful into cultural features insightful into technical operations 	<ul style="list-style-type: none"> selective availability

TABLE 2.2 – SOURCES OF DATA
(adapted from Yin, 1994, p.80)

To supplement the documentation, interviews were conducted with a comprehensive range of actors associated with HATs (see Table 2.3). Each interview lasted a minimum of one hour and frequently longer. The interviews were undertaken in two sets; the first during 1994/95 and the second during 1997/98. Their primary purpose was to enable the researcher to 'get closer' to those implementing the policy and the target groups. The interviewees were selected in consultation with the HAT information officers. While this gives rise to the potential for bias, the potential bias is known and can be considered in interpreting the data. It should also be acknowledged that all of the tenants interviewed were 'activists'. The interviews were also conducted with regard to the following commonly required interviewer skills:—

- being able to ask good questions and interpret the answers/responses;
- being a good 'listener' and not being trapped by personal ideologies or preconceptions;
- being adaptive and flexible, so that newly encountered situations can be seen as opportunities;
- having a firm grasp of the issues being studied; and
- being unbiased by preconceived notions (from Yin, 1994, p.56).⁴

	NORTH HULL HAT	WALTHAM FOREST HAT	LIVERPOOL HAT
HAT officers	NHHAT 1; NHHAT 3; NHHAT 4; NHHAT 5; NHHAT 8; NHHAT 9; & NHHAT 14.	WFHAT 1; WFHAT 3; WFHAT 5; WFHAT 6; WFHAT 9; WFHAT 12; & WFHAT 17.	LHAT 1; LHAT 2; LHAT 5; LHAT 6; LHAT 7; LHAT 8; LHAT 12; & LHAT 13.
HAT participation officers	NHHAT 7 & NHHAT 11.	WFHAT 4; WFHAT 10; WFHAT 14; & WFHAT 18.	LHAT 3 & LHAT 9.
City council board members	NHHAT 13	WFHAT 19	LHAT 14; & LHAT 15
Resident board members	NHHAT 10	WFHAT 8; WFHAT 11; & WFHAT 16.	LHAT 4 & LHAT 16
Residents & residents representatives	NHHAT 2; NHHAT 5; NHHAT 6; NHHAT 12; & NHHAT 14.	WFHAT 2; WFHAT 4; WFHAT 7; WFHAT 13; & WFHAT 15.	LHAT 3; LHAT 10; LHAT 11; & LHAT 15.
TABLE 2.3 – INTERVIEWS WITH ACTORS IN THE HAT PROCESS NB Some of the interviewees had more than one role; numbers refer to the reference numbers used in the text.			

In the interests of flexibility and as it was not known precisely what the interviews would involve, semi-structured interviews were used. The structuring was by means of key themes and areas to be covered during the interview. The interviews were transcribed immediately after the interviews from

⁴ Appendix A gives more details of and a commentary on the research method employed.

notes taken during the interview while the material was still fresh in the researcher's mind. The interviews were open-ended and respondents asked not only for the facts of the matter but also encouraged to express their opinions and insights about events. In this respect, respondents are better considered as 'informants'. The danger was also recognised of becoming "... *overly dependent on a key informant, especially because of the interpersonal influence – frequently undefinable – that the informant may have over you.*" (ibid, p.84). Yin (ibid, p.84) suggests that a way of dealing with this is to utilise other sources of evidence to corroborate or challenge any insight by such informants.

Yin (ibid, p.85) warns that interviews should be considered 'verbal reports' only and, as such, are subject to problems of bias, poor recall, and poor or inaccurate articulation. A method of overcoming these problems is to triangulate and corroborate interview data both with other interviews and with information from other sources. The researcher – and the reader – should also be aware of where any potential biases may lie (for example, whether the interviewee was a HAT officer or a tenant). Hence, although interviewees are anonymised, they are distinguished into the following:– tenants and tenants representatives, tenant or resident HAT board members; HAT officers and city council/HAT board members. The draft case study reports were also reviewed by and discussed with key informants in each location; the key informants also circulated the drafts to other actors, whose comments were fed into the discussion.

2.6 THESIS STRUCTURE

This thesis presents a chronological narrative and commentary on the background, development and implementation of HAT policy. Chapter One began by discussing implementation theory before outlining the general policy context and policy theme of choice. This Chapter has introduced the research agenda. Chapter Three discusses the major developments in housing policy during the 1980s and, in particular, focuses on the new phase of housing policy in the mid-1980s, which introduced various new exit mechanisms including HATs. The Chapter provides the context for the more focused discussion of HAT policy (Chapter Four) and of the case study HATs (Chapters Five, Six and Seven). Chapter Four discusses the development and initial implementation of HAT policy, including the abortive pilot HAT areas, which is given to counterpoint with the successful HAT areas; the Chapter adopts a broadly top-down approach. Chapters Five to Seven discuss the implementation of HAT policy, with each Chapter examining one of the first three HATs; the Chapters adopt a broadly bottom-up approach. Chapter Eight concludes the thesis.

Chapter Three

THE HOUSING POLICY CONTEXT

3.0 INTRODUCTION

The changes in housing policy and legislation through the 1980s provide the background to HAT policy. This Chapter discusses those changes and is in eight main parts. The first briefly discusses the Thatcher Government and its approach to policy implementation. The second discusses the development of a 'crisis' in council housing, while the third discusses the translation of this from a crisis *in* to a crisis *of* council housing and responses to that crisis. The fourth discusses the new phase of housing policy heralded by the 1987 White Paper, while the next three sections discuss aspects of that new policy phase. The final part comments on some of the outcomes of this new phase of housing policy.

3.1 THE THATCHER GOVERNMENT

The New Right critiques of the welfare state and the justifications for market mechanisms in public policy outlined in Chapter One provide the context for 1980s housing policy. Before discussing housing policy, however, it is necessary to focus on the Thatcher Government. The historical moment for New Right ideas came during the 1970s for a combination of reasons, including difficulties encountered by the prevailing Keynesian orthodoxy during the early and mid-1970s and Margaret Thatcher becoming leader of the Conservative party. From the mid-1970s onwards and influenced by New Right ideas, Conservative policy became increasingly hostile to the welfare state as it had developed in the period of post-war political 'consensus'. Despite a broad cross-party consensus, the welfare state had always been an amalgam of two competing conceptions:-- as a mechanism for increasing equality and social justice (or -- seen slightly differently -- reducing social inequalities) and, second, as a --- preferably temporary, individual and means-tested --- safety net. The object of the former (the view to different degrees of 'one-nation Tories' and the political left) was to ensure greater equality in the 'basic' things of life, such as education, health care, and housing. The purpose of the latter -- the view of the Thatcher Government -- was to ensure that people did not drop below a certain minimum living standard due to personal misfortune.

Cole & Furbey (1994, p.183) warn against assuming that Thatcherism was the 'perfect practical

embodiment' of New Right ideas. They note two primary differences between New Right 'theory' and Thatcherite 'practice'. The first assumes the existence of an internally consistent, unified New Right ideology. As noted in Chapter One, there are at least two different perspectives on New Right ideology. Thatcherism was a pragmatic mix of both.¹ From both perspectives, however, it saw the need for a strong state to ensure that interest groups did not frustrate the operation of the market, which lead both to a centralisation of power and a concerted 'attack' on the powers and abilities of local government. Second, noting Thatcherism's populist and pragmatic aspects, Cole & Furbey (1994, p.183) argue New Right ideas received a 'selective application' with "*... an eye more to electoral arithmetic than every nuance in Hayek's writings.*". They argue that Thatcherism's pragmatic quality – its modification of New Right ideas – was illustrated by its initial focus on council housing, rather than on more entrenched state services, and the preservation of mortgage interest relief for owner-occupiers.

When returned to power in 1979, the Conservatives had what was regarded as a very radical agenda, including the ambition to 'roll back the frontiers of the State' and, in particular, those of the welfare state. In 1979, the welfare state was the biggest area of non-market activity in the economy, with social security, education and health care, and – to a lesser degree – housing and social care being produced and allocated by bureaucratic mechanisms. Until 1987, however, rather than more radical reform, the Thatcher Government concentrated on controlling spending on the local welfare state. Furthermore, as part of its overall macroeconomic strategy, its overarching aim was to reduce public expenditure. Given the difficulty of reducing central Government expenditure, reducing local authority expenditure was an important part of the strategy. The overall effect of various pieces of financial legislation (e.g., the 1982 Local Government Finances No.2 Act; the 1984 Rates Act; the 1988 and 1992 Local Government Acts) was both to reduce local authority powers and discretion and to centralise power. Furthermore, capital spending is intrinsically less difficult to cut than current spending: it is easier to cancel a planned hospital extension than to lay off 20% of nursing staff. More particularly, the major item of capital spending by local authorities was housing.

As the 1979-83 and 1983-87 Thatcher Governments refrained from fundamental reform, the welfare state's basic structure in 1987 was much the same as in 1979. The important exception, however, was council house sales through RTB which, as Cole & Furbey (1994, p.182) argue, demonstrated that "*... radical incursions could be made into the heart of public provision without disastrous electoral consequences.*". Bolstered by a third successive election victory in 1987, however, a

¹ Several commentators have identified two themes within the Thatcher Governments' approach. Gamble (1984), for example, labelled them 'social market economy' and 'authoritarian populism', and later as 'free economy' and 'strong state' (Gamble, 1988).

'major offensive against the bureaucratic structures of welfare provision' was launched, in which a number of initiatives sought to separate state finance from state provision with the State becoming an enabler and purchaser of services provided by others (Le Grand & Bartlett, 1993, p.1-2).² Local authorities were also to be transformed from executive agencies and direct providers of services into facilitators and enablers of other service providers: the 1988 Housing Act, for example, repositioned local authorities as *enablers* rather than *providers* of rented housing.

Thatcherism & policy implementation

In its attempt to break with the post-war consensus and force change, the Thatcher Government produced a set of policies designed "... *to produce a strong state and a Government strong enough to resist the selfish claims of interest groups.*" (Kavanagh, 1990, p.9). Rhodes & Marsh (1992, p.8) argue that from the outset, Thatcher was determined 'not to waste time on internal arguments over policy-making': "... *her aim was to set objectives, and force them through against opposition by holding to her position.*". They therefore assert that the Thatcher Government operated with an uncompromising top-down model of policy-making in which it could and should:— set the policy agenda and choose the policy options; pass the legislation without amendment, given its majority in Parliament; and control the implementation process to ensure that its objectives were attained (ibid, p.8). Thus, to implement its policies, the Thatcher Government adopted a 'conviction' approach, which contrasted with the previous 'consensus approach': which Kavanagh (1990, p.6) defines as "... *the political style by which policy differences are resolved, namely a process of compromise and bargaining and a search for policies which are acceptable to the major interests.*". Even in the 1960s and 1970s, consensus as a style of policy-making had attracted criticism. Kavanagh (1990, p.8), for example, notes how the "... *emphasis on consultation with interest groups, incremental change, and the demonstrated ability of important pressure groups to veto change amounted — some critics argued — to pluralistic stagnation or political inertia.*". As one consequence of this conviction approach, the Thatcher Government attempted to exercise dominance over — or alternatively to circumvent — local authorities. Although traditionally involved in policy formulation and implementation, local authorities were now seen as obstacles to change and a source of opposition to a sovereign parliament (Kavanagh, 1990, p.7-8). Thus, rather than the more traditional view of a partnership between tiers of government, the Thatcher Government regarded local authorities primarily as implementers of policy determined by the centre. Given the Government's mistrust of local authorities and the difficulties encountered in trying to implement its preferred policies, however, an increasingly

² The success of the Conservative's restructuring of the welfare state remains open to debate. Some argue that it was progressed more in terms of rhetoric and ideology than by substantive achievement (e.g., see Flynn, 1989; Marsh & Rhodes, 1992). Nevertheless, as Hill (1997, p.377) argues, there had been 'substantial change, clearly initiated from the top', which "... *altered the balance of power in health management; destroyed the 'partnership' concept in 'central-local' relations and radically altered control over education and housing.*".

common model for policy implementation during the 1980s was the creation of centrally-controlled agencies that would take over local authority functions in which local actors would be agents of the centre.

As an implementation strategy, this accords with Sabatier & Mazmanian's proposition that responsibility for implementing a policy should be assigned to an agency likely to be both committed to it and giving it a high priority. Urban development corporations (UDCs) were a prominent early example of this and, as is shown in the next Chapter, HATs were explicitly based on UDCs.

3.2 THE DEVELOPMENT OF COUNCIL HOUSING

As council housing is central to HAT policy, it is necessary to briefly outline its origins and development. As Cole & Furbey (1994, p.179) note, the growth of council housing was not the 'product of bold political visions' and "*... was achieved less by a dramatic flourish than by an uncertain passage through a quagmire of ill-conceived politics, wavering public commitment and contradictory financial strategies.*". The council sector's growth dates principally from 1919 when, with a national shortage of houses and a Government pledge to build 'homes for heroes', the 1919 Housing & Town Planning Act required local authorities to provide working-class housing where the deficiency was not met from other sources. The Act also provided subsidies to enable local authorities to build houses. By 1939, council housing had grown to about 1.3 million units (about 11% of the total stock of dwellings) (Balchin, *et al.*, 1995, p.310).

Although the 1945-51 Labour Government brought a 'welfare state' into being, the council housing sector's growth in the post-war years was not uniform. In general, when in government, Labour tended to encourage building by local authorities, while the Conservatives reduced local authority production and encouraged provision by the private sector. Nevertheless, during the 1950s and 1960s both parties competed for housing completion numbers. The 1950s Conservative Government, for example, set a target of 300,000 completions per year, while the 1960s Labour Government set a target of 500,000 completions per year. Achieving these targets demanded action in both public and private sectors. By the early 1970s, however, the experience of redevelopment, the failure of the industrialised building programme and the scale of the problem of poor housing resulted in a shift away from large-scale comprehensive redevelopment and towards rehabilitation.³ Nevertheless, the council housing sector's growth had been such that by the 1970s nearly 30% of households — more than six million — in England and Wales were in local authority housing. The

³ The 1969 Housing Act widened the availability of improvement grants for individual dwellings and permitted the designation of General Improvement Areas (GIAs). The 1974 Housing Act introduced Housing Action Areas (HAAs) intended to cover the worst areas of housing stress where poor physical and social conditions interacted.

bigger growth area, however, was owner-occupation; the growth of which reflected both state encouragement and subsequent rational choices made by households with effective demand. The inter-war period saw the initial growth of the owner-occupier sector and, in 1938, a third of households owned their own homes. After 1945, the continuing encouragement of owner-occupation was an enduring feature of post-war housing policy and, by the early 1980s, 60% of households owned their own homes.

As previously noted, the welfare state had always been an amalgam of two competing ideas: a safety net and a mechanism for reducing social inequalities. The function of council housing could also be interpreted in two contrasting ways. First, with a 'welfare role' assisting only those households unable to afford or find any other sort of accommodation. Second, as 'general needs' housing – to satisfy the demand from households (through choice or necessity and irrespective of income) to rent rather than buy. Although both provided subsidies to local authorities to build housing, Labour Governments tended to see it as general needs housing; Conservative Governments as special needs housing. Tensions between general and special needs housing are, nevertheless, illustrated by the attempts by Conservative Governments to change the basis of local authority rents.⁴

Under the 1956 Housing Subsidies Act, for example, the requirement for local authorities to subsidise housing from the rates was removed. As Malpass & Murie (1994, p.80) note, this was an attempt to encourage 'realistic rent policies' and give councils an incentive to raise rents. Realistic rents would mean higher rents for those who could afford to pay the full economic costs of their housing, with rents for poorer tenants being reduced through rent rebates. This was the beginning of a change from a universal to a more discriminating subsidy system; subsidising tenants who could afford to pay the full rent being considered a misuse of public money (ibid, 1994, p.80). Universal subsidies create an unearned or unmerited consumer surplus for those tenants who acquire the good at a price lower than they are able to pay; it also gives them an incentive to stay in the sector and, as a result, deprive those in greater need. Better-targeted subsidies would reduce consumer surplus and result in a more efficient provision. Local politicians, however, were generally reluctant to raise council rents – either as a matter of political or ideological principle or because increased rents were tantamount to electoral suicide. Many houses therefore continued to be let at rents lower than the economic level, which failed to cover costs of repairs, maintenance and administration, or loan

⁴ Local authority rents were calculated on the difference between loan charges on capital expenditure (i.e., the debt) plus the cost of maintenance and management, less any Government subsidy (and possibly a rate contribution). As the result was often different rents for similar dwellings, local systems of rent-pooling involving an element of cross-subsidisation usually provided a degree of equity between tenants. As local authorities had developed their housing stocks at different times, in different quantities and under different subsidy systems, rents also differed from one authority to another.

servicing charges and required continued subsidy either from the rates or from central Government.

Through the 1972 Housing Finance Act, a later Conservative Government again attempted to rationalise local authority subsidies and rents. The intention was that each local authority would pay its own housing costs from rental income, with most subsidies being phased out. Short-term transitional subsidies would enable local authorities to adjust to the new system. Fair rents were to be charged for all public-sector dwellings, bringing them into line with the private sector and a system of rent rebates and rents allowances was to operate, whereby subsidies would be targeted to those in need and unable to pay the new rents. The measures were bitterly contested and ultimately provided abortive as an economic crisis, a rent freeze and, subsequently, the return of a Labour Government resulted in the Act's repeal and the return to a subsidy system through the 1975 Housing Rents & Subsidies Act (Balchin, *et al.*, 1995, p.312).

3.3 THE CRISIS OF COUNCIL HOUSING

3.3.1 FROM THE 'CRISIS IN' TO THE 'CRISIS OF' COUNCIL HOUSING

Until the late 1960s, there was general agreement about the need for high levels of housing construction in order to eliminate shortage, remove slums and provide for a growing population. The emphasis on production targets, however, distracted attention from other issues, such as the housing stock's quality, the need for repairs and the quality of management; all of which became increasingly apparent through the late 1960s and 1970s. Hague (1990, p.248), for example, observed that during the 1960s "*... issues of production and cost were to the fore, not tenants' rights.*". More generally, he argues that, from 1919 until the late 1960s, a paternalist form of housing management had developed because neither central Government nor local authorities nor tenants were pressing the case for tenant involvement in the management of public housing. In addition, scarcity made it easier to exclude tenant choice and initiative. Tenant activity did, however, increase in the years 1968-73 coinciding with a more general development of community action focusing around urban renewal. Housing departments, however, were slow to develop new relationships with service users and the spur for their eventual interest was the experience of 'housing consumers' sought as a response to the management problems encountered on some estates during the 1970s (Furbey, *et al.*, 1995, p.253).

By the mid-1970s, central Government was becoming increasingly aware of problems in the public sector housing stock. An investigation of difficult-to-let estates' undertaken in 1976 (Burridge, *et al.*, 1981), for example, revealed problems of social stigmatisation, management incompetence, and

hostility between tenants and local authority landlords. Although most local authorities had only a few thousand houses, many London boroughs and larger cities -- usually Labour-controlled -- had vast numbers of houses⁵ with significant management problems and, as a direct consequence, inevitably appeared to have “... *insensitive procedures and cumbersome, inflexible and remote management arrangements.*” (Balchin, 1995, p.138). Pre-war housing needed both repairs and modernisation due to its age, but defects were also appearing in much of the non-traditional housing built in the 1960s; in 1974, for example, it was discovered that over half the difficult-to-let estates were less than ten years old (DoE, 1974, from Scoffham, 1984). Problems of disrepair, inadequate maintenance and the absence of improvements could be regarded as stemming from a lack of financial resources. In this respect and especially during the 1980s, there was mutual accusation between the tiers of government: local government blaming spending restrictions imposed by the centre; central Government claiming local authorities were inefficient and did not charge economic rents. By the late 1970s and early 1980s, major problems of poor management, poor quality housing and difficult-to-let estates had impressed themselves on the public agenda and many areas of council housing could convincingly be portrayed – at least at the level of political rhetoric – as being in crisis and in need of reform.

As discussed in Chapter One, the New Right critique associated the failings of council housing with the wider failings of the welfare state. State intervention was inefficient compared to the free market and worked against the interests of individuals by reducing liberty and eroding incentives to achievement. Furthermore, the design and management of council housing was dominated by professional and bureaucratic self-interest and was impervious to consumer preferences, inefficient and monopolistic. The critique was particularly influential on the Conservative party in the late 1970s and, as Cole & Furbey (1994, p.212) observed, the problem was redefined: it was no longer a crisis *in* but a crisis *of* council housing. Government housing policies, therefore,

“... simply assumed that local authorities were uniquely bad landlords, that the ‘crisis’ had been their own making: a result of their inefficient practices, their lack of responsiveness to consumers or their monopoly position in the rented housing market in many local areas. In other words, local authorities were accused of causing the crisis they were struggling to confront.” (ibid, p212-213).

Developing and emphasising ideas that had previously been part of Conservative thought, the Thatcher Government showed a greater determination than previous governments both to redefine the sector’s role and to implement the necessary policies. Council housing was to be for those who could not fend for themselves in the market, while general needs housing was to be catered for by

⁵ By the 1970s, for example, Glasgow owned 170,000 dwellings, Birmingham 120,000, Manchester 100,000, Liverpool 60,000 and Newcastle-upon-Tyne 45,000.

the private sector. As a result, the Thatcher Government came to regard council housing as “... *a ‘safety net’ for the disadvantaged rather than a general needs tenure and to favour the disposal of as much as possible of the public sector stock.*” (Balchin, 1995, p.189). Among other issues, this was a formula for the residualisation of the council housing stock.

3.3.2 THE RIGHT TO BUY POLICY

The 1980 Housing Act (henceforth the 1980 Act) formalised Conservative thinking on housing, with the most significant element being a statutory ‘right-to-buy’ (RTB) the freehold of their home conferred on council tenants. The policy involved not just tenants but also properties leaving the sector. Council houses sales had first been permitted in 1925, but -- until the late 1970s -- house building had priority over disposal. In the mid-1950s, however, public sector house building had been cut back and the sale of council houses encouraged. The 1957 Housing Act, for example, permitted local authorities to sell council houses to sitting tenants. Significantly, local authorities had discretion whether or not to sell council houses. The 1980 legislation removed local authorities’ discretion for most housing types and set down a statutory procedure for sale and for determining valuation. The Secretary of State also had powers to intervene to prevent local authorities frustrating and obstructing RTB. The Act also offered discounts based on the length of tenure, which provided an additional incentive for tenants and ensured it was taken up more widely. With this new stimulus and active marketing, the number of sales achieved in 1980 was higher than any previous year. The 1980 total was exceeded in 1981 and in 1982 reached a new record of over 240,000 sales. By the end of 1984, one million council houses had been sold (nearly 20% of the stock). Sales continued steadily, albeit at a lower rate, for the remainder of the decade. The only year that departed from this downward trend being 1988; the high level of sales achieved in that year (second only to 1982) being attributed to uncertainty engendered by the 1987 White Paper (Malpass & Murie, 1993, p.97). In 1979, the stock of dwelling owned by local authorities and new towns in Great Britain had been 6.5 million. By the end of March 1993, 1.65 million dwellings had been sold, mostly under RTB (Murie, 1993, p.156).

Although the policy was highly controversial,⁶ it nevertheless represents a successful example of the policy implementation. Furthermore, as Marsh & Rhodes (1992, p.182) observe, those affected by the policy either had ‘no effective means of resisting’ (Labour local authorities) or ‘wholeheartedly endorsed it’ (Conservative local authorities and council tenants). RTB also epitomised the individualism inherent in New Right thinking: Malpass (1993, p.30), for example, considered its success “... *lay in its appeal to individual self-interest, while opposition to it was ground in more*

⁶ Balchin (1995, pp163-173) gives detailed accounts of the arguments for and against council house sales.

esoteric arguments about the collective benefits of council housing.". It also had party political benefits; research undertaken by Johnson (1987, from Balchin, 1995, p.177), for example, showed owner-occupiers tended to vote Conservative by a ratio of 3:1, while council tenants had a preference for Labour by 2.5:1. Although initially opposed, the Labour party began to recognise both RTB's inherent popularity and the unpopularity of opposing it; Griffiths & Holmes, (1984, p.10), for example, noted how RTB had "... *succeeded in portraying the Conservative party as champions of choice and rights, and Labour as bureaucratic bullies.*".

The success of the RTB was partial. Selective and relatively indiscriminate sales were changing the quality of the remaining council housing stock. Houses (and particularly three-bedroom, semi-detached properties) in suburban locations made up the overwhelming majority of sales, thereby increasing the proportions of one-bedroom houses and two- and three-bedroom flats and, in particular, the proportion of flats with design defects among the local authority stock (Forrest & Murie, 1984). The remaining local authority stock was also increasingly concentrated in the inner cities or less popular suburban areas, while sales of flats were very low and large estates stood relatively unaffected by the privatisation policy.

In addition to disposals through RTB, the council housing sector was further squeezed by restrictions on new building. To control public expenditure, the Thatcher Government severely restricted the funding available to local authorities. Prior to 1977, there were few restrictions on the amount of housing built by local authorities – the cost of each scheme being controlled by a cost yardstick with loan approval refused if it exceeded this constraint. As the then Labour Government sought both to control and reduce public expenditure, the system was changed. Through the Housing Investment Programme (HIP) system (introduced in 1977/78 and operative until 1989/90), local authority capital spending was limited each year to an approved allocation. The system allowed central Government to set an overall limit and to distribute allocations between authorities, with authorities choosing their own spending priorities. Allocations, however, merely constituted permission to spend or borrow, not a grant or subsidy. While Labour had reluctantly introduced such controls, the in-coming Conservatives continued them with ideological zeal and consistently reduced the overall allocation. The 1980 Local Government & Planning Act modified the 1977 system by replacing block allocations of *borrowing* permission with block allocations of permitted capital *expenditure*. Authorities could also spend 100% of receipts from council house sales immediately on housing repairs, or a specified proportion in the year of generation together with a fixed proportion of unspent receipts from previous years (the 'cascade' effect). In 1980, the proportion of capital receipts that could be spent in the year of generation was 50%, subsequently

reduced to 40% in 1984/85 and 20% from 1985/86. As a result of expenditure restrictions, council housing building was drastically reduced. In 1975, there had been 173,800 housing starts. This fell to 80,100 in 1979 – the lowest level since the 1930s. In 1982 and 1983 the figure was less than 40,000, falling to 8600 in 1990. In 1993 there were fewer than 2000 starts. Hence, high levels of sales through RTB was set against a background of exceptionally low rates of new building. The cumulative impact of RTB legislation and other changes therefore diminished the direct role of local authorities in housing provision. Furthermore, due to a range of factors, the sector increasingly became one of last resort – all those able to exit were likely to do so, while new council tenants were increasingly drawn from marginalised social groups in accordance with the safety net idea. As a result, council estates faced problems not only of disrepair but also of unemployment, crime and social exclusion (Forrest & Murie, 1990).

3.3.3 DEALING WITH THE CRISIS IN COUNCIL HOUSING

The 1970s and 1980s saw some attempts to improve council housing. From the 1970s onwards, some local authorities gave attention to the quality of service and developed decentralisation strategies, provided more information and consulted with tenants. The first systematic survey of local authority arrangements for tenant participation was undertaken in 1977 (Richardson, 1977, from Cairncross, *et al.*, 1997, p.19). It found that only 12% of English authorities had ‘formal schemes’ of tenant participation (including tenant involvement in housing committees or sub-committees, advisory committees and regular discussion meetings between councillors or officers and tenant representatives. If ‘irregular discussion meetings’ were included the proportion rose to 44%. For a variety of reasons, tenant involvement increased through the 1980s. The 1980 Act introduced the Tenant’s Charter (consolidated and amended by the 1985 Housing Act – henceforth the 1985 Act) which included certain rights for public sector tenants, including:– definition of security of tenure and procedures; grounds for obtaining possession; rights of succession; rights to take lodgers or to sublet; rights to carry out improvements (subject to landlord’s permission); rights to apply for improvement grants; rights to consultation and provision of information on housing allocations and transfers (Malpass & Murie, 1993, p.116). Nevertheless, although major policy changes were required in some localities, Malpass & Murie (*ibid*, p.116) note that, in general, it required a change in the way policy was carried out, rather than in the substance of policies.

With regard to rundown and hard-to-let estates, an important Government response was the establishment of the Priority Estates Project (PEP) in March 1979 with pilot schemes in Hackney, Bolton and Lambeth. The PEP brief was to experiment with locally-based housing management and tenant involvement in an attempt to restore the fortunes of unpopular estates. At the same time --

and independent of PEP -- several local authorities were pursuing similar initiatives. The PEP approach evolved over time and culminated in a three volume guide to local housing management (Power, 1987). Based on intensive estate-based management, the PEP model involved the following elements:-- 'ring-fencing' the estate as an organisational and financial entity; setting up an estate office to run all day-to-day services; putting locally based staff in charge of rents, lettings and repairs; consulting tenants and providing an open door to their representatives; helping tenants form representative organisations; supporting tenants in controlling anti-social behaviour, preventing the 'dumping' of disruptive households, and enforcing tenancy conditions; providing discrete and targeted budgets for repair and improvements; monitoring progress to show the costs and benefits of local management; providing training for staff and tenant representatives; and bringing in other services to help improve social, economic and environmental conditions (Power, 1993, p.225).

By the mid-1980s, tenant involvement was more widely recognised as an important component of good practice in public sector housing management. The lesson was that good housing management could not be simply imposed from above but needed informing by insight and experience from below. A survey of local authorities by Cairncross, *et al.*, (1997, p.19) showed that the proportion of local authorities with 'formal schemes' for tenant involvement had risen from 12% in 1975 to 44% in 1986-7. When informal methods were included the proportion had risen from 44% in 1975 to 80% in 1986-87. Nevertheless, although the need to develop channels and mechanisms for tenant consultation and involvement had been accepted, the degree of commitment and the methods employed at the local level differed (see Cairncross, *et al.*, 1994; 1997).

Tenant involvement also developed as a consequence of public sector housing renewal programmes.

The main programme was Estate Action (EA), which was set up in 1985 and directed at the comprehensive regeneration of larger more rundown estates. The initiative had a range of objectives including:-- developing new solutions to the problems facing run-down estates, including transfers of ownership and/or management to estate management boards (EMBs) or tenant co-operatives; encouraging authorities to adapt existing disposal solutions such as sales of tenanted estates to private trusts or developers and sales of empty property to developers; encouraging authorities to improve management and maintenance by establishing autonomous estate-based management schemes on PEP lines; and advising ministers of the need for new machinery, incentives or legislative changes to promote a full range of solutions (DoE, 1985, from Pinto, 1995, p.124-125). In developing proposals, local authorities had to demonstrate that they were 'fully consulting' tenants in working up the proposed scheme and promoting tenant participation in the estate's management (DoE, 1993b, s28). To encourage local authorities, an element of borrowing consent was

made conditional on decentralisation and tenant involvement being key elements of the proposals. Pinto (1995) argues that two other factors were also important. First, by 1985, the repairs backlog was estimated at £19 billion and the Treasury was under pressure to allow local authorities to spend more on their deteriorating housing stock. By top-slicing funds from the mainstream HIPs and allocating them to particular projects, EA directed funds to a limited number of authorities deemed to experience disproportionate housing stress. The approach was, however, regarded as a further centralisation of power at the expense of local discretion and autonomy. Second, EA was presented as an exit mechanism for local authority housing – although privatisation is probably best regarded as a ‘hoped for outcome’ rather than an integral part of EA.

Originally intended as a series of demonstration projects, EA rapidly became a well-established programme. By the end of 1994/95, over £2 billion of public money had been spent and 540,000 homes improved in 170 authorities (DoE, 1995). Pinto (1995, p.146-7) noted that of 1,200 EA schemes developed by 1995, only 36% had involved the private sector and fewer than 30,000 dwellings had been privatised. Nevertheless, he argued that it played “... *a crucial role in conditioning housing authorities to the concept and value of selling either parts of their housing stock or land parcels.*”.⁷ Balchin (1995, p.140), however, notes that while EA improved many estates, it was ‘tragic’ that, for reasons of political ideology, it was not adopted by many Labour councils.

3.4 THE NEW PHASE OF HOUSING POLICY

3.4.1 THE RIDLEY REVIEW

While greater tenant involvement, more intensive and localised management and assistance with repairs and improvement were attempts to address the crisis *in* council housing, the greater part of the Thatcher Government’s energy was directed at resolving the crisis *of* council housing. It therefore required much more radical and fundamental reform of the sector. At the time, realisation of limits to the number of council house sales suggested the need for other policy measures. Thus, during 1986, the Secretary of State for the Environment, Nick Ridley, set up a major review of housing policy, which proposed ending the municipal monopoly in rented housing and the creation of competition – and, thereby, choice – in the sector. Future housing policy would therefore focus not just on increasing owner-occupation but also on dismantling the council housing sector. The proposals had two main themes:-- increased rents in all sectors with State intervention through

⁷ HATs were – in part – a development of EA, with the main differences being the scale and severity of the problem, the resources and time-scale required to tackle them comprehensively, the degree of involvement of the local authority, and the emphasis on landlord/ tenure diversification.

housing benefit (HB)⁸ rather than direct provision and transfers of local authority housing stock to other landlords (i.e., a demunicipalisation).

Rents & housing benefit

The review questioned the State's role as a direct provider of housing. If the State housed someone during a period of hardship -- given the difficulty of removing people from their homes when they no longer required support and the incentive of low (i.e., below market) rents -- it could end up housing them for much longer than the period of their particular hardship. Hence, over time, the State ended up housing people whose conditions no longer merited help. Ridley (from Lipsey, 1986, p.10), for example, argued that council rents were below their economic level, that low rents were a cause of the dereliction of much of the housing stock and that many local authority tenants could afford economic rents. He therefore argued that, as there were many tenants in council houses who could afford an economic rent and many people not in council houses that could not, it was better "*... to attach the subsidy to the person than it is to attach the subsidy to the houses.*" (ibid, p.10). The intention was to move away from the direct provision of housing and towards the provision of financial assistance that could be turned 'on and off' more flexibly as circumstances changed without turning people out of their homes. Hence, new financial regimes for HAs and for local authorities would reduce the indiscriminate subsidies paid to housing producers (i.e., HAG and subsidies to local housing authorities) and extend means-tested, tenure-neutral, and portable personal subsidies (i.e., HB). The effect of this would empower tenants as consumers and aid the creation of a more diverse rented sector, since -- in principle -- tenants could switch landlords without losing subsidies (i.e., it would reduce the financial 'advantage' of renting from a local authority rather than from an HA or private landlord). As equalising rents -- or, at least, reducing differentials -- between sectors was a prerequisite of competition between sectors, it was also proposed that local authority rents would be increased⁹ and controls on HA and private sector rents removed. Higher rents in the latter would also provide a better return on investment in the sector and an incentive for entrepreneurs to increase supply.

Transfers of local authority housing stock

For the existing stocks of local authority housing, the intention was not to add to it (new social housing provision would be through HAs) and where possible to transfer it to other landlords. As

⁸ Housing subsidy is given to landlords to enable them to provide dwellings at affordable rents, while housing benefit (HB) is a payment to tenants to enable them to pay the rent for their home. There are two forms of HB payment:-- rent rebates paid to local authority tenants and rent allowances paid to private and HA tenants.

⁹ By reducing the consumer surplus provided by low council rents, this would result in a more efficient use of public funds.

Labour-controlled local authorities owned the bulk of council housing, there was also a party political dimension to the proposals. Ridley (1992, p.87), for example, later wrote of his determination to weaken the 'almost incestuous relationship' between some councils and their tenants:

"Absurdly low rents, and a monopoly position in providing rented housing, allowed some councils to make their tenants entirely dependent on them. They received a rotten service – repairs and maintenance and improvements were minimal – yet the tenants were trapped in their homes by the lack of availability of alternative accommodation to rent, and by such cheap rents that no other landlord could match them, even if they had a house to offer them. The tenants felt beholden to the council, and most paid the price expected of them by giving their political support to them."

The new policy proposals were also based on the assumption that tenants were dissatisfied with their local authority landlords and would welcome the opportunity to transfer to other landlords. Cole & Furbey (1994, p.213) argue that, in order to legitimise this strategy, it was essential for the Government to

"... gloss over those aspects of council housing dependent, at least in part, on central Government action, such as the overall level of investment, the use of receipts from council house sales, or the comparative balance of housing tenure subsidies. Instead, attention turned to the failure of local authorities to carry out their responsibilities as landlords – especially in their management and maintenance functions. The failure of council housing, in short, was down to the inadequacies of local authorities."

Hence, as Kemp (1990, p.798) observed, the Government engaged in a 'sustained ideological assault' on local authority housing, which stressed its 'supposed inefficiency, paternalism, and failures'. The Audit Commission's study Managing the Crisis in Council Housing Management (Audit Commission, 1986) provided an apparent vindication of the Government's assumptions. The report opened with the statement: *"Crisis is a heavily over-worked term. Yet it is difficult to think of a more appropriate way to describe the state of much of the stock of 4.8 million council-owned dwellings in England and Wales."* The survey conveyed a picture of local authorities charging rents too low to meet the demands of stock maintenance and offering a fragmented form of service delivery to tenants, weighted too heavily towards middle management and hijacked by local councillor intervention (Cole & Furbey, 1994, p.215). A weakness of the Audit Commission's report, as Cole & Furbey (ibid, p.215) note, was the lack of a comparative dimension: *"For the case against council housing to be argued strongly, it was equally necessary to convince tenants that alternative landlords would offer a higher quality of service: that transferring out of council control would provide a better deal."* Possible alternative landlords were private sector landlords, tenants co-operatives and HAs. Kemp (1990, p.795-6) argues that the Government's initial aim

was to demonstrate to private investors that rented housing could be profitable, but -- as it became apparent that such investment was unlikely -- it changed to providing an alternative to council housing. The most favoured alternative was HAs, which had an image of being locally-based, offering sensitive management and largely avoiding the stigma attached to many council estates. A further attraction was that, when compared with councils, HAs offered the centre more influence and control (through the provision of subsidy through the Housing Corporation), while removing housing from local political control where rents could be manipulated to buy votes.

3.4.2 THE 1987 HOUSING WHITE PAPER

The major outcome of Ridley's review was the 1987 White Paper, Housing – The Government's Proposals (Cmnd 214, 1987). Echoing New Right critiques of the welfare state, it argued that it was 'not healthy' for the public sector to dominate provision of rented housing: "... *short-term political factors can override efficient and economic management of housing in the long-term, leading to unrealistically low rents and wholly inadequate standards of maintenance.*" (para 1.11). The intention, therefore, was to go beyond privatisation and create a more marketed-oriented system for 'social' housing provision. The White Paper outlined the Government's principal objectives:-- to continue to spread home ownership as widely as possible (para 1.14); to put new life into the independent rented sector (para 1.15); to encourage local authorities to change and develop their housing role (para 1.16); and to focus the use of scarce public money more effectively so that tenants were given a better deal (para 1.17). Under the fourth objective, there would also be new Government agencies -- to be known as Housing Action Trusts -- which would "... *bring public and (crucially) private sector resources to bear on some of the most intractable areas of mainly local authority housing.*" (para 1.17).

The White Paper's most significant intention was to remove the presumption that local authorities should take direct action to meet new or increasing demands. Instead, their future role would be a 'strategic one': "... *identifying housing needs and demands, encouraging innovative methods of provision by other bodies to meet such needs, maximising the use of private finance, and encouraging the new interest in the revival of the independent rented sector.*" (para 5.1). The White Paper, nevertheless, noted the importance of improving conditions for those who continued to live in local authority housing. Echoing New Right critiques, it gave its understanding of the cause of problems: "*In the public sector too little attention has been paid to the wishes of tenants or to their views on how their requirements can best be met; tenants have generally not been allowed to express their choices clearly, and have therefore not always found the kind of accommodation they want.*" (para 1.3). While accepting that, in some areas, the system had provided good quality

housing, it argued that in many cities local authority housing operations were so large that they inevitably risked becoming 'distant and bureaucratic'. Furthermore, insensitive design and bad management had 'alienated' tenants and 'left housing badly maintained' and, as a result, a wide range of social problems had emerged and whole communities slipped into 'a permanent dependence on the welfare system' from which it was 'extremely difficult for people to escape' (para 1.9). It therefore argued that the prevailing system of ownership and management was not in tenants' long-term interests. Thus, for local authority housing stock, the overarching theme was exit from the public sector, which would take two forms:-- first, through 'Tenants' Choice' where tenants could choose to transfer to a private landlord, and second, estate privatisation through HATs.

The proposals were subsequently enacted in the 1988 Housing Act (henceforth the 1988 Act) and the 1989 Local Government & Housing Act (henceforth the 1989 Act). It was evident from the White Paper that the proposals would involve a fundamental restructuring of the 'social' housing sector, which would:-- first, make the local authority sector less attractive by increasing rents; second, deregulate the private rented housing sector and 'marketise' the HA sector (i.e., it would change the exit destinations); and, third, introduce new (exit) mechanisms by which local authority tenants and properties could transfer or be transferred to the private sector. The following three sections discuss these changes.

3.5 THE CHANGING LOCAL AUTHORITY CONTEXT

The 1989 Act significantly changed the financial system for local authority housing. As Mullins, *et al.*, (1992, p.7) concluded, local authorities soon came to realise that it posed an 'even greater challenge' to their traditional role in providing 'affordable housing for local households in need' than either RTB or Tenants' Choice. The Act changed both the revenue and the capital rules for council housing. The context for these changes was the history of housing subsidies but especially the changes resulting from the 1980 Act. Changes on the capital side resulting from the 1980 Act have been discussed previously. The 1989 Act changed the capital rules in two main ways. First, annual credit approvals to control borrowing were introduced, through which central Government set 'credit approvals' covering local authority capital spending. Second, the regulations regarding capital receipts were changed. New (and already accumulated) capital receipts were divided into two parts – a 'reserved part' (75% of housing receipts and half of other receipts) and a 'useable' part (25% for housing; half of other receipts). The 'reserved' part had to be used to redeem debt or put aside to meet future liabilities. Authorities were free to use the 'useable' part for capital spending on house building or rehabilitation as and when they chose. (Balchin, 1995, p.179).

In terms of revenue, the 1980 Act had introduced a new rent subsidy consisting of a 'base amount' (equal to the total subsidy paid in the previous year) plus a 'housing cost differential' (representing the expected increase in the total housing costs over those for the previous year) less the 'local contribution differential' (the amount the Government expected the local authority to pay towards housing through increased rents and/or rate fund contributions). In principle, the latter gave the local authority a choice between increasing rents or increasing the rate fund contribution. The DoE also had powers to specify the target rate of annual rent increase. As Balchin (1995, p.126) notes, the result of the new system was that rents increased by 39% between 1982-83 and 1988-89, while housing subsidies to local authorities decreased from £1,423 million to £520 million between 1980-81 and 1988-89. By 1987, 80% of local authorities did not receive any housing subsidy at all. As well as increasing rent levels, as Malpass & Murie (1994, p.201) note, the system had two other outcomes that became important reasons for further change. First, as large numbers of authorities lost all their general housing subsidy (but not rent rebate subsidy), their Housing Revenue Accounts (HRAs) moved into surplus, which was often moved into the General Rate Fund, thereby, subsidising local rates. The hidden transfer was aptly shown in Carvel's rhetorical question whether it was a good use of public money to increase income support for East Cambs' tenants so that East Cambs' ratepayers could pay lower rates? (from Balchin, 1995, p.127). Second, aggregate rate fund contributions to HRAs came to exceed Exchequer subsidy, which meant that (some) local authorities had become the major suppliers of 'indiscriminate' (i.e., non-means-tested) assistance.

The 1989 Act made three major changes to the revenue side. First, the HRA was 'ring-fenced', whereby the net cost of providing housing services not met from subsidy had to be covered by rents.

This prevented local authorities from using the rates to subsidise their housing (or their housing to subsidise the rates). Although local authorities could continue to cross-subsidise within their housing stock, they would no longer have a universal subsidy for their housing stock. It was also argued that local authorities would be more accountable to tenants; the consultation document on the proposed changes suggested that: *"Well run housing departments will be able to provide a good standard of service at a modest rent; on the other hand, inefficient landlords will be unable to conceal their poor standards or their extravagant costs."* Second, the Act introduced a new HRA subsidy intended to make up the gap between notional expenditure and notional income. If a local authority made a surplus from its income from rent plus the rent rebate element then that surplus would be deducted from the rebate element. Hence, the local authority (rather than central Government) would have to pay – at least some – rent rebate by cross-subsidising from better-off to poorer tenants. Third, the Act further increased central control over local authority rents. Under the

new system, the DoE assessed the total value of all the local authority housing stock in the country, it then decided what the total national increase in rents should be and calculated each local authority's share.

The Government's consultation paper, issued following the 1987 White Paper, stated that, under the new financial regime, council tenants would be able to take 'better informed decisions' about whether to exercise the options the Government was giving them through the RTB and Tenants' Choice. On the one hand, tenants would have better information about their landlord's performance; on the other, exercising RTB or transferring to another landlord would be made increasingly financially attractive. Hence, while the changes could be seen benignly as a way of introducing rents that better reflected the costs of providing the service and of introducing an individual and targeted subsidy (instead of a universal subsidy), they could also be seen as a means of increasing tenants' willingness to exit. The changes, therefore, created a coerced choice for tenants (i.e., tenants would exit from the council housing sector because that sector had been made less attractive). This change, however, would not necessarily be regarded as coercive by the Government and would merely be a consequence of adopting a superior system for local authority housing.

3.6 THE CHANGING EXIT DESTINATIONS

It was anticipated that the major destinations for local authority tenants exiting (or being exited) would be -- what the Government termed -- the 'independent rented sector', which included private landlords and HAs. Although both the privately rented and the HA sectors were materially changed by the 1988 Act, as noted previously, the strategy for rented housing embodied in the 1988 Act was largely predicated upon the expansion of the HA sector and its effective substitution for local authorities' landlord role.

3.6.1 THE PRIVATE RENTED SECTOR

During the twentieth century, the private rented sector in Britain declined from the mainstream tenure in 1914 with 90% of housing provision to the margins of housing provision in 1987 with only 8.2%. The sector's decline effectively reduced the choices available in the provision of both rented housing and housing generally. Greater choice was available in the rented sector because -- in principle -- there were fewer barriers to housing realisation. In the local authority sector, potential households had to fulfil appropriate criteria of need (i.e., a points system) and usually spend time on a waiting list; in the owner-occupier sector, they needed to raise a deposit and be able to service a

mortgage.

Controls on private renting had two main elements:-- controls on rent levels and controls on security of tenure. The Labour party argued that controls were a necessary safeguard against landlords charging exorbitant rents, exploiting tenants (especially in areas of housing shortage) and denying them security of tenure. Although many tenants benefited from regulated rents, this was -- arguably -- at the expense of inadequate repairs and maintenance. The Conservatives argued that the prime cause of the sector's decline was the controls that made the provision of rented accommodation unattractive to investors. The combination of controls on rents and tenants' security of tenure, tax incentives for owner-occupation and the low income of many private tenants also created a 'value gap' between vacant possession and sitting tenant prices. The value gap also gave an incentive to speculators to acquire tenanted property, persuade or induce the tenant to leave and then to sell it for owner-occupation. Security of tenure (including security for spouses, children and other dependants) combined with rent controls was therefore important for tenants.

For the Conservatives, relaxing controls would mean greater flexibility and higher returns for landlords and, thereafter, an increase in the supply of private lettings as entrepreneurs responded to price signals. Nevertheless, until the mid-1980s, the Government was cautious of a major deregulation for fear of accusations of actively promoting *Rachmanism* (Ginsburg, 1989, p.57).¹⁰ Indeed, the term 'independent rented sector' in the 1987 White Paper was seen as an attempt to distance itself from the negative associations of the term 'private landlord'. In his response to the Housing Bill, David Winnick MP (CD, 30 November, 1987, col. 662), for example, argued it was "... *a charter for property companies, unscrupulous landlords and potential Rachmans.*". The housing minister, William Waldegrave (ibid, col. 718), responded by arguing that, although the Labour party had tried to make it impossible to rent in the private sector, it had not 'driven those wide boys out of business'. They would only be driven out of business when there was "... *a range of alternative property available from better and serious landlords with investment. That gives people the choice, which means that they do not have to go to Mr Hoogstraten.*".

Measures to revitalise the private rented sector introduced in the 1988 Act were an expansion of those in the 1980 Act, which had introduced 'assured tenancies' and 'shorthold tenancies'. Assured tenancies allowed 'approved landlords' to let new dwellings outside of the various Rent Acts. Shorthold tenancies were only applicable to new lettings. At the end of a fixed term of between one

¹⁰ Rent deregulation introduced under the 1957 Rent Act was regarded as having led to 'Rachmanism', which -- in turn -- was considered to have contributed to the Conservative Government's defeat in the 1964 election.

and five years, landlords had the right to regain possession. Initially landlords had to charge fair rents, but after 1981 (and initially outside Greater London only), market rents were negotiable. Neither tenancy was successful in practice. While the 1980 Act deregulated rents for newly-built property let by approved landlords and the 1986 Act extended this to include refurbished properties, the 1988 Act took this further by deregulating all new lettings – private landlords were allowed to charge a market rent, while tenants' security of tenure was weakened.¹¹ The Act created new-style assured tenancies and extended them to all new lettings – for an indefinite or fixed period with 'full security of tenure', renewable at the end of the period. Security of tenure was not as full as in the past (e.g., eviction was possible if the landlord wanted to redevelop the property and offered alternative accommodation) and only spouses had a right of succession. Shorthold tenancies were renamed 'assured shorthold tenancies' (ASTs). These provided no security of tenure beyond the fixed term, while the minimum period was reduced from one year to six months. In both cases, rents would be 'freely negotiated' between landlord and tenant. In addition to rent deregulation, the Government also used fiscal means in an attempt to increase the supply of private rented accommodation. The March 1988 Budget, for example, extended the Business Expansion Scheme (BES) to rented property, thereby giving a financial incentive in the form of tax breaks for investors in companies set up specifically to invest in housing for rent. Tax relief ceased in 1993, and as Balchin (1995, p115) notes, many individuals subsequently contemplated withdrawing their investments while landlords tended to seek capital gains – both necessitating selling the properties.

The new measures had limited impact. Malpass (1996, p.466) notes that, in the period 1989-93, the increase in private renting in Britain amounted to only 0.2% of the total stock (21,400 units). Crook & Kemp (1996, from *ibid*, p.466) concluded that, rather than rent deregulation, much of this could be attributed to the short-run impact of the BES and to the property slump where – unable to sell – owner-occupiers let out their houses. More generally, Kemp (1992, p.116) argued that removing rent controls was a 'necessary but not sufficient' condition for a revival of private renting and that reducing the fiscal privileges of home-ownership was also necessary: *"Successive Governments have so feathered the home-owners' nest with tax relief that anyone who can afford to buy generally does so. But most of the people who have to rent cannot afford to pay the level of rents that landlords require to make letting good quality housing a profitable business."*¹²

¹¹ It thereby signalled an end to the system of regulated tenancies and fair rents assessed by independent rent officers introduced under the 1965 Rent Act.

¹² The 1996 Finance Act introduced Housing Investment Trusts (HITs), which are private companies set up to raise funds to provide rented housing using tax relief as an incentive to encourage investors.

3.6.2 THE HOUSING ASSOCIATION SECTOR

HAs are non-profit-making, non-statutory bodies that provide affordable housing and receive public funding. Until the mid-1970s, they did not play a significant role in housing provision. In 1971, for example, they provided 200,000 dwellings (1% of the total stock). HAs grew after 1974 when a new capital subsidy scheme was introduced -- housing association grant (HAG) -- which was paid to HAs on new development schemes in order to reduce outstanding loans to levels that would enable 'fair' or 'affordable' rents to be charged. In order to receive HAG, HAs had to be registered with the Housing Corporation.¹³ Residual loans (on the cost not covered by HAG) were also provided through the Housing Corporation. An annual discretionary Revenue Deficit Grant (RDG) covered allowable management and maintenance costs as well as loan charges. The financial framework therefore provided a relatively risk-free environment and, as Malpass & Murie (1994, p.207) note, the generosity of the grant regime combined with the effect of inflation on rents meant that -- at least with respect to their post-1974 stock -- HAs were likely to be in surplus rather than deficit. Hence, following the 1980 Act, HAs were required to pay surpluses into a Grant Redemption Fund (GRF), the benefits of which accrued to the Treasury. By 1981, HAs provided 453,000 dwellings (2% of the total stock) and, by 1991, 724,000 (4%). Given the overall decline in the number of rental units available that occurred over the same period, the HA proportion of the rented sector had grown significantly during the 1980s.

The 1988 Act was a major watershed for HAs. A new financial regime reduced their state funding and increased dependence on private finance and exposure to financial risk. The new regime had two main objectives. First, to increase the volume of rented housing that could be produced for a given amount of HAG. Under the new system, HAG rates were predetermined for different types of project and for different locations and were paid as a *fixed* percentage of development costs at a level set annually. Thus, for development projects, HAs were required to top up a specified percentage of HAG with private funding. One of the reasons for making HAG a fixed grant was to make it possible to mix private with public money; to do this within public spending conventions, it was necessary that the risk was borne by the private sector. After 1989, HAG levels were subject to downward pressure. In 1989/90, the rate was set at an average of 75%, falling to an average of 72% in 1992-93 and 54% by 1996/97. As grants were increasingly allocated on a competitive basis, HAs had an incentive to reduce overall scheme costs. To do so they had to increase efficiency and/or contribute from their own reserves. This had at least two effects: to reduce the quality of

¹³ Set up following the 1964 Housing Act, the Housing Corporation took over from the National Federation of Housing Societies (NFHS) and was intended to work with housing societies, building societies and the Government to provide loans to HAs.

development and, as HAs could trade off grant levels against rents charged, to increase rents.¹⁴ Second, to create incentives for HAs to deliver services in the most cost-effective way. In terms of housing management, efficiency was rewarded rather than penalised: RDG was abolished, while revenue surpluses were no longer clawed back by the GRF. For any new letting, tenants would have an assured tenancy and HAs could now set their own rents, although 'affordable' rents had to be charged as a condition of HAG.

The impact of these changes was to expose HAs to risk and to market disciplines in new ways. Prior to 1988, they had tended to be small-scale operations with a relatively close and personal relationship with tenants, a relatively good repairs and maintenance record and reasonable rents. The advantages of relatively small-scale and generous finance subsequently disappeared as the sector became increasingly dominated by larger organisations with a more commercial ethos.

3.7 THE NEW EXIT MECHANISMS

The 1988 Act introduced two new exit mechanisms for local authority dwellings:-- Tenants' Choice and HATs. It also changed the arrangements for an existing exit mechanism, which ultimately become more significant than either Tenants' Choice or HATs. Transfers under this mechanism subsequently became known as 'voluntary transfers' or large scale voluntary transfers (LSVTs) – LSVT usually refers to transfers to specially established HAs (also referred to as LSVTs). Tenants' Choice and voluntary transfers are discussed below; HATs are discussed in the next Chapter.

3.7.1 TENANTS' CHOICE

Tenants' Choice gave secure tenants of local authorities the right to exit by choosing and then transferring to an alternative landlord. Tenants or prospective landlords could initiate transfers – although prospective landlords had to be approved by the Housing Corporation. Tenants intending to transfer would need to identify a landlord willing to take them on; they would also become assured tenants, although they would retain their RTB. Public sector landlords were under a statutory duty to sell the properties and could not – in principle – frustrate the policy. The Act introduced a ballot for all tenants affected by a transfer proposal, whereby, if a majority of those *eligible* to vote did *not* reject the proposal, the transfer would proceed; abstentions therefore counted in favour of transfer (although tenants voting against transfer would not change landlord).¹⁵ This

¹⁴ To address this trade-off, the Housing Corporation produced its own benchmark rents for each local authority to be used as guidelines against which to judge HA bids for capital funding for new projects in 1998/99.

¹⁵ This individual veto means that it was not – in strict terms – a collective choice.

was widely regarded as a form of ballot-rigging. A certain cynicism appeared evident in the voting method's design because apathy – which might have been expected – would work in favour of transfers.¹⁶ Simon Hughes MP (CD, 11 November, 1988, col. 708), for example, argued that a 'distorted, biased voting system' was the 'plainest evidence' that the Government was not concerned about tenant choice and that its "... *primary purpose in introducing the Bill is not that tenants should choose, but that council estates should be de-municipalised and privatised.*".¹⁷ Although referred to as Tenants' Choice, the power of choice was effectively given to the prospective landlord not the tenant. Indeed, Kemp (1990, p.803) noted it could hardly be otherwise: landlords could be encouraged to bid for council properties, but "... *could hardly be forced to purchase against their will at the insistence of a tenant.*". Hence the tenant's right was only that of being able to veto a proposal by a landlord.

As Mullins, *et al.*, (1992, p.6) note, it initially seemed that Tenants' Choice might offer scope for 'predatory' landlords to make tenants 'offers they could not refuse'. There were widespread suspicions that it was a measure to open up the council sector's more desirable and profitable parts to landlords, "... *looking for lucrative deals to gentrify council estates, sometimes in collusion with the local authority.*" (Ginsburg, 1989, p.67). Nevertheless, as Mullins, *et al.*, (1992, p.6) note, as safeguards were put in place, it became apparent that there would be little scope for large-scale speculative activity. Although Tenants' Choice was envisaged as one of the main vehicles -- the other being HATs -- for transferring stock away from local authorities, by the end of 1991 neither had directly resulted in the exit of a single property. By the time it was abandoned in 1995, only 981 dwellings had transferred from council ownership. In repealing the legislation, the housing minister acknowledged the scheme 'no longer served a useful purpose' (*Inside Housing*, 19 January 1996) and had been overtaken by more effective initiatives, such as voluntary transfers and a new initiative, the Estate Renewal Challenge Fund (ERCF). Tenants' Choice did, however, give an indirect boost to tenant consultation and participation. As well as providing an exit mechanism, the 1987 Conservative election manifesto had argued that Tenants' Choice would improve the quality of the rest of the stock: "*Exposing councils to healthy competition should also contribute to a better general standard of services even for tenants who do not transfer.*". Birchall (1992, p.86), for

¹⁶ For example: if there were 100 tenants eligible to vote, 49 of whom vote against transfer, with a single tenant voting in favour, then it would go ahead (from Bridge, 1989, p.116). One minor amendment to the Bill (introduced in the Lords) required that at least 50% of eligible tenants must vote for the ballot to be valid. Although this added some degree of fairness, as Bridge (*ibid*, p.116) observed, it could also produce some rather odd results. Taking the example above, the 49 who voted against would have achieved their objective by not voting. By his act of voting, the final person voting to reject the proposal, would turn rejection into acceptance. Another Lords' amendment requiring a majority of eligible tenants to be in favour of transfer had failed to carry by two votes (from Hughes, CD, 11 November, 1988, col. 680).

¹⁷ Hughes' interpretation is that choice for tenants was not an end in itself but a means to achieve privatisation.

example, observed how, following the introduction of Tenants' Choice, 'hitherto arrogant and insensitive landlords' began to placate the tenants with belated promises of participation and improved services. As noted in Chapter One, the potential for choice can be as important as its exercise, while tenant action might not be necessary if local authorities responded to the *possibility* of exit.

3.7.2 VOLUNTARY TRANSFERS

In addition to Tenants' Choice and HATs, the 1988 Act facilitated the disposal of council properties by a third means: 'voluntary' – on the part of local authorities – transfers to HAs and private landlords. In contrast to Tenants' Choice, the existing landlord initiated the process. The principle of voluntary transfers had been prefigured by the 1985 and 1986 Acts.¹⁸ Prior to 1986, councils had – in principle – only been able to move tenants out of their homes against their will if repairs and maintenance were to be effected. In order to enable transfers, the 1986 Act widened local authority powers to facilitate estate disposal by moving tenants to alternative accommodation; to sell blocks of flats or estates with sitting tenants; and to put out tenders to private agents or non-profit trusts (Balchin, 1995, p.182). While the 1985 Act had had no requirement for the local authority to consult tenants, the 1986 Act required the Secretary of State to refuse consent for a transfer if it appeared a majority of tenants did not wish the transfer to proceed. In essence, the 1988 Act removed ambiguities in the earlier legislation, clarified the process of transfer and extended the requirement to consult tenants.

Although for some local authorities transfer might be motivated by political ideology, research by Mullins, *et al.*, (1993, p.170) suggested that voluntary transfers were primarily defensive reactions to the Government's housing policies (i.e., a bottom-up response that happened to coincide with the Government's desire for demunicipalisation). By the late 1980s, local authorities faced an environment in which much of their ability to control their own housing stock had been diminished

¹⁸ Prior to the 1988 Act, Westminster city council had been one of the first to explore these powers and had implemented tenant transfers, offering alternative accommodation in the outer suburbs on the other side of London. Similarly, once the Liberal-Democrats had taken control in LB Tower Hamlets, the borough embarked on a policy of selling council estates to private developers, thereby exploiting its proximity to the City of London (Shotton, 1987). Transfers were also made with respect to new town public sector housing stock. Under the 1986 Act, 60,000 houses scheduled for transfer from the remaining NTDCs to local authorities by 1992 were privatised via transfers to HAs, building societies and property companies. As Balchin (1995, p.183-4) observes, it was doubtful whether such transfers were popular with tenants; in advance of Peterborough Development Corporation being wound up in 1988, an opinion poll showed over 90% of tenants preferred to be transferred to the local authority. The Government had also originally contemplated giving tenants a vote on the transfer. During Commons debates, Nigel Griffiths MP (CD, 14 June, 1988, col. 396) pointed out that – fearful of tenants making a choice to go with their local councils – the Government had “... repudiated those democratic methods and preferred to endorse autocratic methods.”

by RTB, while Tenants' Choice and HATs offered further threats. Such threats were compounded by proposals for CCT of housing management, which was intended to strengthen the local authority's strategic role by creating a clear client-side function for the management of its housing stock.¹⁹ Furthermore, as noted previously, the 1989 Act reduced local discretion over rent-setting policies and introduced further revenue and capital controls. Thus, for many local authorities, the future appeared to offer little other than the prospect of presiding over deteriorating services. More positively, however, transfer offered several benefits for local authorities. First, it offered the opportunity to maintain a stock of rented housing for letting to those in housing need. Transfer of housing to a new landlord was seen as an effective means of both excluding new tenancies from RTB (i.e., by letting them under assured tenancies), and maintaining a capacity to develop new homes (Mullins, *et al.*, 1993, p.171). Nomination arrangements were usually negotiated as part of the transfer. Second, transfers offered the possibility of a capital receipt and, thereby, reduction or elimination of debt. The proposed system for assessing transfer values was based on the notion of the 'business' of council housing. The transfer value was assessed by anticipating future 'streams' of income and expenditure over a run of years and discounting the figures to arrive at a capital 'net present value' for the housing stock. Many councils realised their stock had a value in excess of the historic debt and would provide a capital receipt that could be used for new housing provision. Third, due to the changes introduced by the 1989 Act, there was a growing tendency for HRA surpluses to be required to meet HB costs. Hence, if councils retained ownership (and perhaps lost control through CCT), they would continue to have responsibility for paying HB. If estates were transferred to HAs or private landlords, central Government would have responsibility for paying HB. Although local authorities disposing of their housing stock would have to pay 5% of the HB requirement of that stock, they would maximise central Government subsidy for HB in their area (Mullins, *et al.*, 1995, p.15). Fourth, rather than the continued uncertainty experienced by local authorities, the new landlord offered the probability of a more stable environment in which to manage the stock. In addition, unlike local authorities, the new landlords could borrow money to carry out improvements outside the constraints on public expenditure. Hence, as Forrest (1993, p.45) notes, councils and housing managers made increasingly creative use of the legislation and, as transfers often involved the same personnel with the new landlord taking over most of the local authority housing department's staff, they can be likened to 'management buyouts'.

The legislation was supplemented by guidance produced by the DoE and the Housing Corporation setting out expectations on such matters as protection of tenants' interests and terms of sale. In

¹⁹ Although powers for CCT of housing management were established under the 1988 Local Government Act, it was not introduced until 1992.

effect, and as with Tenants' Choice, landlords had to be approved by the Housing Corporation (i.e., they had to be social landlords). Furthermore, as the Government did not intend that large public housing monopolies be converted into large private housing monopolies, a ceiling was placed on the size of disposals likely to be approved to a single purchaser. DoE guidelines issued in 1993/94, for example, limited transfers to a maximum of 5000 properties and required split transfers for proposals exceeding this limit.

For voluntary transfers a ballot was not required by statute.²⁰ Ministerial consent was required, however, and under the 1986 Act, the Secretary of State would not consent to a transfer if it appeared that a majority of tenants did not wish it to proceed. Many authorities concluded that a way to show this was a ballot and, following the 1988 Act and the provision for a ballot under Tenants Choice, local authorities were under further pressure to hold ballots on voluntary transfers.

Some local authorities, therefore, conducted ballots similar to those in the 1988 Act (i.e., with a requirement for a minimum turnout of 50% and abstentions counting as votes in favour), where transfers would only *not* proceed if a majority of tenants voted *against* transfer.²¹ If the transfer went ahead, a crucial difference, however, was that tenants who voted No or abstained would be obliged to transfer to the new landlord; hence there was no individual veto to the proposal.²²

Research by Mullins, *et al.* (1993, p.181) showed that a number of factors influenced ballot results.

Those important in gaining a Yes vote were a 'simple and clearly expressed case for transfer' and a 'good and trusting relationship' between tenants and housing staff. Although a strong local campaign opposing transfer was an important factor in ballot defeats, not all opposition campaigns were successful; some of those studied, for example, suffered from a lack of tenant involvement, limited financial resources and unimpressive publicity material. Ballot turnouts were almost uniformly high. In more than half, the turnout exceeded 80%, and only in Torbay was it under 70%.

There was also a wide variety of ballot outcomes ranging from 8% to 91% of those voting being in favour of transfer. Votes for and against can be regarded as indicating a genuine choice for tenants.

Mullins, *et al.*'s research on the early transfers showed limited tenant involvement (*ibid*, p.180).

Although tenants were consulted, they were not actively involved in the decision process. In only

²⁰ New regulations issued by the DoE in 1993 required a ballot and a majority of tenants to be in favour of transfer.

²¹ Some of the early outcomes brought the voting system into disrepute. The first ballot to be publicised took place in Torbay in November 1988. At the ballot, 787 tenants voted in favour of the transfer, 2,210 voted against and 2,209 abstained (Ginsburg, 1989, p.67). After counting abstentions as votes in favour, the council asked the Government to approve transfer.

²² Some authorities (for example, Cherwell and Thanet) did permit tenants to have an individual veto (i.e., those voting against transfer were excluded from the transfer) (Mullins, *et al.*, 1995, p.32).

two of their case studies was independent advice made available to tenants from a body other than the council or new landlord. Many important decisions were taken in closed meetings and, aside from tenant representatives on the management committees of the new landlords, tenants played virtually no part in either the initial decision to progress the transfer option or the final negotiations over the terms of transfer. Mullins, *et al.*, (ibid, p.180) acknowledge that this reflected the character of the authorities in which the early transfers took place, where there were “... *few if any organised tenant groups prior to the transfer, and consultation on the transfer was often the first serious attempt at tenant consultation on any aspect of housing policy.*”. The research also reflected the experience of the earliest transfers. Mullins, *et al.*, (1995, p.3) later noted that it had become normal practice for independent advice to be provided by consultants, who usually performed two tasks:-- information dissemination to inform tenants’ ballot decisions and specialist advice to tenant representatives to enable them to negotiate a better deal from the transfer.

Despite their observations, Mullins, *et al.*, (1993, p.181) note that existing tenants did have considerable influence on transfer packages since, to achieve positive ballot results, transfer proposals had to be attractive to them. This was usually tackled by offering rent guarantees and a package of service improvements. Tenancy agreements were also used to restore some of the statutory rights lost in the move from secure to assured tenancies. Rent guarantees after transfer were usually contrasted with high projected increases for council tenants under the new financial regime introduced by the 1989 Act -- although the implications for existing tenants once the rent freeze had ended were not necessarily clear. As Mullins, *et al.*, (1993, p.181) observed, an equally significant contrast -- illustrating the influence of existing tenants -- was the higher rents to be paid by new tenants. This would result in a two-tier rent system that would normally converge over time to become a single system. Pearl (1997, p.177) also noted how the momentum for transfer could result in terms being geared exclusively towards safeguarding existing tenants’ interests to win their support. This raised concerns that the future strategic function of the social housing stock would be compromised; the choice made by one generation of tenants being effectively at the expense of future generations. She also noted concerns that local authorities had vested interests and were placing more importance on ‘getting the proposals through’ than ‘genuine consultation’ (ibid, p.177).

Although LSVTs started from uncertain beginnings, by the end of 1991 -- by which time, no properties had transferred either to HATs or through Tenants’ Choice -- thirty local authorities had balloted tenants on voluntary transfer and sixteen had disposed of their entire rented stocks. The 77,000 properties transferred meant that such transfers provided a major contribution to the

Government's privatisation programme (Mullins, *et al.*, 1993, p.169). In nearly every case, the transfer was to an HA set up for the purpose. Furthermore, as Mullins, *et al.*, (1995, p.1) note, the Conservative's victory in the 1992 election sent a "... *strong signal to authorities who had been keeping their options open, that the policy context was unlikely to change.*". As a result, local authorities began to explore the benefits of transfers with greater determination. In essence, this signalled an acceptance that their traditional role as providers and managers of housing was coming to an end. At the same time, the Government embraced voluntary transfer as the key mechanism for demunicipalising local authority housing and introduced a stock transfer programme, which -- because transfers involved public expenditure -- limited the number in any one year. The momentum for transfers continued and by March 1996, fifty local authorities had transferred their stock (although a further twenty-seven had had their proposals rejected by tenants). Transfers initiated by local authorities had, therefore, become the major component of the Government's privatisation programme and would later continue as part of the 1997 Labour Government's stock transfer programme.

The voluntary stock transfer mechanism was extended by the introduction of the Estate Renewal Challenge Fund (ERCF). As transfers had to be largely self-funding, stock transferring was better quality with relatively low debt in rural areas, suburbs and small towns. Thus, given the limited scale of the HAT programme and the end of EA as a dedicated estate rehabilitation initiative in 1994, a new initiative to deal with run-down estates was required. ERCF was introduced in December 1995 and facilitated estate transfer to social landlords together with a dowry taking account of the housing stock's (poor) quality, which would permit a development programme. The new landlords could also borrow money to improve the housing outside public expenditure controls. Hence, as with HATs, ERCF combined housing improvements with an exit mechanism. Successful ERCF bids had to:-- represent good value for money; package both better and poorer quality stock and higher and lower cost stock; be likely to receive support of majority of tenants (i.e., through ballot); focus on a distinct estate or group of estates; include at least 500 properties (although 200-500 could be considered); include largely tenanted stock; not include a large element of demolition or demolition and redevelopment;²³ and contribute to regeneration and long-term sustainability (DETR, 1997, s14). Three rounds of the programme were held. Under the first two, £316 million was allocated to twenty local authorities for thirty-three schemes covering 41,000 homes on 69 estates. By February, 1998, four estates had actually transferred and fourteen successful ballots had been achieved. In the third round, £248 million was provided to fifteen local authorities for

²³ Given this limitation, it is unlikely that the development programmes at Liverpool and Waltham Forest HATs could have been considered under this mechanism. By contrast, the North Hull estate could have been considered under ERCF.

22,000 properties on 58 estates. All transfers were subject to tenant ballots and in successful transfers the average dowry was £11,000 per property.

3.8 CONCLUSION

This Chapter has reviewed 1980s housing policy. During the decade, central Government increased its control over housing finance (and, in doing so, largely curtailed house-building by local authorities) and rent levels and began to enlarge and change the role of HAs as a substitute for local authorities; in effect, it 'nationalised' housing policy. The changes demonstrated the centre getting a 'better grip' both to control and reduce local authority expenditure and to encourage the shift towards a more market-based form of social housing provision. In order to do this, it both constrained and curtailed local authority autonomy and discretion in matters of policy. With regard to local authority housing stock and in accordance with New Right ideas, the primary emphasis was on the development of exit mechanisms. Malpass (1985, p.232-233), for example, argued that, rather than a housing policy, the Government had 'tenure policies', concerned primarily with transferring ownership and having "*... little or nothing to do with the key housing policy issues of quantity and quality.*". Council house sales through RTB, for example, provided benefits for those already well-housed and did nothing for those in greatest need. Nevertheless, from the mid-1980s onwards, the focus was broadened to include collective exits (i.e., collective choices). Each of the exit mechanisms contained a distinctly limited notion of 'choice' and, in essence, meant a choice whereby tenants could transfer – or threaten to transfer – to a different landlord. Everything else in terms of housing quality would – in principle – flow from this basic choice. In addition, the exit was one-way and irreversible. Cole & Furbey (1994, p.231) note that – in theory at least – it would have been possible to have extended choice to all sectors of the rented market by permitting transfers into – as well as out of – the council sector. As a result, their comparative strengths and weaknesses could have been put to "*... a genuine test, based less on statistical indicators and more on consumers' own sense of security and their aspirations, perceptions and experiences.*" (ibid, p.231).

Two general outcomes of the changes warrant further comment:– the impact on rents and tenants' willingness to transfer.

Rents

The changes in the 1988 and 1989 Acts were predicated on increased rent levels, which, in turn, would provide a better return on investment in the sector and an incentive for entrepreneurs to increase supply. The new financial regimes for HAs and local authorities reduced subsidies paid to

housing producers (i.e., 'bricks-&-mortar' subsidies) and extended means-tested, tenure-neutral subsidies. The changes had two interrelated effects. First, deregulation of rents involved an implicit acceptance of additional HB costs. After 1989, rents rose in all three sectors. In the local authority sector, the policy of 'guideline' rent increases above inflation each year from 1990-1991 to 1995-96, resulted in council rents rising by an average of 40% in real terms (Malpass, 1996, p.466).²⁴ Similarly, HA rents at the end of 1994 were 80% higher than at the start of 1989 (Malpass, 1996, p.466). Although the poorest tenants were – in principle -- protected in full or in part from rent increases by HB, they also became more dependent upon it. As rents rose, so did the need for HB: in 1992/93, for example, about three-fifths of local authority tenants were receiving HB, as were more than two-fifths of HA and private tenants (Kemp, 1994, p.533). Furthermore, rent differentials remained between the sectors: the 1995 White Paper (DoE, 1995, p.25-26), for example, stated that in 1994/95 local authority rents averaged £36 per week; in 1994, HA rents averaged £38 per week and £54 for new properties, while market rents were around £75 per week.

Second, the public expenditure burden was moved from the DoE to the Department of Social Security (DSS). Although the HB budget was intended to 'take the strain', the cost rose much faster than had been anticipated (Malpass, 1996, p.466). As Malpass (ibid, p.468) noted, the move towards higher rents highlighted how a market approach to rent setting required a limit on the State's liability for claimant's housing costs. With increasing impact from 1989 onwards, HB was capped or limited in other ways. The dilemma, as Kemp (1994, p.537) noted, was that while the DSS had an imperative to cut expenditure on HB, increased rents were central to the DoE's objective of shifting rented housing away from local authorities. The Government, however, had greater scope to control the amount of capital subsidies allocated than the HB it had to pay out and, as Kemp (1994, p.537) noted, between 1989 and 1994, the net cost of 'bricks-&-mortar' subsidy and HB combined fell rather than rose; HB rose by £4 billion but savings in capital subsidies amounted to £6 billion.

Transfers

In terms of transfers, two main issues were important. First, the identity of the new landlords (the exit destination). Forrest (1993, p.42) noted that, although surveys during the 1980s showed public sector tenants approved of council house sales as a route into home ownership, the extension of this to transfers to other landlords raised a different set of issues. In this situation, as Forrest (ibid,

²⁴ The 1995 Housing White Paper (DoE, 1995, p.27) proposed reducing the rate of increase in local authority guidelines rents and implied that, by the end of the decade, rents would increase broadly in line with inflation. This process was speeded up and, in November 1995, the Government announced that the guideline increase in April 1996 would be pegged to inflation (Malpass, 1996, p.467).

p.42) argued, there was no popular mandate: *"The same surveys which showed the popularity of home ownership also showed that private landlordism was the least preferred option."* He also considered that tenant willingness to opt for privatised forms of rented housing provision would vary according to the type of landlord. Certain safeguards had, however, been introduced. The original proposal in the 1987 White Paper had been for a wider range of possible landlords, which, in the 1988 Act, was reduced to 'social' landlords only. In committee, William Waldegrave referred to a 'social landlord's charter', arguing that it would be 'quite an unusual private company' that would be able to satisfy its terms.²⁵ The Act made no reference to this and instead provided for a 'tenants' guarantee', to be developed and enforced by the Housing Corporation.²⁶ Second, there was reluctance on the part of council tenants to avail themselves of the opportunities to exit. Equally, however, increasing the opportunity for exit – or reducing the costs of exit – includes the possibility of a positive choice *not* to exit. Decisions to transfer involve both 'push' and 'pull' factors. With regard to RTBs, research by Forrest & Murie (1991) showed that tenants were attracted by the prospect of heavily discounted ownership rather than being repelled by their municipal landlords. Murie (1995, p.157) also argued that, while many of those who exercised RTB had sufficient resources to buy houses elsewhere, certain incentives favoured the choice to buy their existing home, including the discounted purchase price, the opportunity to buy what – in most cases – was an established family home and the prospect – again, in most cases – of substantial capital gains from rising house prices.

RTB can therefore be seen as a *positive* 'exit to' (i.e., a choice with incentives) rather than a *negative* 'exit from' (i.e., a coerced choice). Furthermore, the choice did not test attachment to home and area; tenants could exit the tenure and the financial regime without leaving the dwelling. Although RTB can be seen as a choice made with incentives, the other mechanisms had elements of coercion. On the one hand, the local authority sector was made less attractive by increased rents.; on the other, exit destinations were made less attractive by the deregulation of rents and security of tenure. Tenants' Choice (and HATs) had little success and the most successful exit mechanism was voluntary transfers; a mechanism best regarded – at least initially (i.e., until 1992) – as a local authority initiative (i.e., a bottom-up response). Successful transfers could also be distinguished by certain common features:– stock in good condition with low debt levels; transfers made 'voluntarily'

²⁵ The phrase disappeared with Waldegrave's departure to the Foreign Office during the summer (Ginsburg, 1989, p.69). The loss of the proposal's leading advocate raised concerns that the idea would also disappear (Roof, July-August, 1988, p.4).

²⁶ The criteria created by the Housing Corporation for approved landlords – although ostensibly well-intentioned – would create a situation where the only approved landlords were HAs. Coleman (1989, p.55), for example, argued that the Government might be 'minimising the chances of genuine private sector involvement' in rented housing by 'institutionalising HA privileges'. Furthermore, due to the continuing availability of HAG, Ginsburg (1989, p.80) argued that the Government was not allowing fair competition between private landlords and HAs. The 1996 Housing Act clarified this situation by creating registered social landlords (RSLs). While all registered HAs will be RSLs, not all RSLs will be registered HAs. HAG was also replaced by Social Housing Grant (SHG), with all RSLs eligible to bid for SHG.

-- if defensively -- by local authorities; and -- most important -- the necessity of a favourable ballot result meant that tenants would be offered -- or could negotiate -- acceptable conditions and guarantees. The choice still had elements of coercion: as Mullins, *et al.*, (1993, p.181) found, several transfers had been presented to tenants as the 'least change option' under which they would retain the same housing staff, and enjoy a similar but better service for reasonable rent. Without a transfer, maintenance of standards would not be possible.

This Chapter has outlined the important developments in housing policy prior to and as a result of the 1988 and 1989 Acts. The remaining five Chapters focus on the development and implementation of HAT policy.

Chapter Four

HOUSING ACTION TRUST

POLICY

4.0 INTRODUCTION

This Chapter discusses HAT policy and is in four main parts. The first discusses the emergence of HAT policy. The second discusses the early controversy about HAT policy. The third discusses the implementation phase. The fourth draws some initial conclusions on the implementation of HAT policy. Table 4.1 is a chronology of HAT policy.

4.1 THE EMERGENCE OF HAT POLICY

The first announcement of proposals to establish HATs came in May 1987 in the Conservative election manifesto. Following the Queen's Speech in June 1987, the Prime Minister, Margaret Thatcher (CD June 25, 1987, col. 57) referred to HATs and, more generally, stated it was 'high time' for "... *the town hall monopoly to be replaced by individual choice in renting.*". A White Paper followed in September 1987, a discussion paper in October 1987, a housing bill in November 1987 and enabling legislation in November 1988.¹ The White Paper (Cmnd 214, 1987, para 6.7) stated that the Government saw HATs as a 'vital part' of its housing policy and as "... *a means of single-mindedly tackling some of the most difficult areas of local authority housing.*". HATs would be for estates where 'social problems and housing disrepair' were so serious "... *more direct action – involving both public and private sectors – is needed to obtain improvements over a reasonable timescale.*" (ibid, para 6.7). The discussion document stated that, although a number of local authorities had made significant progress in dealing with their worst estates, "... *in a number of cases the size of the areas involved and the extent of the problems are such that they are beyond the capacity of local authorities to tackle.*" (DoE, 1987, para 3). It also stated that a HAT's primary task would be "... *to secure the renovation of properties in its ownership; to transfer them to a range of different forms of ownership and management; and generally to improve conditions in its area so that it becomes acceptable and attractive to those who already live there and to*

¹ Appendix B contains transcripts of parts of the Conservative's 1987 election manifesto and the 1987 White Paper regarding HATs and a full transcript of the HAT consultation paper.

May - June 1987	Concept of HATs outlined in election manifesto. General election victory for Conservatives
September 1987	White Paper – <u>Housing: The Government's Proposals</u> – announces HAT concept
October 1987	Discussion paper – <u>Housing Action Trusts: A consultative document</u> issued.
December 1987-May 1988	Deadlocked discussions re HAT in Hulme. Government refuses to fund an open-ended feasibility study and are willing only to fund a feasibility study that explores the benefits of a HAT in Hulme.
May/July 1988	Government backs down in Hulme and agrees to fund an open-ended feasibility study with no guarantees that any recommendations would be implemented.
July 1988	Pilot HAT areas announced with intention to declare them by April 1989. House of Lords defeat Government re amendment to introduce a ballot of tenants. David Trippier replaces William Waldegrave as housing minister.
November 1988	Housing Act passed including requirement for ballot of tenants.
February - March 1989	Consultants' feasibility studies on the 6 pilot HAT areas. Following consultants' reports, Government declares intention to proceed with HATs in five areas. Tower Hamlets abandoned.
May 1989	Private meeting between the housing minister, David Trippier, and tenant representatives from LB Southwark.
July 1989	Chris Patten becomes Secretary of State for Environment
July 1989	First contact between DoE and Hull city council re possibility of HAT in Hull.
September 1989	Lambeth commission MORI poll of tenants that shows 72% of tenants against.
November 1989	Offer made of HAT in Waltham Forest
April 1990	80% No vote in HAT ballot in Sunderland. Unofficial ballot shows 92% against in Leeds. Government abandons HAT proposals in Sunderland & Leeds
May 1990	Government abandons HAT proposals in Lambeth & Sandwell
October 1990	67% & 73% No vote in HAT ballots in Southwark Treasury Autumn Statement shows £67 million for HATs in DoE's 1992/93 allocation.
November 1990	Official announcement of HAT discussions in Hull
December 1990	John Major becomes Prime Minister; Michael Heseltine becomes Secretary of State for environment.
March 1991	69% Yes vote in HAT ballot in North Hull
August 1991	81% Yes vote in HAT ballot in Waltham Forest
May 1992	General election victory for Conservatives
August 1992	82% Yes vote in HAT ballot in Liverpool
TABLE 4.1 – CHRONOLOGY OF HAT POLICY & PROPOSALS	

prospective tenants and owners." (ibid, para 11). (see also Table 4.2)

While precedents cited included EA, GIAs and HAAs, it was evident both in the White Paper and the consultation paper that the most significant precedent came from a policy more removed from housing -- UDCs. For the Government, one of the strengths of UDCs was that -- unlike local authorities -- they were single-function agencies. The White Paper (para 6.2) argued UDCs had shown *"... the results that a body devoted to developing a run-down area can achieve. They have brought a new drive to their task and results have been achieved that the local authorities have not been able to achieve by themselves in the past."* Using this model, the intention was to *"... establish analogous bodies in designated areas to take over responsibility for local authority housing, renovate it, and pass it on to different forms of management and ownership including housing associations, tenants' co-operatives and approved private landlords."* (para 6.3).

Although uncited, key precedents from which important lessons could be drawn were Stockbridge Village in Knowsley, Liverpool and certain aspects of the Thamesmead estate in London (see Appendix C). These were intended as demonstration projects to show how large-scale, private sector management of social housing could be commercially viable. Given their mixed success, it is not surprising that they were not explicitly cited as precedents. Nevertheless, each was repeatedly mentioned -- usually by the Opposition -- during debates in Parliament. An uncited proposal that may also have served as a precedent was for Housing Management Trusts (HMTs), which would take over and manage local authority housing (Henney, 1986). HMTs would be statutory trusts, typically composed of nine trustees: one of which would be a local authority nominee, one would be a representative of the financial backers, two would be co-opted, and five would be elected by the tenants. The trustee's duties would include managing and renovating the stock (but not the building of new stock), appointing staff, and allocating three-quarters of the tenancies -- the local authority retaining the right to nominate the remainder. Stockbridge Village Trust was cited as an example of an HMT.

The Housing Bill was presented in the Commons on 19 November 1987. As this was shortly after the end of the consultation period on the discussion paper (6 Nov), it was unclear how much weight had been given to any representations. Given the potential magnitude of HAT policy, the initial consultation period (from 6 Oct to 6 Nov) was extremely limited if local authorities were to engage in meaningful consultation with tenants and tenant groups. The committee stage was completed in March 1988 and the Bill received Royal Assent in November becoming the 1988 Housing Act. The Act contained enabling legislation permitting HATs to be established under subordinate legislation. Although the Bill's basic structure and principles remained intact, during its passage the

1987 WHITE PAPER	1987 HAT DISCUSSION PAPER
<p>The existence of areas of local authority housing where social problems & housing disrepair were so serious that more direct action -- involving both public & private sectors -- was needed to obtain improvements over a reasonable timescale. As UDCs had achieved results that local authorities had not been able to achieve by themselves in the past, the Government proposed to establish analogous bodies. HATs would thereby be a means of single-mindedly tackling some of the most difficult areas of local authority housing.</p>	<p>Although a number of local authorities had made significant progress in dealing with their worst estates, in a number of cases the size of the areas involved and the extent of the problems were beyond the capacity of local authorities to tackle. Such areas typically comprised large concentrations of poor quality public sector housing, which had associated with them a combination of social, economic & environmental problems: --</p> <ul style="list-style-type: none"> -- a high level of crime & vandalism; -- high unemployment; -- a concentration of families with severe disadvantages & heavily dependent on income support; -- a low level of commercial & economic activity; -- badly designed estates & dwellings; -- a poor environment; & -- an atmosphere of general decay & decline. <p>The nature & extent of such problems required novel & radical solutions beyond the normal run of local authority housing activity. As the process of decline in such areas could be reversed, a concentrated approach to tackling their problems should be adopted. As the experience of the UDCs had showed that a single-minded organisation could be the most effective way of dealing with areas with intractable problems, it was proposed that HATs should be modelled broadly on UDCs as organisations appointed solely & specifically to apply expertise & resources to tackling those problems & transforming the prospects of areas otherwise destined for continual decline.</p>

TABLE 4.2 – RATIONALE FOR HATS

Government made some important changes. These changes are the focus of the next section.

4.2 THE LEGISLATIVE STAGE

The 1987 White Paper made the late 1980s one of considerable turbulence and gave rise to large-scale tenant activism and unusually well-attended public meetings on estates throughout the country.

As the Government's proposals for HATs were clouded by uncertainties and affected a number of strongly-held interest groups, controversy was to be expected. The most controversial element was that a HAT would result in the enforced privatisation of local authority tenants and properties. The climate of confusion was also exacerbated by uncertainty regarding the scale of the HAT programme. With the retrospective knowledge that only six HATs were ever established, it is important to appreciate the significance of this. Although, in the first instance, the Government had only committed itself to a pilot programme and had not given any definite indication of how extensive the programme would be, there was concern that HATs could be designated in every town and city. The Government was under continual pressure to announce where HATs were envisaged.

While it initially resisted this pressure, it was also keen to establish HATs as soon as possible and in July 1988, six pilot HAT areas were announced in Lambeth, Tower Hamlets, Southwark, Sandwell, Sunderland and Leeds. Hence, the implementation period started before the legislation had been concretised in statute.

The prevailing climate of uncertainty and mistrust fostered conditions in which rumour, expedient or selective interpretation, exaggeration and 'scare-mongering' could prosper. Although an important resource for choice, information can be biased or distorted in some way and -- in extremity -- may be propaganda. Both parties made references to campaigns of misinformation; Ridley (CD, 11 Nov, 1988, col. 676), for example, claimed that the Opposition and councils had gone in for "... *a campaign of gross misinformation about what HATs will mean.*". This was a constant problem and was particularly pertinent because -- as is shown in this Chapter -- HAT policy evolved and changed significantly.² Furthermore, the proposed legislation gave considerable discretion to the Secretary of State, giving grounds for further uncertainty and suspicion.

One of the consequences of the uncertainty and the highly confrontational stances adopted by all parties, was for positions to quickly become entrenched, frustrating the development of constructive

² The extent of uncertainty is illustrated by the number of amendments (nearly 400) proposed by both the Government and the Opposition. The HAT legislation was only one part of a major Bill and its implications were sufficient for it to have been the subject of a separate Bill (Spearing, CD, 14 June, 1988, col. 372).

dialogue. An example of this was a meeting in July 1988, between the Secretary of State, Nick Ridley, and tenants from the pilot HAT area in Lambeth. Following the meeting, Ridley (CD, Nov 2, 1988, cols. 1015) commented on the difficulty of discussing issues with people “... *if they walk out before the meeting starts. I find it difficult to discover whether they are in favour or against HATs when they do not stay to talk to me.*”. Community Action (1988c, p.25) reported Mary Clerk’s -- chair of Loughborough Road TA -- account of the same meeting: “*Ridley was as nice as could be at the start of the meeting. We could have coffee, we could have tea, we could have biscuits. But when we asked for a ballot, we could get stuffed! We then asked if we could get the money he was offering without the HAT. When Ridley said ‘No’, Dora Boatamah, the Angell Town chair, banged her fist on the table and said: ‘Meeting over’, and we all walked out.*”. Referring to the same meeting, the Earl of Caithness (LD, 28 July, 1988, col. 410) argued discussion was a two-way process, which for the Government meant “... *making our best efforts to explain our proposals and hearing what people have to say before making final decisions. ... It also means that tenants’ representatives must be willing to examine our proposals, to listen to what we have to say about them and pass that information fairly and squarely back to those they represent.*”.

The controversy surrounding HAT policy can be examined under five headings:--

- the purpose of HATs;
- the identity of future landlords;
- transfers of housing stock;
- the tenant ballot; and
- the accountability of and control over HATs.

4.2.1 THE PURPOSE OF HATS

The two key aims of HAT policy were to improve and privatise -- or rather, in less emotive terms and as it appeared among the legal objectives, to promote diversity in the identity of landlords of rented accommodation -- some of the worst areas of local authority housing (Table 4.3).³ Debate concerned which of these was more important and whether they were separable aims.⁴ The Opposition, local authorities and tenants doubted that improvement was an *end* in itself and saw improvement as a *means* to achieve privatisation. HAT policy therefore seemed to focus on housing as property development rather than as people’s homes. This perception was given additional credence by the analogy with UDCs, which, at the time, were coming under increasing criticism. The House of Commons Employment Committee Report (1988, p.xxv), for example, concluded that

³ As HATs would take over local authority housing, diversity of landlords and demunicipalisation could be regarded as the same thing.

⁴ As discussed later, the political rhetoric differed from the legal objectives of HATs.

1987 WHITE PAPER	1987 HAT DISCUSSION PAPER	1988 HOUSING ACT
<p>HATs would:--</p> <ul style="list-style-type: none"> -- take over responsibility for local authority housing; -- renovate it; & -- pass it on to different forms of management & ownership including HAs, tenants' co-operatives & approved private landlords. <p>Through this process they would:--</p> <ul style="list-style-type: none"> -- make use of both public & private sector resources; -- assist in the Government's aim of diversifying forms of management & ownership; & -- generate extra funds through disposals by HATs which could be used elsewhere. 	<p>A HAT's primary task would be:--</p> <ul style="list-style-type: none"> -- to secure the renovation of properties in its ownership; -- to transfer them to a range of different forms of ownership & management; & -- generally to improve conditions in its area so that it becomes acceptable & attractive to those who already live there & to prospective tenants & owners. <p>HATs would therefore:--</p> <ul style="list-style-type: none"> -- take over responsibility for local authority housing; -- devise & implement a programme to secure the renovation of properties; & -- pass them on to different forms of ownership & management. <p>And thereby open the way to:--</p> <ul style="list-style-type: none"> -- bring both private & public sector resources to bear on some of the worst areas of public sector housing; -- secure a substantial improvement in the conditions of those who live there; & -- provide them with a wider choice of ownership & management arrangements. 	<p>A HAT's primary objects were:--</p> <ul style="list-style-type: none"> -- to secure the repair or improvement of housing held by the trust; -- to secure the proper & effective management & use of that housing; -- to encourage diversity of tenure &, in the case of accommodation occupied under tenancies, diversity in the identity of landlords; & -- to secure or facilitate improvement of the area's living & social conditions & its general environment.

TABLE 4.3 – PURPOSE/OBJECTS OF HATS

UDCs could not “... *be regarded as a success if buildings and land are regenerated, but the local community is bypassed, and does not benefit from regeneration.*”. The Opposition also raised the prospect of displacement and gentrification, highlighting the value gap between tenanted and vacant properties, which would *inter alia* provide an incentive for HATs to displace existing tenants in order to sell property with vacant possession. Hence, it was argued HATs would be a mechanism by which property companies, private developers and landlords could ‘asset strip’ local authority housing. Ian McCartney MP (CD, 14 June, col. 515), for example, argued that it was “... *probably one of the largest asset-stripping jobs in the privatisation programme.*”. For the Government, Marion Roe MP (ibid, col. 518) expressed amazement at the Opposition’s ‘wild allegations’, and stressed that HATs would not be asset-strippers and that tenants’ interests would be essential to HATs. The Earl of Caithness (LD, 25 Oct, 1988, col. 1585) also condemned ‘loose talk’ portraying HATs “... *as unaccountable, unsympathetic and unresponsive bodies whose primary concern will be to transfer tenants against their will to private racketeers. Nothing could be further from the truth.*”. The association with property development and privatisation rather than housing issues, however, was further exacerbated by the Government’s refusal to give HATs responsibilities for addressing homelessness; an issue that provoked extensive discussions in committee.

The Opposition also argued that the problems HATs were intended to address had been created by the Government’s refusal to approval funding for local authorities to carry out improvements. Keith Bradley MP (CD, 14 June, 1988, col. 388), for example, argued that the Government would not need to carry out such an experiment if it had “... *properly funded local authorities so that they could provide decent housing for people throughout the years that [it had] been in power.*”. The Opposition therefore suggested that the problems of rundown estates would be solved by properly funding local authorities. In the final debates, however, Ridley (CD, 11 Nov, 1988, col. 677) claimed that HATs would be a means to concentrate resources and, furthermore, that there was “... *no other way in which large sums of money [could] be targeted on especially deserving estates.*”.

A former Secretary of State for the Environment, Peter Shore MP (ibid, col. 684-685) firmly refuted this. He argued that, if Ridley had some ‘administrative problems’ in allocating additional funds to the EA programme or to PEP, he could have sought additional powers from the House, agreed with local authorities which estates should be allocated funds and ensured that it was spent for that purpose. Shore (ibid, col. 685) therefore argued that HATs were ‘irrelevant’ unless there was an ulterior purpose: “*That ulterior purpose has been expressed and is rightly feared by tenants. It is to bring about the dissolution of local authority housing in a new way by assisting the transfer of such estates to private landlords and housing associations.*”.

In the subsequent Act, Section 63 outlined the primary objectives and general powers of HATs. The

primary objectives were to:--

- secure the repair or improvement of housing held by the trust;
- secure the proper & effective management & use of that housing;
- encourage diversity of tenure and, in the case of accommodation occupied under tenancies, diversity in the identity of landlords; and
- generally to secure or facilitate improvement of the area's living & social conditions & its general environment.

In addition, HATs could also provide and maintain housing and facilitate the provision of shops, advice centres and other facilities for the benefit of the community in the designated area (s63.2).

Significantly, the inclusion of housing provision under the secondary objectives indicates that HATs were envisaged primarily to refurbish housing rather than to provide new build housing. Under Section 63.3, HAT had powers to:--

- acquire, hold, manage, reclaim and dispose of land and other property;
- carry out building and other operations;
- seek to ensure the provision of water, electricity, gas, sewerage and other services; and
- carry on any business or undertaking.

Under the same section, they could also “... *generally do anything necessary or expedient for the purposes of those objects and powers or for purposes incidental thereto.*”. These are almost identical to the powers given to UDCs in the 1980 Local Government, Planning & Land Act. HATs were to be grant funded and, under Section 71, HATs could give financial assistance to any person.

HATs could also take on other duties and powers that would normally be the local authority's responsibility. Under Section 65, a HAT could become the housing authority for its designated area. Although the Secretary of State did not have powers to impose general duties in relation to housing homeless persons, HATs would be required to offer 'reasonable' assistance to a local housing authority to help it discharge its functions towards the homeless (s70). Under Section 66.2, the Secretary of State could make a special development scheme for the designated area, incorporating development proposals submitted by the HAT, while, under Section 67.1, the HAT could become the local planning authority (LPA) for its designated area. The provision of such powers was to enable HATs to avoid attempts by local authorities to obstruct its work by, for example, delaying planning permissions.⁵ Although these powers gave HATs considerable freedom in carrying out their functions and in achieving their objectives, Section 72.1 stated that, in the exercise of its functions, a HAT had to comply with any directions given by the Secretary of State. Section 72.1 also stated that the Secretary of State would provide HATs with detailed 'management guidance'.⁶ Under Section 88, HATs were intended to be limited-life agencies and were to use their

⁵ Although no HAT was given such powers, it demonstrates the ambition contained in HAT policy.

⁶ In fact, no supplementary guidance (apart from financial memorandums) was issued. HATs have

best endeavours to achieve their objectives as soon as practicable.

4.2.2 THE FUTURE LANDLORDS

Although both the 1987 White Paper and the HAT consultation paper included private sector landlords in the list of possible future owners, neither included the possibility of a return to the local authority. This was heavily criticised in committee and the Government began to make changes.⁷ First, as with transfers under Tenants' Choice, transfers of secure tenants could only be made to landlords approved by the Housing Corporation (Waldegrave, Commons Committee G, 16 Feb 1988, col. 853). Second and more significantly, property could be transferred from HATs to local authorities; Waldegrave (Commons Committee G, 23 Feb, 1988, col. 1011), for example, stated that "... *tenants should be given the option of going back to the local authority. That was not in the Bill originally, and is a major change.*". In principle, this gave tenants a safety net: if alternative landlords were not superior to the local authority, they could return to the *status quo ante*. The provision, however, was qualified by the requirement for the local authority to be willing and able to buy the property back. Furthermore, the Government refused to compel local authorities to accept tenants back (Waldegrave, *ibid*, col. 1015). Although the discretion afforded to local authorities was contrasted with RTB where local authorities were compelled to sell, Waldegrave (*ibid*, col. 1018) argued that the analogy was not valid and that compelling an authority to sell property in which someone had a lifelong interest was "... *entirely different from compelling a public authority to buy something which it does not want to buy.*". Nevertheless, he accepted a local authority might be keen to have the tenants (and their properties) back and might want to say: "... *if we remain in power, it will be our intention to take tenants back.*" (Waldegrave, *ibid*, col. 1020). The situation was made more uncertain for tenants by the fact that a particular local authority may have a policy to accept tenants back but – at a later point in time – might change that policy.

Ridley (CD, June 27, 1988, col. 41) subsequently confirmed the changes:-- first, HATs could transfer secure tenants and their properties only to approved landlords; second, HATs would be required to consult local authorities about their willingness to take on tenants who wished to return to the local authority, and third, tenant consultation procedures would be improved "... *because we recognise the importance of ensuring that all HAT tenants have adequate information about the*

therefore been relatively free to interpret the legislation as they see fit and to determine their own style of operation; the major constraint being the Government's rules and regulations for the expenditure of public money.

⁷ In committee, for example, unfavourable comparisons were drawn with British Coal's attempts to divest itself of its housing assets "... *not to the community, not to the local authority, not to housing associations, but, in the main, by private auction to absentee landlords and property speculating companies.*" (McCartney, Commons Committee G, 16 Feb, 1988, col. 850).

disposal options available, and enough time to digest those options.". In the same debate, an Opposition amendment sought to give HAT tenants a right of return to the local authority. Ridley (ibid, cols. 41-42) opposed this, arguing that it was not "... *reasonable to compel a local authority, many years ahead of a potential HAT disposal, to take back any tenant who so asks. The authority may no longer be in the rented housing business or it may have a different perception of its priorities.*". In reply, Simon Hughes MP (ibid, col. 42) noted that at the end of a HAT's life, even if tenants explicitly showed they wanted to return to the local authority, that may not be possible. Hughes argued that this was 'regrettable and inconsistent' with the 'supposed philosophy of the Bill': "*Of course, the ultimate philosophy is not a right to choose; it is to de-municipalise housing. Therefore, it is consistent with that to make it difficult, if not impossible, for tenants to return to the local authority.*".

A DoE press release (see Appendix B) issued on 7 October 1988, titled Government Promises Free Choice for HAT Tenants, gave details of the choice of landlords when the HAT was wound up. It also stated that tenants would "... *be able to refuse any landlord the Trust offers if they do not like them and will be free to make their own suggestions – a housing association, a tenant co-operative or back to the council.*" (from McIntosh, LD, 25 Oct, 1988, col. 1584). The commitments in the press release were confirmed in a letter from the housing minister, David Trippier, to all tenants in the proposed HAT areas, which stated that tenants would be "... *given a choice by the Trust about who you would like to see managing your home.*" (see Appendix B). The significance of this was a shift in emphasis with tenants being offered an individual choice of landlord and – in principle – being able to refuse any landlord. Prior to this, it had not been explicit who would make the choice of landlord. The ability of tenants to refuse a landlord was qualified, however, as the Government wished to avoid situations where tenants could consistently veto the HAT's winding up.⁸ As noted below, however, the legislation did not require HATs to dispose of property in accordance with tenants' wishes; neither did it include the right for tenants to refuse a transfer to a particular landlord. As Kam (1993, p.79) noted, although the ability to return allayed some fears about privatisation, anxiety remained – in part because of the implications of such re-purchases for local authority borrowing (discussed below), but mainly because the stated aim of HATs was to 'diversify' ownership. Permitting the ability to return seemed to undermine that aim; Community Action (1988d, p.12), for example, expressed its doubts that the Government would "... *go to all this trouble just to hand back modernised estates at rock bottom prices to the very*

⁸ The Opposition expressed some concern about possible abuse of this provision; Allan Roberts MP (Commons Committee G, 23 Feb, 1988, col. 1036), for example, questioned whether the minister was "... *saying that if a HAT finds an unsuitable landlord who is not acceptable to the tenants, because we have to wind up the HAT we must hand over the tenants to that unsuitable landlord.*". The Opposition also tried unsuccessfully to pass an amendment requiring the final disposal to be to public sector landlords only.

councils it's been starving of cash for the last ten years."

4.2.3 TRANSFERS OF HOUSING STOCK

Financial terms of transfers were important at two instances in the life of HATs:-- transfers of local authority property to HATs and transfers of property to local authorities from HATs.

Transfers to the HAT

The proposed terms of transfer to HATs were in effect – if not by design – punitive to local authorities in three ways. First, although previous transfers of property between public sector bodies had been accompanied by a transfer of the outstanding loan debt, transfers of properties to HATs would be at market value and without the outstanding debt. In many cases, the outstanding debt was greater than the property's value and if local authorities were paid the market value, it would not discharge the debt. Before transfer, a local authority might have an asset worth less than the remaining debt; after transfer, it would be left with the debt, the interest on the debt and no income from the asset.⁹ Jeremy Corbyn MP (CD, 14 June, 1988, col. 414) outlined the implications for local authorities: *"Local people, from a declining rate base ... and on a declining income base are expected to pay the debt charges on an estate that they have built, which is handed over to a HAT, which can sell it on to a bunch of property speculators, who can winkle out poorer tenants to create a paradise for the upwardly mobile so beloved of the Tory party."* Second, even if the property had a positive value, the transfer would not give rise to an automatic right to compensation for local authorities. Nigel Spearing MP (CD, 27 June, 1988, col. 28) argued that a transfer of property without compensation amounted to 'confiscation', while Bob Cryer MP (ibid, col. 35) argued that if a Labour Government rescued a tottering industry, by taking it *"... into public ownership and [did] not pay compensation ... the minister would describe that as theft."* Third, if property had a negative value, local authorities might be required to pay a dowry, which could mean a council paying for the improvement of property it no longer owned. The Government argued that this was justified as the local authority would have had to expend money on the properties. Paradoxically, however, due to the financial implications whereby estates in the worst condition were likely to incur the largest dowries, local authorities were more likely to oppose HATs on such estates.¹⁰ In rebutting criticisms of the proposed transfer terms, Waldegrave (CD, June 27, 1988, col. 36) argued that the Opposition was under 'some misapprehension'. The arrangements concerned valuations for transfers 'within the public sector', were not aimed 'at preventing local authorities from getting anything' and, instead, established the 'only logical way' of proceeding: "...

⁹ During the debates, reference was made to the transfer of the Thamesmead estate (see Appendix C).

¹⁰ During committee, the Government indicated that local authorities would receive additional HIP allocations to pay a dowry (Waldegrave, Commons Committee G, 18 Feb 1988, col. 964).

the argument is not about confiscation or trying to do down local authorities. It is about trying to value property rationally and sensibly."

As set out in the subsequent legislation, Section 74 provided for transfer to a HAT of the local authority housing in the designated area. Other land within the HAT area held by the local authority could also be transferred. HATs also had powers to vest land from statutory undertakers or any other public body (s76) and powers of compulsory purchase within their designated area (s77). These powers extended to land adjacent to the designated area and to land required for the provision of services. Tenants whose homes transferred to a HAT would remain secure tenants for as long as the HAT retained ownership (s83). Transfers would be on such terms, including financial terms, as the Secretary of State thought fit (s74.4). The acquisition would be made compulsorily and would not give automatic rights to compensation, while the local authority might be required to pay a dowry if the property had a negative value (s74.5). Shortly after the passage of the 1988 Act, however, the housing minister, David Trippier (1989, p.4), stated that the Government intended to ensure any losses incurred by local authorities as a result of transfers to a HAT would be met by the Exchequer and that it did not want "*... any additional costs arising from such transfers to be borne by the tenants remaining with the authority, [or] to ratepayers in the form of rent or rate increases.*". The outstanding debt, however, remained with the local authority.¹¹

Transfers from the HAT

Although the Government had conceded the principle of tenants returning to the local authority, two areas of uncertainty remained:— whether local authorities could afford the price and, second, whether the Government would permit them to borrow money to pay for them. As there was likely to be a significant difference between the value/cost on disposal to the HAT and the value/cost on return after improvements, the Opposition (Bradley, Commons Committee G, 23 Feb, 1988, col. 1021) argued that the local authority could end up paying for improvements in the re-purchase price. Waldegrave (ibid, col. 1012), however, refused to guarantee that local authorities would be given funding approvals to purchase the improved HAT stock. Similarly, Ridley (CD, June 27, 1988, cols. 41-42) argued that as local authorities would have received a capital receipt for the original transfer, there was "*... no case for a further adjustment to prescribed expenditure at the later stage.*". Once again, however, the Government's policy was to change. The DoE's 7 October press release stated that local authorities in the pilot HAT areas would have additional borrowing approvals to enable them to bid for HAT property. The Earl of Caithness (LD, 25 Oct, 1988, col.

¹¹ A DoE consultation paper issued in January 1989 proposed a residual debt subsidy (RDS) for outstanding debt on property transferred by local authorities. The level of RDS would be 75% for Tenants' Choice transfers; 90% for voluntary transfers and 100% for HATs (on the basis that HATs were imposed on local authorities) (Inside Housing, Jan 20, 1989, p.1-2). The proposal was never implemented.

1592), however, stated that the credit approval would cover 100% of the purchase price *unless* the local authority was clearly in a position to raise part of the costs. Shortly before the final passage of the 1988 Act, the housing minister, David Trippier (Commons WA, 1 Nov, 1988, col. 558), again confirmed that authorities wishing to repurchase HAT property would be given the necessary approvals.

In the legislation, under Section 63.3, HATs were given powers to dispose of any land and other property they owned. Section 79.1 dictated how and when they could make a disposal; the general remit being that HATs could dispose to 'such persons, in such manner and on such terms' as considered expedient to achieve their objectives. For properties subject to secure tenancies, this was highly qualified and there were only two categories of person to whom the HAT could dispose:-- 'approved persons' and local authorities.

— transfers to approved persons

Approval of landlords was to be at the Housing Corporation's discretion. A secure tenant transferred from a HAT to an 'approved person' would become an assured tenant, although he would retain his RTB. Section 81 placed restraints upon the onward disposal of tenanted property purchased from HATs, whereby the new landlord would have to covenant not to transfer the freehold, transfer an existing lease or grant a new lease without the Secretary of State's consent, who would have to have regard to tenants' views (s81.5). Certain disposals, including RTBs, were exempt from this requirement (s81.8).

— transfers to local authorities

Before a HAT could transfer properties subject to secure tenancies, it had to satisfy a procedure set out in Section 84, which gave local authorities the right to express their interest in acquiring them. If a secure tenant expressed a preference for the local authority as landlord rather than the landlord proposed by the HAT, the HAT would have to re-consider the proposed disposal and could decide to dispose to the local authority. The local authority had a 'right-to-air' its views but not a 'right-to-purchase' and, hence, the HAT did not have to accept the local authority's bid. Similarly, as the HAT was not under a duty to dispose to a local authority because that was the tenant's wish, secure tenants did not have the 'right-to-choose' a landlord, merely the 'right-to-make-representation' (Bridge, 1989, p.103). The legislation did not, therefore, support the pledge made in the October press release. It allowed the possibility of -- but not a right for -- tenants returning to the local authority. A HAT would, however, be under a duty to give 'due consideration' to tenants' representations and a failure to do so -- or the apparent existence of a policy not to allow transfers to local authorities -- would be susceptible to judicial review (Bridge, 1989, p.103). If the HAT

agreed to sell properties to the local authority, it would be on the basis of the property's TMV.¹²

Section 84 was subsequently changed by the 1993 Leasehold Reform, Housing & Urban Development Act (henceforth the 1993 Act), which established a statutory right-to-return to local authority landlordship for (most) HAT tenants.¹³ The Act added a new section, Section 84A, which, with regard to properties subject to secure tenancies, meant that, in the case of houses, if individual tenants wished to become tenants of the local authority then the Secretary of State would direct the property's transfer from the HAT to the local authority. In the case of blocks of flats, the vote would be on the basis of a simple majority; hence, individual tenants did *not* have a statutory right-of-return.

4.2.4 THE BALLOT

The Government's original intention was that HATs would be imposed on tenants and local authorities.¹⁴ Most opposition focused around this issue, particularly because the ability to return to the local authority was not initially envisaged, and, hence, a HAT would be a forced exit for tenants.

During debates in both Houses, the Government gave few explicit justifications for not permitting a ballot. The nearest being the rather specious argument that HATs involved transfers of tenants and property from one public sector body to another, which did not warrant an explicit approval from tenants (Ridley, CD, 14 June, 1988, col. 402). The Government's refusal to allow tenants and local authorities a choice whether to veto a HAT fuelled a series of speculations. The most prominent was that it was unwilling to allow tenants or local authorities to have a choice because they would reject the proposal: Ridley (from Ginsburg, 1989, p.72), for example, said on BBC television on July 18, 1988, "*... if you are trying to help somebody ... you don't want them to vote against that being done!*". The Government's stance was therefore highly paternalistic; the implication being that tenants did not know what was good for them. From an implementation perspective, however, it also avoided the creation of a formal veto point that could subsequently frustrate implementation.

The Opposition made considerable political capital out of the Government's apparent autocracy.

¹² As practice developed, the properties would return to the local authority at zero cost. This was a means of shortening public accountancy procedures. In order to buy the properties, the Government committed itself to giving the local authority sufficient funds which would then be given to the HAT. By allowing the properties to transfer at zero cost, the Government was therefore paying the HAT directly (through its grant-in-aid). This does, however, have some differences because the lifetime funding provided to the HAT is based on a planning figure for properties likely to return to the HAT rather than the actual figure. There is also a financial benefit to the HAT of selling the properties to HAs because it receives a capital receipt.

¹³ When introducing this legislation, the housing minister, Sir George Young, stated that he did not feel that further legislation was necessary because sufficiently firm assurances had been given in those areas where HATs had been set up (Bright, 1991, p.10).

¹⁴ This also tended to overshadow the fact that local authorities could propose areas for consideration as HATs.

First, the refusal was contrasted with promises made in their election manifesto. Keith Bradley MP (CD, 14 June, 1988, col. 395), for example, cited a paragraph which promised that the next Conservative Government would “... *give people greater choice and responsibility over their own lives. ... they would take the important decisions – as tenants ... – rather than having them taken for them.*”. Second, reference was made to the Prime Minister’s own views. Paul Boateng MP (CD, 9 Nov, 1988, col. 452), for example, utilised Thatcher’s own words in ‘lecturing’ Poland’s General Jaruzelski: “*You know, people ought to be able to make vital choices that affect their lives. They ought to be able to make these choices. And do you know what we have found when we give them the opportunity to make these choices? Well normally, you know, people make the right choice.*”. Third, reference was made to the Government’s expressed intentions in introducing the Bill. Allan Roberts MP (CD, 14 June, 1988, col. 441), for example, argued that the Government had claimed “... *they are widening choice, that they are freeing tenants from the shackles of large-scale bureaucratic local authority housing management and that they will provide choice and freedom. However, that will not extend to allowing residents to decide whether they want a HAT imposed on them.*”. The Government’s response was that choice would come at the end of the HAT process. The Earl of Caithness (LD, 28 July, 1988, col. 408), for example, stated that HATs would “... *give tenants decent housing, good management and maintenance services and more choice. That choice will become a reality when HATs have finished their improvement work.*”. The points made illustrate the different conceptions of choice and, in particular, the distinction between choice as an element in the implementation of a policy and as an intended policy outcome. The Opposition had found it politically convenient to conflate these.

In late July 1988, however, the Government was defeated in the Lords on an amendment requiring a ballot with a majority of *eligible* tenants required to express a preference in favour of establishing a HAT. During the debate, Lord McIntosh (LD, 28 July, 1988, col. 393) argued that tenant support was fundamental and a HAT could not succeed unless tenants had “... *the opportunity to make a decision at the outset as to whether or not it should take place.*”. He continued that this was not just a proposal to meet the ‘requirements of common sense and common justice’, it was essential if HATs were to work. The impasse lasted from July until November 1988. The Government argued that, since tenants would be ‘misinformed by Labour-controlled councils’, there would be ‘no chance of balanced and informed opinion among tenants’ and it would therefore overturn the amendment in the Commons (Ridley, CD, 2 Nov, 1988, col. 1157). Similarly, David Trippier (cited in *Roof*, Sept-Oct, 1988, p.7) had written to Southwark’s chair of housing arguing that there would be ‘no chance’ of a ‘balanced and informed campaign’ taking place: “*Those opposed to HATs would play on people’s concerns and frighten them into believing that a HAT would make their lives worse, which is the opposite of the truth.*”. The Government also maintained that the lack of

a ballot was the sole cause of complaint regarding HATs and other tenant opposition was 'whipped up' by 'Labour party campaigning' and 'municipal harassment' (Ridley, CD 2 Nov, col. 1005). Ridley (ibid, col. 1005), for example, confessed that he had "... *never quite understood why the Labour Party seems so determined to whip up a campaign of misinformation about a matter that is of pure benefit to tenants, who will have a large amount of public money put at their disposal to improve the rotten houses in which many of them have to live.*". John Cunningham MP (ibid, col. 1005) nevertheless asked why, if the proposals were 'so good for tenants', he was 'so reluctant' to let tenants decide for themselves?

The issue was also an important focus for tenant activity and opposition. Tenants in Sunderland were particularly active, forming 'Sunderland Tenants Against No Democracy' (STAND). A week before the Bill's final reading in the Commons, STAND lobbied Parliament with a petition signed by 86% of eligible tenants. Reading the petition to the House, the local MP, Bob Clay (CD, 2 Nov 1988, col. 1156), explained they were not opposing HATs in principle but simply asking for the Lords' amendment to be upheld. Clay argued it was 'appalling' that the Secretary of State had told them "... *they should not be able to vote on their own future because they may be misinformed and vote the wrong way.*". As expressed here, tenant concern was for the opportunity for choice; the Government's concern was how it might be exercised.

Once more there was to be a dramatic change. On Sunday 8 November, the day before final amendments to the Bill had to be tabled, the Earl of Caithness was 'cornered' by David Dimbleby on lunch-time television and 'blurted out' that tenants would get a ballot (Kam, 1993, p.78-79). Why the Government conceded a ballot was unclear. Some suggest that, as the Bill was running out of time, the Government did not want to delay it further by resisting the amendment (Gregory & Hainsworth, 1993, p.113). Ridley (CD, 11 Nov, 1988, cols. 676-677) explained that he had come to the conclusion that "... *the real arguments were impossible to get across if the ballot question was obscured. Let there be a ballot. Then there will only be one issue: which is more important – the political opposition of the Labour party, or greatly improved living conditions for the people in those areas?*".

Despite its acceptance of a ballot, the Government was accused of inconsistency and double standards. Although the Lords' amendment required a majority of tenants, this was reduced to a majority of tenants who voted without a requirement for a minimum turnout. The former would mean that voter apathy (i.e., a low turnout) would work against the proposal (i.e., in favour of the status quo); removing the requirement meant apathy would work in favour of the proposal (i.e., in favour of change). Margaret Thatcher (1993, p.601) later stated that she had expected more from

Tenants' Choice and from HATs; the obstacle to both being "... *the deep-rooted hostility of the Left to the improvement and enfranchisement of these who lived in the ghettos of dependency which they controlled.*". She further noted that propaganda against Tenants' Choice was 'as nothing' compared with that directed against HATs and lamented that the Lords had amended the legislation to require that a HAT could only go ahead if a majority of eligible tenants voted for it: "*This would have been an impossibly high hurdle, given the apathy of many tenants and the intimidation of the Left. We finished up by accepting the principle of a ballot, limiting it to the requirement of the majority of those voting.*" (ibid, p.601).¹⁵ Furthermore, Simon Hughes MP (CD, 11 Nov, col. 708) noted that, in the case of trade union legislation, the Government had argued that a vote of 70% in favour might not be adequately representative. He also noted that -- in the Government's own words -- it was 'right to be suspicious of a major change' if it was 'not certain' a real majority was in favour (ibid, col. 688).

In the subsequent Act, Section 60 gave the Secretary of State power to designate an area of land where it was expedient a HAT be established. In deciding whether to establish a HAT, he would have regard to such matters as he thought fit (s60.4), qualified by Section 60.5 which listed the following:--

- the extent to which the area's housing accommodation was occupied by tenants or owner-occupiers and the extent to which it was local authority housing;
- the housing's physical state and design and the need to repair or improve it;
- the way in which the local authority housing was being managed; and
- the area's living and social conditions and general environment (Table 4.4).

As the Government's criteria for establishing HAT's included not only physical criteria and social conditions but also the quality of local authority housing management, proposals for HAT areas would be an implicit indictment of local authorities and a public indication of their apparent failure.

Prior to making a designation order, the Secretary of State was required to consult every local housing authority any part of whose district was included in the proposed area (s61.1). The form of the consultative process and the extent to which local authority views were to be taken into account was not specified. Under Section 61.2, the Secretary of State had to ensure that notice of the proposal was given to all secure tenants in the proposed HAT area, while Section 61.3 required him to arrange for a ballot or poll. If a simple majority of tenants who voted were against the proposal, he could not impose a HAT (s63.4).

If the HAT proposals are considered as originally conceived, then -- for the Government -- a choice

¹⁵ Thatcher is disingenuous. Although her opposition is presented as based on the *method* rather the *principle* of a ballot, her Government was clearly opposed to the principle of a ballot.

1987 WHITE PAPER	1987 HAT DISCUSSION PAPER	1988 HOUSING ACT
<p>Among the relevant considerations would be:--</p> <ul style="list-style-type: none"> -- the stock's physical quality; -- the effectiveness of its management; & -- the area's general environment. 	<p>In deciding which areas to designate, the Government intended to concentrate on areas in need of improvement where there was a predominance of local authority housing & would take into account such factors as:--</p> <ul style="list-style-type: none"> -- the extent & nature of social problems; -- the general condition of the local environment; & -- the local authority's housing management record. <p>The final decision whether to designate a HAT would be the Government's.</p>	<p>In deciding whether to establish a HAT, the Secretary of State would have regard to 'such matters as he thinks fit', subject to the following:--</p> <ul style="list-style-type: none"> -- the extent to which the area's housing accommodation was occupied by tenants or owner-occupiers & the extent to which it was local authority housing; -- the housing's physical state & design & the need to repair or improve it; -- the way in which the local authority housing was being managed; & -- the area's living & social conditions & general environment. <p>Designation, however, was also subject to a ballot of tenants.</p>
TABLE 4.4 - CRITERIA FOR DESIGNATION		

for tenants to go into a HAT was unnecessary because it was simply a transfer between public sector agencies (i.e., from the local authority to a HAT) and their choice would come once their housing had been improved (i.e., a choice of landlords). The landlord choice, however, would not include a return to the local authority and the 'choice' to leave the public sector would have been made – by the Government not by tenants – at the time of the HAT's designation. The Opposition therefore argued that it was not simply a transfer between public sector agencies. As the Bill changed and evolved and, in particular, once HAT tenants could return to the local authority, the transfer to a HAT was no longer necessarily a *de facto* exit from the public sector (although it could be if the local authority was unwilling to accept tenants back or the HAT disposed of the property in a manner contrary to tenants' wishes). Hence, the necessity for tenants to have a choice on whether to approve the establishment of a HAT became – in principle – less important and Ridley (CD, Nov 11, 1988, col. 676) was correct to assert that this was the deal offered and that misinformation "... *prevalent throughout the affair [had] obscured that deal and focused on the ballot.*". More generally, it was curious that there should be concern for a ballot: Gregory & Hainsworth (1993, p.113), for example, note that while there was 'no constitutional precedent in Britain for decision-making by plebiscite', the denial of a tenant veto was regarded as 'an infringement of personal liberty'. They suggest that the reason it seemed natural was due to the vote offered under Tenants' Choice and that criticisms of the voting method had obscured the fact that any decision-making vote for tenants was a 'remarkable constitutional innovation' (ibid, p.113). Nevertheless, although the Government had accepted the principle of a ballot, the twist was that -- if tenants voted against -- no other source of funding would be made available. John Fraser MP (CD, 9 Nov, 1988, col. 449) therefore argued that the Secretary of State was 'engaging in blackmail': "*On the one hand, tenants are being asked to vote for the Secretary of State's proposals, but on the other for a denial of those funds and a continuation of damp and too much asbestos.*". John Cunningham MP (CD, 11 Nov, 1988) argued that it was "... *coercion to say that unless people do what he wants them to do, their housing problems will be left unattended and no money will be made available.*". Ridley's response was more benign: the Government was simply offering those estates priority, which they could turn down (ibid, col. 692).

4.2.5 THE ACCOUNTABILITY OF & CONTROL OVER HATS

Suspicion regarding HATs was also fuelled by the intention that the housing stock be improved under by a quango rather than by elected local authorities. In general terms, the establishment of single-purpose agencies was not especially unusual and during committee, Waldegrave had pointed out that both political parties "... *had and would set up quangoes when they felt central Government policy might be frustrated by local government opposition.*". Hence, Labour Governments had set up NTDCs in rural areas, while Conservative Governments had set up UDCs

in cities. As with UDCs, the controversy concerned the lack of local accountability, which was contrasted with the accountability of local authorities through local elected councillors. During committee, for example, Tony Banks MP (CD, 9 Feb, 1988, col. 767) described the concept of HATs as 'authoritarian, lacking in accountability and democracy', and 'essentially fascist'. Keith Bradley MP (CD 14 June, 1988, col. 394) cited Shelter's submission on the discussion paper, which argued that HATs did not even make a 'pretence at being democratic':

"Transferred council tenants and local people will have little confidence in future housing opportunity, for power will not only be out of their hands, either as individuals or as local electors – it will be concentrated in the hands of nominee board members meeting to decide policy in camera. ... the Secretary of State will be accountable to Parliament only through the ineffective channels of statutory instrument inspection."

Such issues concern a more general debate concerning a 'democratic deficit' and the role of unelected quangos vis-à-vis elected local government. As discussed in Chapter One, various critics – especially the New Right – argued that local authority accountability to the local community was exaggerated and, second, the creation of a centrally-controlled agency can be an important part of an implementation strategy.

HAT legislation also epitomised a wider trend in 1980s social policy, which had moved from a pattern in which detailed requirements and obligations were laid down to a much looser system involving a considerable degree of ministerial discretion (Gregory & Hainsworth, 1993, p.113). Many of the crucial choices, for example, remained the Secretary of State's responsibility or -- if not his to make -- were subject to his consent, while Section 72 stated that *"... a HAT, in carrying out its functions, must comply with any directions given by the Secretary of State which shall be published."* The legislation therefore created potential for autocracy and authoritarianism or, conversely, flexibility and responsiveness to local conditions and preferences. As the Secretary of State had considerable scope for discretion, HAT policy was crucially dependent on the particular Secretary of State and the relevant ministers. Hence, the prospect of HATs inevitably involved significant uncertainty for tenants and local authorities. Thus, while the legislation provided 'room for manoeuvre' for the Secretary of State, it also introduced a concomitant need to trust him not to mis-use that discretion. Given the prevailing mistrust of the Government, the Opposition sought to have commitments written into the primary legislation or – failing that – to introduce certain parameters to qualify the Secretary of State's discretion. In essence, these involved adding detail and creating statutory requirements and rights rather than allowing issues to be shaped by subsequent policy decisions or ministerial discretion that could (more easily) be altered at a later time.

One of the most important areas was the Secretary of State's power to appoint HAT board members. Bob Cryer MP (CD, 14 June, 1988, col. 448), for example, drew attention to the Government's tendency to appoint 'political placemen' to the boards of quangoes and argued that it had been "... *assiduous in sacking people whom they regard as having been critical in any way and appointing people who conform to their own point of view.*". The Bill's first draft required the Secretary of State to consider appointing people with 'special knowledge of the HAT area'. This was amended in committee to a requirement to consider appointing 'people who live in a designated HAT area' as well as those with special knowledge of it. Although the Opposition proposed amendments requiring a majority of local people, the Government argued that it was more important to have necessary and appropriate expertise on the HAT board (LD, 28 July, 1988, col. 419). A subsequent amendment in the Lords proposed that not less than 50% of the HAT board, not including the chair and deputy chair, be local people. As Lord McIntosh (LD, 25 Oct, 1988, col. 1563) explained, this would allow the Government to retain effective control of the HAT while giving tenants 'slightly more confidence' and 'rather less suspicion' of the HAT board. The amendment was not carried.

In the legislation, once the HAT was approved the Secretary of State could appoint to the board between five and eleven members (Schedule 7.1). He could also remove any or all of them (even create a new board) at will (Schedule 7.6). In making appointments, he had to have regard to "... *the desirability of securing the services of persons who live in or have special knowledge of the locality.*" (Schedule 7.2.2). Although the provision allowed the possibility of tenants or other local people being appointed, the Secretary of State was not required to appoint any local people. Unlike local authority housing committee meetings, HAT board meetings would not open to the members of the public nor would the 1985 Local Government (Access to Information) Act apply (Driscoll, 1989, p.149).

More generally in terms of local accountability, the HAT consultation paper (DoE, 1987, para 18) had outlined the Government's commitment to tenant involvement and stated a HAT would "... *only be able to do its job properly with the involvement and co-operation of the people who live in the area. HATs will therefore put great stress on consulting tenants, asking them for their own ideas and keeping them informed about plans and progress.*". During committee, the Government committed HATs to organising 'non-statutory tenants' advisory fora' (Waldegrave, CD, 14 June, 1988, col. 447). The Opposition argued that – in the absence of strong representation on the HAT board – fora were not sufficient. Lord Stallard (LD, 28 July, 1988, col. 421), for example, argued that as a non-statutory advisory body the forum would "... *have no power to overturn HAT*

decisions. It will have no access to written information and it will have no guarantee of having its questions answered. ... Such a forum cannot be seen as a realistic alternative to proper tenant representation." In the legislation, HATs were only required to consult tenants at two particular times:-- on the Statement of Proposals and on the choice of a new landlord. As 'soon as practicable' after it had been established, a HAT was required to prepare its Statement of Proposals to show how and over what period it intended to carry out its functions (s64.1). With regard to these proposals, the HAT was required to consult each local housing authority or county council, any part of whose area lay within the HAT's designated area (s64.2). Furthermore, under Section 64.3, the HAT was required to ensure that 'adequate publicity' was given in the HAT area (according to Bridge (1989, p.94) sending a copy to every resident was 'advisable but probably not necessary') and that those living in the HAT area were made aware of their opportunity to make representations and given 'adequate opportunity' to do so; Bridge (1989, p.94) noted that a public meeting, well advertised throughout the area and with HAT members present, would satisfy the statutory requirements. Although the HAT had to 'consider' representations, consultation was on the HAT's terms. Once the HAT had complied with these requirements, it had to send its Statement of Proposals to the Secretary of State, together with a report of the steps taken to obtain representations from residents and the consideration given to them. While the Statement of Proposals gave an overview, an annual Corporate Plan had to be more specific about what would be done, by when, and how much it would cost.

4.2.6 FROM THE MARK I TO THE MARK II HAT

To close this discussion of the legislative stage, the two fundamental changes in the development of HAT policy need to be highlighted; each of which increased the opportunities for choice by the target groups. The first was the possibility of tenants returning to the local authority. The second was the introduction of a ballot of tenants, which introduced a formal veto point for tenants and fundamentally changed the prospects for the implementation of HAT policy. These were also fundamental in the development of HAT policy and the change from -- what shall be termed here -- the Mark I 'Ridley' to the Mark II 'Waldegrave' HAT (Table 4.5).¹⁶

4.3 THE IMPLEMENTATION PHASE

Having discussed the development of HAT policy during its legislative stage and before discussing

¹⁶ The Opposition housing spokesman, Clive Soley MP (CD, 14 June, 1988, col. 526-527), for example, commented that Waldegrave had "... *tried hard to improve the Bill. In Committee he made about 100 concessions, rightly and properly. He agreed to change the Bill in places, to reconsider points or to come back to us with recommendations or suggestions.*"

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

	MARK I – ‘RIDLEY’ 1987 White Paper 1987 Consultation paper 1987/1988 Housing Bill	MARK II – ‘WALDEGRAVE’ 1988 Housing Act
Creation of a HAT	Imposed by central Government . No local authority or tenant veto.	Requires ballot of tenants with majority of tenants in favour before designation can proceed.
Rent freeze	Consultation document states ‘not expected’ that rents will rise prior to refurbishment. Rents ‘may’ rise to allow improvements to be maintained.	Ministerial assurances of a rent freeze until properties improved. Ministerial assurances that HAT’s rents would be ‘affordable’.
Board membership	At SofS’s discretion with regard to desirability of appointing people with ‘special knowledge of the HAT area’. Consultation paper states ‘might’ include representative of tenants.	At SofS’s discretion with regard to the desirability of appointing local people who live in the area as well as those with special knowledge of it. No requirement that SofS appoint local people.
Tenant forums	Consultation paper states ‘great stress on consulting tenants, asking them for their own ideas and keeping them informed about plans and progress’.	Statutory consultation on Statement of Proposals and choice of new landlord. Ministerial assurance that HATs would be required to establish non-statutory tenants fora.
Exit options	RTB, HAs, private landlords, & tenant co-ops.	RTB, LAs & ‘approved’ landlords only. Idea of social landlord’s charter suggested by Waldegrave but not included in legislation. Housing Corporation subsequently introduces Tenants Guarantee. Ministerial assurance that tenants would have a choice of landlords and could refuse any landlord. Legislation does not require HATs to dispose of properties in accordance with tenants’ wishes.
Possibility of return to local authority	Possibility of tenants returning to LA not included in exit options.	Secure tenants can return to LA, provided LA willing & able to accept them & HAT agrees to transfer. HAT not required to dispose of properties in accordance with tenants’ wishes. LAs not required to accept properties because that is tenants’ wish.
Transfers of property to a HAT	On such terms as SofS thinks fit (i.e., at market value and without transfer of outstanding debt). No automatic right to compensation on part of LAs. LA may also have to pay dowry to HAT if properties have a negative value.	As Mark I. Ministerial assurance that Supplementary Credit Approvals would be increased to cover cost of dowry payment.
Transfers of property to LA from a HAT	Not contemplated. Principle that new landlords pay new market price.	If LAs acquired property from a HAT would have to pay market value (which would have increased as result of improvements – i.e., LA pay for improvements in purchase price). Ministerial assurance that HIP allocations would be increased to enable LA to bid for HAT properties.
Funding	Grant-in-aid from central Government. Each HAT expected to seek maximise possible support from private sector. Capital receipts from first HATs to be recycled to fund later HATs.	Grant-in-aid from central Government in advance. Capital receipts from disposals would offset public funding.
TABLE 4.5 – MARK I & MARK II HATS		

its implementation, it is necessary to confirm that the framework for policy implementation outlined in Chapter One is appropriate for HAT policy. Table 4.6 summarises the key features of HAT policy in accordance with Sabatier & Mazmanian's (1979) framework. Table 4.7 gives an indicative assessment of the effectiveness of the legal structuring of the implementation strategy in terms of the six conditions. It indicates that expectations of effective implementation were favourable but with an unknown factor being the tenant ballot.

4.3.1 THE FIRST HAT PROPOSAL

As noted earlier, the HAT implementation phase started prior to the completion of the legislative phase. More precisely, it started prior to the 1987/1988 Housing Bill, when the Hulme estate, adjacent to Manchester city centre and consisting of 5,500 dwellings, was considered for designation as a HAT. Between 1968 and 1971, the area had been cleared and system-built deck-access flats constructed. Problems quickly manifested and, in 1985, the Hulme Tenants Alliance (HTA), a forum for the various TAs active on the estate, organised a conference to discuss the problems. Discussion was not restricted to housing issues; Community Action (1988b, p.23), for example, noted that "... after years of fighting over symptoms, the tenants were determined to talk about the root causes of the problems.". Following tenants' lobbying of Manchester city council and the Government, plans were made for a feasibility study and, by the autumn of 1986, the Government had agreed to fund that study. Launched in December 1986, the study was headed by a tripartite supervisory group with Professor Valerie Karn as an independent chair. Furthermore, tenants had sought and got a majority on the supervisory group: seven representatives alongside two council and two DoE representatives (Dibblin, 1988, p.25). In terms of physical change, while tenants accepted the best solution might – once again -- be the demolition of most of Hulme, they wanted 'cast iron' guarantees that any demolition would be phased, that communities would not be scattered and that tenants would not be displaced once improvements had been made (ibid, p.25).

During 1987, it became apparent that the Government had its own agenda: the feasibility study was to explore how a HAT would improve the estate. As described in Community Action (1988b, p.23), Karn was told to 'persuade' the supervisory group that it should convince tenants that a HAT was the 'best way forward for Hulme'. Karn heard tenants' views and informed the housing minister (William Waldegrave) of Hulme's opposition to the plan (ibid, p.23). HTA also mounted a campaign to head off the threat of a HAT. Tenants argued that while a HAT might be a possible conclusion, it should not be decided in advance. Furthermore, accepting a HAT in its then form (i.e., Mark I) would *ipso facto* remove other issues from negotiation, including the estate's privatisation. Tenants were also aware that, as the council did not have the resources needed, a HAT had certain attractions to it. Community Action (ibid, p.24), for example, reported that when

<p>Clear & consistent objectives</p>	<p>Aims of HAT policy were dependent on the nature and scale of the HAT programme. The statute listed four objectives:--</p> <ul style="list-style-type: none"> • improve housing; • manage housing; • encourage diversity of tenure/landlords • improve living & social conditions and general environment <p>Although no hierarchy or prioritising, objectives are reasonably consistent. Some debate about whether objectives of improvement and tenure/landlord diversity were separable.</p>
<p>Adequate causal theory</p>	<p>The original causal theory for HAT policy was as follows:--</p> <ul style="list-style-type: none"> • There were poor quality local authority housing estates in which poor physical and environmental conditions interacted with social and economic problems. • For political reasons, local authorities were charging rents that were insufficient to enable the proper maintenance of the properties and the estate. • Local authorities were inevitably poor landlords and because they was no effective competition, they had few incentives to improve the quality of their service: hence, their customers had no option but to accept the service as provided. • A limited-life agency (i.e., a HAT) would take over and manage the estates temporarily. At the same time, it would rapidly effect a significant 'turn around' in the estate's social, economic and environmental qualities, thereby, making it attractive to a range of other landlords and purchasers. • Having improved the properties, HATs would transfer them to other (i.e., private) landlords who would have greater incentives both to manage the housing properly (i.e., with a consumer ethos and in a prudent commercial and business-like manner) and to charge rents that would enable them to maintain the long-term asset value of the properties and the quality of the estate as a whole. • Having disposed of its properties, the HAT would be wound up. <p>The policy was based on the assumptions that local authorities were very poor housing managers and, second, tenants were greatly dissatisfied with local authority landlords and would welcome the opportunity to transfer to a better landlord.</p>
<p>Appropriate policy tools & sufficient resources</p>	<p>Policy created an arm's length quango single-purpose agencies (i.e., a HAT), unencumbered by broader & diverse responsibilities, & with broad powers to pursue their statutory objectives. In particular, HATs had powers to acquire local authority housing, manage & improve it & release it to other landlords. Flexibility & discretion was available to SoS while s72 gave him power to provide very specific guidance to the implementing agency.</p>
<p>Commitment & skills of implementing officials</p>	<p>Appointment of members of quango's managing board was the Government's responsibility.</p>
<p>Support of – or compliance from – interest groups/agencies & sovereigns</p>	<p>Policy aimed to bypass local authorities (&, in principle, local authority support was not required). Tenants were expected to welcome the policy & would also have the incentive of a rent freeze (although not guaranteed by legislation) until their homes were improved. In the original policy design, explicit tenant support was not required because ultimately the Government would decide whether or not to establish a HAT. The provision for a ballot created an explicit veto point for tenants.</p>
<p>Stable socio-economic contexts</p>	<p>This could not be determined in advance.</p>
<p>TABLE 4.6 – SUMMARY OF HAT POLICY & SABATIER & MAZMANIAN'S CONDITIONS FOR EFFECTIVE IMPLEMENTATION</p>	

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

<p>CONDITION ONE Clear & consistent objectives</p>	<p>For HAT policy LOW: Lack of specific aims & objectives regarding, in particular, size & scale of HAT programme & precise specification of areas appropriate for designation as HATs. For HATs HIGH: four clear objectives set out in statute</p>
<p>CONDITION TWO Adequate causal theory</p>	<p>HIGH: Theory was clear. Validity was subject to debate due to the strong ideological and normative dimensions (e.g., private sector agencies are inherently superior to public agencies).</p>
<p>CONDITION THREE Appropriate policy tools</p> <p>Assignment to a sympathetic agency</p> <p>Hierarchically-integrated system with few veto points & adequate incentives/ sanctions for compliance</p> <p>Implementers' decision rules</p> <p>Sufficient resources</p>	<p>HIGH: Broad set of powers to effect all parts of causal theory.</p> <p>HIGH: Creation of specific delivery agencies.</p> <p>MODERATE: Policy reduced links & veto points in the implementation structure by bypassing local authorities & creating arm's length quango, single-purpose agencies (i.e., HATs), unencumbered by broader & diverse responsibilities & with broad powers to pursue statutory objectives. BUT inherent weakness of formal veto point for target groups (dependent on available incentives & sanctions).</p> <p>HIGH: Secretary of State has power (under s72) to provide very specific guidance to implementers.</p> <p>MIXED: Resources dependent on political support; limited knowledge about how much would be needed; expectation of private sector resources to reduce need for public sector funds.</p>
<p>CONDITION FOUR Commitment & skill of implementing officials</p>	<p>HIGH: Managing board appointed by Secretary of State subject to limited qualifications.</p>
<p>CONDITION FIVE Support of – or compliance from – interest groups/agencies</p> <p>Support of sovereigns</p>	<p>HIGH in theory; MIXED in practice: Intention to bypass local authorities but doubts about reality of being able to achieve this. Policy intended to inherently appeal to tenants.</p> <p>HIGH: Policy designer was Secretary of State, therefore, likely to command political support throughout initial period of implementation. Policy also established reasonably early in the life of a Government with a significant parliamentary majority.</p>
<p>CONDITION SIX Stable socio-economic contexts</p>	<p>HIGH: Policy launched at time of reasonably healthy economy.</p>
<p>KEY:–</p>	<p>HIGH – very conducive to attaining statutory objectives. MODERATE – condition met fairly well but some problems. LOW – Condition not met, a serious obstacle to attaining statutory objectives.</p>
<p align="center">TABLE 4.7 – INDICATIVE ASSESSMENT OF IMPLEMENTATION STRATEGY</p>	

the campaign was first launched, the chair of housing had declared full support for the tenants' position. Within months, he was telling the supervisory group that, as a HAT was inevitable, they should concentrate on getting the best HAT possible. The council also drew up a list of criteria for an 'acceptable HAT'.

Representing tenants fell on about a dozen people elected by delegates to the HTA (Shaughnessy, 1989, p.345). Tenant representatives had simultaneously to address two different audiences -- the DoE and the rest of the tenants. In terms of addressing the DoE, as Shaughnessy (ibid, p.344) noted, in Hulme it was "... *risky to deal with authority. To deal badly [was] quite simply dangerous.*". Hence, being seen to do business over HATs was tantamount to betrayal; to strike any kind of deal would be seen as a sell-out. On the other hand, the Government was adamant resources would only be made available through a HAT (i.e., a HAT was to be imposed from the top-down and tenants were expected to acquiesce with that decision). Although they were supposed to take their cue from a constituency of over 11,000 tenants, representatives did not have any well-developed means of liaising with them; as Shaughnessy (ibid, p.345) noted, representatives were 'unpaid, under-resourced and overworked' and could not produce or distribute newsletters, or arrange meetings sufficiently frequently. The council did not help with these tasks and took the view that Hulme was rapidly becoming the DoE's responsibility and a place to save rather than spend money (ibid, p.345). Hence, no mandate for tenant reps to negotiate existed and, in December 1987, negotiations became deadlocked.

Early in 1988, tenants sought another meeting with the minister, which took place in May. Shaughnessy (1989, p.346) argued that tenants' organisational structure forced them to opt out of a 'negotiations' approach and to adopt a 'presentational' approach. DoE officials, however, required tenant representatives to make commitments (in effect, on behalf of all tenants) but any decisions and assurances required from the DoE were 'referred upwards' (ibid, p.350). As Shaughnessy (ibid, p.350) observed, this accentuated tenants' feelings that they were "... *in the lap of the gods, rather than being in a direct relationship with the human powers that be. Decision-making power [was] never laid bare in front of them so that it [could] be inquired of, or challenged, or reasoned with.*". Thus, neither party was actually able to negotiate and a constructive dialogue could not be established. Although tenants were not entirely powerless, their actual 'power' (i.e., the threat of violence) was negative and probably detrimental to their own interests. A tenant ballot with the potential to endorse or veto a HAT would have changed this situation. Through a ballot tenants would collectively choose to accept or veto a proposal. Tenant representatives would, therefore, only be required to negotiate 'the best available deal' to be approved or rejected by tenants. This would, thereby, place an onus on *all* parties to negotiate a deal that would be acceptable to *all*

parties, including tenants.¹⁷ At that meeting, however, Waldegrave again insisted that if tenants did not accept a HAT, they would lose the feasibility study. Tenants refused and the campaign of opposition continued

On 28 June 1988, Waldegrave announced that he had consented to tenants' wish for a wide-ranging study. Hence, in the face of tenant opposition, the Government had decided not to impose a HAT (i.e., not to implement the policy in this location). In abandoning the HAT proposal, Waldegrave stressed that the Government was not committing itself to implementing the study's recommendations. In some quarters, this was presented as a major victory. In fact, all tenants had actually achieved was to have spent nearly two years persuading the DoE that the study needed to have a wide-ranging brief (Kam, 1993, p.89). As Kam (ibid, p.89) reflected, as a potential HAT, Hulme had been offered £50 million for housing renewal – a figure that would probably have risen as the Government became committed to the project. Other reasons may also explain why Hulme was less attractive to the Government as a HAT area, such as the difficulty of refurbishing – and then selling – the system-built housing and the weakness of the local housing market.

4.3.2 THE PILOT HAT AREAS

The HAT consultation paper (DoE, 1987, para 32) stated that the Government was committed to establishing a pilot programme of HATs, which would contain only a 'modest number' of schemes. On July 11 1988, two weeks after the Hulme decision, Waldegrave announced six pilot HAT areas.¹⁸ The announcement conveyed an image of tenants desperate to exit from local authority landlords. John Heddle MP (CD, 11 July, 1988, cols. 24-28), for example, stated: "*Will my Hon. Friend accept the congratulations of all the tenants in the areas that have been mentioned, as the opportunity that he has just announced will enable them to release themselves from the clutches of unsympathetic local authority landlords?*". The areas announced were in Lambeth, Tower Hamlets, Southwark, Sandwell, Sunderland and Leeds and included a total of twenty estates (see Table 4.8). The budget was £125 million over three years. Kam (1993, p.76) noted that, as it was clear that this would only go a small way towards the cost of improvements, tenants "... *feared that the balance would be met by transferring property to the private sector.*".

HATs were ostensibly an exceptional response and were intended to focus on 'some of the most

¹⁷ This assumes that all the parties want to secure a mutually acceptable arrangement. It also disregards the fact that the ballot would involve a choice between two competing packages: for example, 'Yes to a HAT, improvements to the housing and the privatisation of the housing' or 'No to a HAT, no improvements to the housing and remain local authority tenants'.

¹⁸ As none of these areas were implemented, they are strictly the *aborted* pilot HAT areas. For the purpose of this thesis, however, they will be referred to as simply the pilot HAT areas.

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

AREA	ESTATES	DETAILS /OUTCOME
TOWER HAMLETS Announced July 1988 Abandoned March 1989	Solander Gardens Shadwell Gardens Berner Boundary Holland Boundary Ocean (part)	£97 million offered (period not specified). Local authority against. March 1989: HAT proposal abandoned without ballot, following consultant's recommendation. Report cited overcrowding as a key problem.
SANDWELL Announced July 1988 Abandoned May 1990	Windmill Lane Cape Hill Whiteheath	No formal offer of funds made. Local authority against and developed alternative strategy. March 1989: Whiteheath estate abandoned. May 1990: HAT proposal abandoned without ballot. DoE impressed with 'substantial progress' by council in selling homes for redevelopment. Subsequently Estate Action project implemented.
LAMBETH Announced July 1988 Abandoned May 1990	Angell Town Loughborough	£93 million offered (over 6 years). Local authority against. Limited & unconstructive negotiations between Government and tenants. May 1990: HAT proposal abandoned without ballot. MORI poll of 1163 showed 72% against. Subsequently Estate Action project on Loughborough estate and part of Angell Town estate.
LEEDS Announced July 1988 Abandoned April 1990	Halton Moor Seacroft South Gipton	£66 million offered (over 9 years). Local authority against. Limited & unconstructive negotiations between Government and tenants. March 1989: Halton Moor & Seacroft estates abandoned. April 1990: HAT proposal abandoned without ballot. Unofficial ballot showed 80% against on 77% turnout
SUNDERLAND Announced July 1988 Rejected April 1990	Downhill Town End Farm Hylton Castle Red House West	£58 million offered (over 4 years) Local authority neutral. Tenants had been especially active in campaigning for a ballot. Limited negotiations between Government and tenants. April 1990: HAT proposal rejected at ballot 80% against on 77% turnout.
SOUTHWARK Announced July 1988 Rejected October 1990	North Peckham Gloucester Grove	£112 million offered (over 8 years) Local authority initially opposed, then neutral but sceptical then immediately before ballot opposed. Extensive negotiations between Government, local authority and tenants representatives, resulting in formal documents. October 1990: HAT proposal rejected at ballot. 73% against on Gloucester Green estate and 67% against on North Peckham estate. Subsequently redeveloped/ refurbishment funded under SRB Challenge Fund.
TABLE 4.8 – THE PILOT HAT AREAS		

difficult areas of local authority housing' (Cmnd 214, 1987, para 6.7). Kam (1993, p.79), however, suggests there were two schools of thought in the DoE: the first thought the policy would lack credibility if it did not target the very worst estates, while the second favoured selecting less deteriorated areas where successes could be more easily and quickly demonstrated. Critics also speculated that an additional criterion was the potential attractiveness of estates to private-sector investment.¹⁹ Clive Soley MP (CD, Nov 11, 1988, col. 675), for example, argued that the Secretary of State had chosen areas "*... he can sell off, not the worst areas.*", while *Community Action* (1988a, p.22) observed that, in different ways, each offered "*... valuable assets to be stripped by a HAT.*". All of the London estates, for example, were in prime locations for gentrification.

Anticipating opposition, Ridley (cited in Ulleri, 1989, p.8) expressed the hope that local authorities would not "*... play politics with the lives and fortunes of these tenants. Now we are doing something dramatic and major. I hope it is not going to be the subject of political tomfoolery.*". Each area was Labour-controlled with the exception of LB Tower Hamlets which was Liberal Democrat.²⁰ The Government had not consulted with the local authorities affected ostensibly because it felt that Parliament should be the first to be informed. In the debate following the announcement (and as the principle of a tenant ballot had not then been conceded), Waldegrave (CD, July 11, 1988, col. 26) repeatedly asserted that it was for the House to decide whether a HAT be established. The Government's autocratic approach and its lack of consultation served to fuel tenant and local authority hostility in the six areas and a National Organisation of Tenants Opposed to HATs (NOTOHATs) was quickly established with its headquarters on the Ocean estate in Tower Hamlets.

-- Tower Hamlets

Woodward (1991) provides a firsthand account of tenant opposition to the pilot HAT proposals in Tower Hamlets. Tower Hamlets was a 'classic monopoly landlord' with 83% of the borough's households being in local authority tenure (Shotton, 1987, p.16). As in all the pilot HAT areas, the process began in July 1988 with tenants receiving individual letters from the Secretary of State informing them of the Government's intention to remove their estate from local authority control (see Appendix B). To make the HAT more palatable, tenants were informed that there would be a rent freeze until their properties were improved.²¹ The letter was somewhat selective in its

¹⁹ This had been one of the key problems at Stockbridge Village (see Appendix C).

²⁰ It was also suspected that there were other elements of political calculation in the choice of the estates. In each area, for example, one of the estates was in the leader of the council's own ward.

²¹ During debates in Parliament, the Government had promised no rent increases during the improvement period. There was no legislative backing for this. Under Section 85, HATs had powers to make 'reasonable' charges for the tenancy or occupation of its housing and 'from time to time' to review rents and make such changes as circumstances may require. An unsuccessful attempt had been made in

description of HATs omitting key details, such as the fact that tenants could only return to the local authority if it was agreeable and could afford to buy the properties at the new, improved price.

The HAT proposal raised tenant activity to its highest ever level (Grant, 1988, p.23), while the degree of distrust about the Government's intentions resulted in meetings attended by over a thousand tenants and an 80-90% willingness to sign anti-HAT petitions (Gregory & Hainsworth, 1993, p.115). Tenants' experience of the neighbouring LDDC made them particularly fearful of another quango. Ocean estate TA chair, Dick Charlton (from Grant, 1988, p.23) summed up tenants' mood: *"We feel that money needs to be spent on this estate, but we want that money to be spent by the council, in consultation with the tenants not through an unelected body."* Many tenants had been heartened by the experience of the tenants in Hulme who had successfully resisted a HAT (ibid, p.23). Based on her involvement, Woodward (1991, p.49-50) identified four themes used to mobilise and unify opposition to HATs:-- first, arguments justifying the existence of council housing; second, commonly held experiences and perceptions of the LDDC, which was seen as 'unacceptable, unaccountable, undemocratic and a dangerous precedent' (speaker at anti-HAT meeting, Sept 1988, from ibid, p.51); third, the notion that only tenant power and tenant action could defeat the HAT (for reasons noted below, the local authority was an 'unreliable ally'); and, fourth, arguments appealing to people's local knowledge of the 'housing crisis'. Woodward (ibid, p.50) considered that the most powerful theme to be that justifying council housing for those unable to afford to buy their own homes, who did not wish -- or could not afford -- to rent from a private landlord. Furthermore, democratic accountability was asserted as a strength of council housing (ibid, p.50). Such ideas were significantly at odds with the Government's view.

Despite a series of press releases declaring its opposition, Tower Hamlets' councillors had had discussions with Government ministers and civil servants about the possibility of a HAT (Roof, Sept/Oct, 1988). Furthermore, prior to the HAT proposal and following the election of a Lib-Dem administration, the borough had developed an extensive policy of estate disposals and privatisations (see Shotton, 1987). On at least three estates (Hadrian, Waterlow and Bacton), tenants discovered 'by accident' that decisions had been made to decant their estate for sale under terms that would prevent their returning (ibid, p.18). At Bacton Tower, for example, tenants had been decanted for

committee to amend the Bill to prevent HATs from increasing rents until they had improved properties. Waldegrave assured the Opposition that Section 72 management guidance would prohibit HATs from increasing rents until properties had been improved. It was further stated that HATs would not promote a market regime for rents and that the rent policy would be "... such as to keep them firmly in the social landlord sector." (Waldegrave, Commons Committee G, 23 Feb 1988, col. 1043). There was also some uncertainty whether rent increases would be to pay for the improvements or simply to maintain properties in their improved condition. With hindsight, the proposals for a rent freeze were ill-conceived. The expected size of HATs would suggest a major improvement programme lasting many years and, over time, a rent freeze would become a major draw on resources.

asbestos removal and, while decanted, the council put their homes up for sale to private developers. Although Tower Hamlets tenants were caught between two unsatisfactory situations, they appeared to prefer the 'known' to the unknown': *"Although often inefficient, and despite the problems on many Tower Hamlets estates due to neglect and lack of maintenance in the past, tenants were aware that they still possessed, via the ballot box, a form of control over their landlord."* (Woodward, 1991, p.50).

— Lambeth

Opposition was similarly strong in Lambeth. The two estates -- Angell Town and Loughborough -- had a high proportion of single parent and elderly households and about 70% of tenants were black.

Tenants felt that they had been picked on because the Government considered them disorganised and incapable of resistance (Ginsburg, 1989, p.73). Rao (1990, p.42) noted tenants had several anxieties. Many were worried that homes would be sold to developers to provide owner-occupied housing for people with high incomes. They also believed that following demolition and the construction of new homes, there would be fewer homes and that property retained for rented housing would be re-let at unaffordable rents.

LB Lambeth opposed HAT policy both in principle and for the two Lambeth estates in particular and supported tenants' campaigns against HATs. At tenant request, it decided not to co-operate with the Government's consultants and 'obstructed' access to information, premises and other material that would have been of use (Rao, 1990, p.41-42). In the council's view, as HATs would focus on a limited number of areas, they would siphon off funds that would otherwise be available to the local authority and areas in Lambeth without HATs would suffer (ibid, p.40). It also argued that imposing a HAT on the Angell Town estate would disrupt its programme of work there; rents would increase; new lettings in the borough would fall; and renovated properties would be unlikely to go to local people in the greatest housing need (ibid, p.41). A council officer, however, was responsible for overseeing and co-ordinating the responses of all council departments within the HAT areas, including measures to improve service delivery. In addition, a tenant liaison team was established to develop closer relations with tenant groups, act as an intermediary between the council and tenants and provide tenants with information about HATs (ibid, p.41). Tenants, however, also felt antipathy towards the local authority, which was widely believed to be responsible for allowing the estates to deteriorate. Tenants had also become aware of Lambeth's politically motivated decision not to bid for EA funding; the council -- it transpired -- had not wanted to be seen to be accepting Government handouts (Harding, 1988, p.9, from Ginsburg, 1989, p.73).

The situation in Tower Hamlets and Lambeth was replicated across the proposed HAT areas.

Although in most areas there was little dispute that physical improvements were necessary, the overarching concerns were about future rent levels and security of tenure. While tenants would have no choice about whether they would become part of a HAT, they would have to bear the consequences in terms of reduced security of tenure and higher rents. Tenants also felt there would be little point in their homes being improved if they could not afford the new rents and/or were displaced during or after improvement.

4.3.3 CONSULTANTS' REPORTS

Consultants undertaking feasibility studies in the pilot HAT areas reported in February 1989. In Sandwell the consultants were Price Waterhouse, in Leeds PIEDA and in the four other areas, the Property Investment Company and Peat Marwick McLintock (PIC/PMM). PIC/PMM produced a single report on their four areas. Despite the ballot issue being resolved, the consultants found many other causes of uncertainty and hostility. In particular, tenants were worried that:-- tenanted property would be sold to private landlords 'only interested in maximising their profits'; rent levels would 'skyrocket and become unaffordable'; estates would 'move up-market' and existing tenants would be 'long-term losers' in that process; they would lose their right to transfer out of the estate into other local authority housing after the designation of the HAT; and their security of tenure 'would be materially and adversely affected' (PIC/PMM, 1989, p.31). The consultants noted that "... *whether or not these fears were true, they were ... believed to be true.*" (ibid, p.31). It also pointed to tenants having been manipulated by local authorities and other interest groups making partial or selective use of information to suit an anti-HAT agenda. There was also a degree of confusion regarding what has been termed here the Mark I and the Mark II HAT; the consultants, for example, reported that opposition was "... *founded on a particular perception of how a HAT would operate. This perception is markedly different from the type of HAT we envisage and recommend.*" (ibid, p.2). A key problem was uncertainty -- tenants did not really know what they would be letting themselves in for. PIC/PMM (ibid, p.31-32) noted a critical problem: under the 1988 Act, a HAT would develop its plans for the estates *after* it had been created. Tenants would therefore not know what a HAT would mean for them until after they had committed themselves to it. Hence, there was a 'chicken-and-egg' situation. Given the inevitable uncertainty, tenants needed assurances and/or confidence that their interests would be protected.

If the pilot HATs were to have 'any chance of implementation', the consultants' considered that there had to be a change of approach, involving building support among and with interest and target groups. They made three recommendations (PIC/PMM, 1989, p.32-33). First, the Government's dismissive approach to local government had to be dropped, it had to 'procure the understanding and support' of local authorities for the designation of a HAT in their area, and furthermore, the first

step should come from the Government offering discussions and consultation. Second, to enable them to make an informed choice, tenants needed to be better informed about what a HAT involved.

Prior to the ballot, illustrative plans needed to be distributed to all households affected by a HAT proposal. Plans needed to be specific to individual estates, cover physical renovation, financial arrangements, costs, rent policies and likely rent levels, future management structure and consultation and participation procedures. In addition, the consultants advised that there should be statements about arrangements for after the HAT, including the likely new landlords and their likely rent structures. Third, given the existing hostility, the consultants recommended that at least six months be allowed for consultation processes after the HAT plans had gone out, to give time for the 'bitter feelings to heal' and to allow time to involve tenants in making plans 'their own' before endorsing them in a ballot. More generally, they considered that the HAT programme would be 'more coherent and logical' and 'more widely accepted within the housing community', if it was seen as 'an exceptional response to an exceptional situation' (ibid, p.58).

The consultants' reports also provoked realisation of the likely cost of the HAT programme. Although by November 1988 the budget had increased from £125 million to £192 million, the consultants' reports suggested that this would still be inadequate. Their estimates were:-- Southwark (£112 million); Lambeth (£93-132 million); Leeds (£135 million); Sandwell (£13.5-22.4 million); Tower Hamlets (£231 million); and Sunderland (£51-75 million). They therefore suggested that a minimum of £635.5 million was required. Although the final cost would also depend on the scale of property sales; PIC/PMM (ibid, p.59-75) estimated that only £97 million would be recoverable by property sales at the end of the HATs. As Kam (1993, p.74) observed, an initial idea had been for the HAT programme to be substantially financed from the proceeds of sales of land and renovated property, and that public expenditure would be minimised and private finance channelled into renovation. Given the contemporary experience of Stockbridge Village and Thamesmead (see Appendix C) and with the significant exception of those areas where large-scale gentrification might be expected (which would, in turn, have created problems of displacement), this seems an absurdly optimistic expectation.

4.3.4 THE DEMISE OF THE FIRST HAT PROPOSALS

The Government's original intention had been to proceed with declaring HATs by April 1989. In March 1989, following the consultants' reports, the Government announced plans to proceed towards HATs on nine estates in five areas with consultants being re-appointed to carry out further consultations in preparation for ballots. The areas selected were:-- Lambeth (Loughborough & Angell Town estates); Southwark (North Peckham & Gloucester Grove estates); Sunderland (Downhill, Townend Farm, Hylton Castle & part of Red House estates); Leeds (Gipton estate); and

Sandwell (Windmill Lane & Cape Hill estates). Despite consultants (PIC/PMM) concluding that the estates' problems were severe and the case for designation very strong, Tower Hamlets was the first area to be abandoned. The official reason given was overcrowding problems that could not be relieved within the designated areas or within the programme's cost constraints (Karn, 1993, p.82). Thus, as the problems could not be resolved through the designation of a HAT, the Government intended to 'ignore' them.

— Sandwell

In Sandwell and in contrast to the more negative opposition shown by LBs Tower Hamlets and Lambeth, the local authority developed its own strategy to demonstrate that it could achieve what a HAT aimed to do (Dwelly, 1990, p.25). When first announced in 1988, three estates were proposed for a HAT in Sandwell – the Windmill Lane and Cape Hill estates in Smethwick and the Lion Farm estate in Oldbury, two miles away. While tenants formed SHOC (Sandwell HAT Opposition Campaign) to demonstrate their active opposition, the council's response had two themes. First, 240 homes on the 'unlettable' Whiteheath estate (part of Lion Farm estate) were sold off to private developers with the requirement that they be immediately demolished. Later several tower blocks on the estates were demolished and the sites sold to developers, while other properties were sold to an HA. As Dwelly (ibid, p.24-25) observed, the council hoped the sales would help defeat the HAT proposal. Although the council's actions resulted in the Lion Farm estate being dropped from the list of HAT estates in March 1989, the Windmill Lane and Cape Hill estates were still affected. Second, major improvements on these estates were to be funded through an EA programme. The consultation exercise for this helped establish a new spirit of tenant-council co-operation that would subsequently alter the council's whole approach to housing management (ibid, p.24). The local management offices that opened on both estates were the beginnings of what became an extensive decentralisation policy. The council also hired consultants to develop improvement schemes (ibid, p.24). As the improvements requested by tenants were accepted by both the council and the DoE, a £7 million three-year EA scheme was subsequently approved.²² In late May 1990, the Government announced that the proposed HAT had been abandoned and cited as reasons the sales programme and the council's new decentralised estate management (ibid, p.25).

The first ballots

By early 1990, it was evident that only Southwark and Sunderland of the six pilot HAT areas offered a real possibility for a Yes vote. The Government therefore concentrated attention on these and offered significantly increased budgets: £80 million in Sunderland and £112 million in

²² This does, however, contrast with the estimate of £13.5 - £22 million for a HAT.

Southwark. At the same time, preliminary and secret talks about the possibility of a HAT in Hull had begun in July 1989, and, in November 1989, a public offer of a HAT had been made in LB Waltham Forest.

— Sunderland

Four estates in Sunderland had originally been included in the HAT proposal (Downhill estate, Townsend Farm, Hylton Castle and the Red House West). Of these, Hylton Castle estate had just come to the end of a £6 million modernisation programme. The estate was made up of houses, many of which had been sold under RTB, and had always been popular with waiting list applicants (Grant, 1988, p.22). Tenants were particularly offended by the implicit labelling of their estates as among the worst in the county by dint of the proposal to establish a HAT. Ginsburg (1989, p.72), for example, reported that, despite high levels of unemployment, tenants described their estates “... *as living and supportive communities with little vandalism and crime.*”. Although the estates remained predominantly in council tenure, the proportion of non-local authority housing had increased through tenants exercising RTB; from 5% in 1981 to 16% in 1989 (Rao, 1990, p.43). An upsurge in RTB applications was also believed to have been stimulated by concern about the HAT proposal (Rao, 1990, p.43; Ginsburg, 1989, p.74), which can be seen as a pre-emptive exit: an exit that would be the tenant’s own choice.

Despite seeing the advantages of a HAT, the council neither publicly supported nor opposed it and, in contrast to LB Lambeth, co-operated with the Government’s consultants (Rao, 1990, p.44). Furthermore, it argued that the ultimate decision was for tenants to make and -- if tenants voted in favour -- it would accept it (Bright, 1990, p.8). One of the attractions was that, because of its easier access to financial resources, a HAT would meet housing needs more quickly (Rao, 1990, p.44). The council did have some concerns (ibid, p.44). It was unhappy that the resources being made available to the proposed HAT had not been given to it and considered that a change of ownership was not necessary in order to achieve the desired objectives.²³ It was also initially worried that the stock would not return to municipal ownership after the HAT had completed their work, and obtained assurances that it would be able to buy back the estates and would be given resources to do so. Furthermore, the housing minister, Michael Howard, indicated that the council could appoint a deputy chair to the eleven-member HAT board with four places for tenant representatives (*Inside Housing*, Nov 10, 1989). The main tenant group, STAND, which had been prominent in lobbying for a ballot, campaigned for a say in the running of the HAT but -- once certain Government undertakings had been given -- did not oppose it.

²³ With funding, the local authority might have achieved the housing improvement objective; whether it would have achieved the tenure/landlord diversification objective is more doubtful.

As neither STAND nor the council opposed it, Sunderland had been widely tipped as the pilot HAT area most likely to go ahead (Inside Housing, April 20, 1990, p.5). Held in April 1990, however, the ballot resulted in an 80% No vote.²⁴ Bright (1990, p.8) suggests that an explanation was the concern about the reliability of the Government's assurances. Prior to the ballot, legal opinion concluded that the assurances would be unenforceable. At the same time, the London Housing Unit acting on behalf of the Association Metropolitan Authorities (AMA) had sought a legal opinion from Hodge, James & Allen (from Dennis, 1990, p.15). The opinion was that a local authority could not enter a legally-binding agreement to buy back property when it had not yet been transferred and the HAT was not in existence. It did note that, while a local authority could adopt a policy to repurchase the housing, it was of limited use because it would not bind future councils and, second, the local authority could not force the HAT to sell to it.

The overwhelming No vote in Sunderland led to the withdrawal of HAT proposals -- without ballots -- from Leeds (in April 1990), Lambeth and Sandwell (in May 1990). In these areas, various combinations of the Government, local authorities and their own representatives effectively disenfranchised tenants: the Government by withdrawing the proposals without a ballot and local authorities and tenant representatives by the strength of their opposition. Although academic to the extent that tenants would -- in all probability -- have rejected HATs had there been ballots, tenants were not given an opportunity to collectively accept or reject the HAT proposal: HAT proposals were therefore rejected *for* them not *by* them. Leeds and Lambeth, however, had both been scenes of unofficial ballots that clearly demonstrated tenants' views. In September 1989, Lambeth commissioned a MORI poll which showed that 72% of tenants would reject a HAT (Frew, 1990, p.13). In March 1990, backed by the council, tenants on the Gipton estate in Leeds organised a ballot that showed 92% of tenants against a HAT (Inside Housing, 9 March 1990).²⁵ Hence, by the middle of 1990 only Southwark remained of the pilot HAT areas.

-- Southwark

The proposed HAT in Southwark included two estates:-- North Peckham and Gloucester Grove; the latter undergoing an EA programme. Although initially opposition was strong, as time passed a more calculated and pragmatic attitude emerged among tenant representatives. John Johnson,

²⁴ The ballot coincided with the arrival of the first Community Charge bills.

²⁵ In Leeds, the question asked was whether the tenants' group should negotiate with the Government about proposals for a HAT or ask the Government to withdraw the proposals. The No vote was therefore a refusal to negotiate. One of the key issues at Leeds was the continuing lack of clarity about what a HAT would mean. The chair of the Gipton tenants' group, Lorraine Wells (from Ulleri, 1989, p.9), said that they had drawn up a list of more than 140 questions relating to the HAT but had only got 'vague' answers back.

secretary of Gloucester Grove TA (from Dwelly, 1989, p.22), admitted: *"It's just not good enough to keep playing at head-bangers with a blanket 'No HATs' stance."* Similarly, Sandy Cameron, chair of North Peckham TA (ibid, p.22) stated that *"... we're not in a position to look a gift horse in the mouth ... but for now we will treat it like a Trojan Horse."* Hence, in contrast to those pilot HAT areas that sought to resist the imposition of a HAT, in Southwark, tenant representatives sought – through negotiation – to modify its impact in ways that suited their own objectives. In the hope of implementing HAT policy in at least one location, the Government was also prepared to relax its single-mindedly hierarchical approach and to accommodate bottom-up views and concerns. Expectations of an acceptable 'deal' between Southwark tenants and the Government were further fuelled by the housing minister's (David Trippier) close interest in the estates (ibid, p.22). At a private meeting in May 1989, Trippier agreed in principle to do all he could to meet the (newly co-operative) tenant representatives' demands. Tenant representatives argued that if 'cast iron guarantees' could be given on certain issues, there could be a Yes vote (ibid, p.22). The tenants' conditions included:— an assurance that Southwark council would be able to buy back the estates without making cuts elsewhere; substantial tenant representation on the HAT board; and a ballot to determine who eventually owned and ran the estates, including provision for separate votes in different parts of the HAT (ibid, p.22). Trippier's letter following the May meeting agreed to *"... produce a statement of what a trust might do."* In responding to a series of written questions in July 1989, Trippier (Commons WA, 18 July, 1989, cols. 106-108; 19 July, 1989, cols. 212-214; & 20 July, 1989, cols. 337-342) clarified other important areas. In particular, he confirmed that the HAT board's composition as a chair and ten other members, half of whom could be tenants or council representatives. Trippier also stated that the ballot would be for a HAT to cover both estates and, with regard to the possibility of conflicting results, it was 'premature to speculate on the outcome of the ballot'.

Negotiations in Southwark were the most extensive of any of the pilot HAT areas. With the help of consultants, the TAs, the DoE and the shadow HAT chair negotiated policies for an eventual HAT regarding redevelopment, housing management and economic regeneration (Chumrow, 1995, p.257).²⁶ Public meetings were held with the participation of local authority representatives and the agreed policies set out in a formal document (ibid, p.257), which the Secretary of State, Chris Patten, also publicly endorsed (Dwelly, 1989, p.24).²⁷ The agreed package of measures included:—

- better rights of repair;
- a rent arrears policy;
- the establishment of EMBs;

²⁶ The shadow chair was John Chumrow, subsequently chair of Waltham Forest HAT.

²⁷ Patten had replaced Ridley in July 1989.

- guarantees that no private landlords or non-social landlords would appear and no emptied homes would be sold;
- individual household vetoes over changes of landlord during the HAT;
- decanting and arbitration procedures;
- a rent freeze until rents had dropped to 80% of the borough average; and
- four tenants on the eleven member HAT board (from Dwelly, 1991a, p.25).

LB Southwark took an agnostic but sceptical view. Its chair of housing (ibid, 1989, p.23) argued that: *"Even if there's only a tiny possibility of the estate getting £112 million, without strings, we must do all we can to ensure it goes ahead."* He nevertheless considered that the Government would never agree to the conditions emerging in the document. Furthermore, without enabling legislation or ministerial directives, he would not trust the Government's word and neither would tenants: *"Our mistrust is based on experience ... our bid for continued Estate Action funding for improvements already underway has ... been refused. We're told we can't have £7 million, while in the same breadth they're taking of spending £112 million under a HAT."* As negotiations progressed, LB Southwark appointed an outreach worker to explore the possibility of a tenant management co-operative (TMC), while a grant of £20,000 was made available to the TAs to employ their own lawyer or consultant to examine the guarantees' legal ramifications (ibid, p.23).²⁸ The 'chicken-and-egg' problem re-appeared: while 'legally-binding' deals could only be struck once the HAT existed, it would only exist if tenants voted for it. Chumrow (1995, p.257) describes how the *"... nature of commitments given by the DoE and shadow chair over and above those in the primary legislation were argued extensively, particularly their validity in law."* A Queen's Counsel advised that, while the commitments were 'far reaching', they were 'commitments, not guarantees' (ibid, p.257). Tenant representatives appreciated the difficulties; John Johnson, secretary of Gloucester Grove TA (from Dwelly, 1989, p.22), stated that: *"... if we can't get something legally-binding, we will go for the next best thing. We want ministers to publicly endorse the document we are drawing up."* The council, however, continued to point out that it was not possible to make many of the key pledges legally-binding and that there was no certainty the Government or the HAT board would not subsequently depart from these pledges (Frew, 1990, p.12). Immediately prior to the ballot, the ruling Labour group voted 15-14 to oppose the HAT (Chumrow, 1995, p.257). The council ceased its agnosticism, withdrew its support for the consultation process and aggressively lobbied for a No vote prior to and during the three-week ballot. The council's opposition was not on the substance of the proposals, but on the possibility that the Government and the HAT board would not honour the commitments (i.e., a lack of trust).

Nearly eighteen-months after the apparent thaw in relations, the ballot was finally held in October,

²⁸ It is notable that the possibility of a HAT galvanised the local authority in Southwark, and previously in Sandwell, to become more proactive in terms of improving housing management.

1990. Writing during the ballot period, Dennis (1990b, p.8) noted that the mood differed on the estates. Although Gloucester Grove was passionately anti-HAT, North Peckham estate tenants -- 'no less suspicious of central Government' -- were more willing and the estate's TA committee caused 'shock waves' when, immediately before voting began, it recommended a Yes vote. As Dennis (ibid, p.8) observed the TA committee seemed "... *determined to wrest control of their neglected estate from Southwark LBC and take advantage of the Government's generous concessions in HATs -- which the tenants' association believes it won.*". Although the estates appeared divided, each returned similar results. In each case the vote was against a HAT; on North Peckham estate it was 67% against (45% of those eligible to vote) on a turnout of 68%, while on Gloucester Grove it was 72% against (52% of those eligible) on a turnout of 72%.²⁹ The local MP, Harriet Harman, regarded it as a vote "... *against the Government, not in favour of the council ... Southwark should not become complacent.*" (from Cameron & Frew, 1991, p.14). Furthermore, as the HAT consultation had raised expectations and as LB Southwark had been instrumental in persuading tenants to turn it down, it now had a special -- albeit only a moral -- responsibility to help find solutions. Southwark's chair of housing admitted that it would be impossible to return to the 'paternalism of the past' and the council now wanted to enter into a 'genuine relationship' with tenants' (Frew, 1990, p.12).

Writing immediately after the ballot, Frew (1990, p.12), a tenant representative, posed a series of rhetorical questions:--

- Why did tenants reject proposals put together by tenants in a consultation process 'probably unprecedented in its scale and openness'?
- Why did they reject a deal offering the prospect of a £100 million refurbishment of their estates, which the council could not begin to match -- a deal that contained clear commitments that the estates would be retained within the social housing stock, that HAT rents would be no higher than Southwark council rents, and that at the end of the HAT, tenants could go back to the council if they wished?
- Why did North Peckham tenants reject a HAT that had the public backing of the majority of their TA representatives?

Explanations varied. Karn (1993, p.84), for example, argued that some felt that consultants had only ever talked to the TA and had not won tenants over by door-to-door visits; others felt that it was largely due to the borough's opposition. Frew (1990, p.12) also regarded LB Southwark's eleventh hour decision to campaign against the HAT as 'undoubtedly having an important influence' and concluded that ultimately residents rejected a HAT, not because they felt the estates could not benefit from what a HAT had to offer, but because "... *the risks associated with abandoning their*

²⁹ Under the Tenants' Choice voting method, North Peckham would have become a HAT, while Gloucester Grove would not.

council tenancies for HAT tenancies were too great."

4.4 CONCLUSIONS

This Chapter has discussed the emergence of HAT policy, its development through the legislative stage and the ultimately abortive attempt to establish HATs in six pilot areas. By October 1990, all six had been abandoned or defeated at ballot. The Government's high-handed and uncompromisingly hierarchical approach had met with an equally entrenched resistance from tenants and local authorities. Thus, for the first two years after the passing of the 1988 Act, HAT policy seemed a total failure. Following the Southwark ballot, for example, a DoE spokesperson stated it was unlikely that the Government would earmark estates for HATs and, instead, councils and tenants would be encouraged to consider HATs as a means of improving particular estates (Inside Housing, 12 Oct, 1990). In retrospect, this marked a major change in the implementation strategy. To conclude this Chapter, reasons for the failure to implement HAT policy in the pilot HAT areas will be discussed. Of Sabatier & Mazmanian's six conditions, three – 'clear & consistent objectives'; 'commitment & skill of implementers'; and 'stable socio-economic contexts' -- are not relevant to implementation had not been sufficiently advanced. The other three conditions each offer some explanation for the failure to establish HATs. The conditions of 'adequate causal theory' and 'support of affected interest groups' will be discussed first and can be discussed together. The other relevant condition – 'appropriate policy tools' – will then be discussed.

Adequate causal theory & support of affected interest groups

In essence, the two principal interest groups affected by HAT policy were local authorities and tenants. HAT policy was based – in part -- on the assumptions that local authority were poor housing managers and, second, that tenants were greatly dissatisfied with local authority landlords and would welcome the opportunity to transfer to a better landlord. Even if they were not dissatisfied with their housing services, it was assumed that tenants would vote for a HAT simply for funding for improvements to their housing, which together with the rent freeze was an incentive to support the policy. Tenants were therefore expected to welcome HATs and the Government expected to be allied with tenants in imposing HATs and overriding local authorities. In this respect, however, the Government made a major political misjudgement and failed to appreciate tenants' apparent loyalty to local authorities (i.e., it misjudged the implementation context). Opposition to HATs by local authorities and tenants was – at least on one level – a reaction to presentation as well as substance. The Government's approach was personified by Nick Ridley, who presented HATs as an offer tenants could not refuse and initially refused to allow a ballot

because tenants would be so 'misinformed' they might vote against a HAT. Similarly, Kam (1993, p.76) suggests that, some local authorities might have consented to a HAT in order to be relieved of the managerial and financial burden of poor quality housing. Nevertheless, because they were presented in a manner 'readily perceived as a further attack' on local authorities, it was 'politically impossible' for local authorities to accept them since -- in doing so -- they would be seen to be "... *accepting humiliating terms for themselves and colluding with central Government in putting tenants at risk of being priced out of areas in which they lived.*". Kam (ibid, p.76) also noted the curiosity that an alliance of local authorities and tenants should spring up with "... *the apparently unlikely aim of rejecting substantial HAT investment for the renovation of some of the most run-down estates in Britain.*".

— opposition by local authorities

Announced prior to the passage of the 1988 Act and before the full transition from the Mark I to Mark II HAT, the pilot HAT areas were to be imposed on local authorities. The original HAT proposals (i.e., the Mark I HAT) also permitted the Government to transfer local authority housing and tenants to an unelected quango -- and, in addition, to do so at financially punitive terms to local authorities. The legislation also gave Government ministers considerable discretion to act in either a benign or an authoritarian manner. Thus, as the policy offered few positive incentives to local authorities, it gave them ample reason to oppose it and, in addition, to influence -- or manipulate -- tenants to oppose it.

The pilot HAT period was also characterised by a clash of political ideologies between central and local government resulting from the Thatcher Government's attempts to fundamentally reform the welfare state and its attempt to downgrade local authorities from partners to agents of central Government. Given the Government's reluctance to trust local authorities as implementing agencies, HAT policy was designed to bypass local authorities. Kam (1993, p.77), however, considered this 'politically naïve': even if HATs could be imposed against the will of local authorities, it was doubtful whether they could actually operate in a highly confrontational climate. Although the legislation enabled HATs to take over many local authority powers within its boundary, opportunities would remain for local authority obstruction (ibid, p.77). In supporting the principle of a tenant ballot, Lord McIntosh (LD, 28 July, 1988, col. 393), for example, had warned that HATs could not work if they started their lives in "... *in an atmosphere of uncertainty, acrimony and controversy.*".

Despite a Government intent on overriding and bypassing local authority opposition, the legitimacy of local authorities to obstruct the implementation of the policy -- and thereby frustrate the sovereign

parliament – must also be considered. Although local councils are elected (and, hence, there are – in principle – competing democratic legitimacies), as discussed in Chapter One, the New Right was highly sceptical of about the real democratic legitimacy of local authorities.³⁰ Hogwood & Gunn (1984, p.208) stress that implementation should “... *involve a process of interaction between organisations, the members of which may have different values, perspectives, and priorities from one another and from those advocating the policy.*”. They further argue that, although there is no guarantee that such consultation will produce prior consent, much of this interaction should take place before policy formulation. While attempts might still be made by unconvinced local authorities and others to modify and redirect the policy’s thrust, for Hogwood & Gunn (ibid, p.208) there were “... *surely limits – if only legal and constitutional limits – to how far such post-legislative guerrilla skirmishing should be taken.*”. The Government, however, made a somewhat cursory attempt at consultation. The consultation period for the discussion paper was extremely short and it is difficult to discern what influence – if any – representations might have had. Given its conviction approach, doubt must also be placed on the Government’s sincerity in seeking to consult interest groups. The six pilot HATs areas, for example, were announced in Parliament before the relevant local authorities had been consulted.

– opposition by tenants

Tenants in poor quality accommodation were caught between local authorities that (allegedly) provided poor housing services (and had no funds to do anything about it) and a central Government – offering the incentive of funds to improve the housing stock – but whose motives and intentions they did not trust. Three major reasons suggest why tenants in the pilot HAT areas opposed HATs (adapted and developed from Gregory & Hainsworth, 1993, p.115-6 and Kam, 1993, p.77). In combination, these challenge some of the assumptions underlying the causal theory that ostensibly underpinned HAT policy

First, the Government misjudged the scale of insensitive management by local authorities. By the late 1980s there had been substantial changes, increases in tenant consultation and extensive decentralisation of management to estate level. Many of the changes were due to the Government’s own legislation, including the Tenant’s Charter and demonstration projects, such as PEP, similar local authority initiatives, and later EA. Furthermore, a large-scale research programme undertaken by the Centre for Housing Research (CHR, 1989) found intra-tenure differences to be so large that any overall judgement as to which was superior was invalid (Cole & Furbey, 1994, p.216). In pointed contrast to the 1986 Audit Commission report, the CHR (1989, p.1) concluded that “... *social housing and its management in England was not in a state of crisis.*”. It further

³⁰ See also Ridley’s comments in Chapter Three about local authorities manipulating rents to buy votes.

recommended that a 'more informed debate' about the social rented sector should "... *drop the widespread assumption that there is a pervasive crisis in managing council housing and take as its starting point that there are good and bad managers amongst local authorities and housing associations.*" (ibid, p.1). The study showed that councils were not inherently worse landlords than HAs and the major factor that influenced differences in performance was the extra subsidy afforded to HAs, enabling them to spend half as much again on landlord functions as local authorities. As Cole & Furbey (1994, p.216-217) concluded, the 'myth of the unique failings of council housing services' had been 'confounded by empirical investigation' and the report "... *paid testimony to some of the changes in the organisation of service delivery by local authorities during the 1980s ... Housing management in local authorities was being reformed from within – and the pay-off for the councils was a more tenacious degree of support from tenants than had once been assumed.*".

Equally, these observations generalise about the sector as a whole, whereas, in principle, HAT policy would be directed at the worst parts of the sector.

Second, although the Government had stressed its intention to dispose of HAT properties to HAs and private landlords, it overlooked the threat tenure diversification, loss of secure tenure and the likelihood of higher rents presented to local authority tenants (Kam, 1993, p.77). Under the 1988/89 legislation, both the private rented sector and the HA sector were to be deregulated, tenants would have assured rather than secure tenancies, and the new financial regime for HAs was likely to increase rent levels. Although in the Act, properties could only be transferred to 'social' landlords, this did not allay tenants' fears. Tenants were unfamiliar with HAs and considered them similar to private landlords. Thus, despite the prospect of higher local authority rents (due to the 1989 Act), for many tenants the other changes made local authority tenancy more attractive. They therefore decided in favour of the 'the known' rather than 'the unknown' and were less ready to avail themselves of exit options than the Government had expected. Furthermore, while RTB was a choice with incentives, similar incentives were not present in the other exit mechanisms. Although, in the case of HATs, the prospect of improvements and a rent freeze were incentives, these were outweighed by uncertainty and the expectation of higher rents and reduced security of tenure.

Third, there was considerable mistrust of the Government who – it was suspected – were more concerned with ousting local authority landlords than with improving property for existing tenants. HAT policy therefore appeared to focus primarily on exit with improvement simply a means to that end; an issue epitomised by Ridley's frequent assertions that, if tenants did not vote for a HAT, the resources would be spent elsewhere. The Government's autocracy and reluctance to appreciate tenants' views, opinions and preferences, epitomised by its reluctance to permit a ballot, exacerbated tenant mistrust regarding its intentions. Although a ballot was conceded, the climate of suspicion

did not abate. Positions had become entrenched and attitudes had hardened to the point of a failure - by both local authorities and tenants in the pilot HAT areas - to appreciate the significance of the changes that had been made.³¹ As the choice to accept or reject enhances the ability to negotiate and to modify or amend the policy to bring it into greater accordance with one's own objectives, the premature vetoing of the pilot HATs was short-sighted.

Appropriate policy tools

The failure of the initial attempt to establish HATs resulted from the introduction of a formal veto point for target groups. Local opposition to the prospect of a HAT should have been - and probably was - anticipated. HATs, for example, were explicitly modelled on UDCs, which - in turn - were modelled on NTDCs and the establishment of both UDCs and NTDCs had been opposed by local interest groups. Ward (1994, p.103), for example, notes that New Towns policy opened with a 'public relations disaster' when residents of the existing town of Stevenage "... *objected strongly to the Government acting in, as they saw it, a high-handed and dictatorial way.*". Furthermore, of the eight new towns designated for the London area in the 1940s, only the new town proposed at Basildon was not opposed by the local authority. Of the initial UDCs, the LDDC attracted forceful objections from the Greater London Council, the Docklands Boroughs and various community groups, resulting in a fifty-five day hearing at the House of Lords before it was able to take up its role (Oc & Tiesdell, 1991, p.313).³² In the case of UDCs and NTDCs, however, there was no formal ability for local groups to veto their establishment. In the HAT legislation, the provision for a ballot introduced a formal veto point for target groups. This was the Achilles' heel of the Government's implementation strategy: HATs could not simply be imposed on tenants. Despite the implications of the ballot, Nick Ridley (CD, 16 March, 1989, WA, col. 324) continued to argue that estates turning down a HAT could not expect any extra resources to be channelled through local authorities: "*If [tenants] do not want a Trust, then the available resources can be used to tackle areas and problems elsewhere.*". The implicit coercion did not endear tenants to the concept of HATs: Stearn (1989, p.5), for example, noted that dislike of HATs was enhanced by Ridley "... *playing Godfather and presenting the Trusts to the tenants as an offer they could not refuse.*". Thus, as they did not feel able to trust the Government, tenants in Sunderland and Southwark vetoed the HAT proposals.

³¹ During the Bill's passage, for example, over four-hundred amendments were proposed and one-hundred incorporated. As was demonstrated by the consultants' reports in the pilot HAT areas, tenants did not fully appreciate the changes made to the proposed legislation (i.e., from Mark I to Mark II). It can also be speculated that had HAT policy been in its Mark II version from the outset (and presented in a less confrontational fashion) it might have achieved wider acceptability.

³² The 1977 White Paper, Policies for the Inner Cities (DoE, 1977, p.10) had specifically rejected the idea of a body similar to the NTDCs on the grounds that in an inner city development context it was "... *important to preserve accountability to the local electorate.*".

The first HATs

Having started from a strongly hierarchical approach to implementation, the Government subsequently became more willing to accommodate the concerns of tenants and local authorities. The necessity for a ballot meant that HATs could not simply be imposed and the Government would need to procure tenant support for – and trust in – the HAT proposal. Sabatier & Mazmanian's condition for effective implementation was 'compliance from' or 'support of' interest and target groups for the policy. While compliance can – in principle – be compelled by the use of force or power, support requires persuasion and the use of influence or incentives. Hence, as discussed in Chapter One, where hierarchical control is not possible, implementation must give consideration to the incentives for implementers and/or target groups. The necessity of a Yes vote in a ballot meant that proposals had to appeal to target groups. The Government therefore had to understand the resistance and opposition to HATs by tenants (if not by local authorities), seek to overcome it and, thereby, avoid tenants vetoing the policy. Nevertheless, as Gregory & Hainsworth (1993, p.114) observed "*... the whole flavour of the legislation was not compatible with the need to win over potential customers.*".

Initially, Ridley had maintained that the ballot made no difference to the Government's approach and that the incentive of resources for improvement combined with the threat of no resources if tenants did not vote in favour was sufficient. With increasing realisation of the necessity of ensuring a favourable ballot, a more conciliatory approach emerged in some of the pilot HAT areas, such as Sunderland and especially Southwark (although not Lambeth or Leeds). The start of this can be put at around May 1989, shortly after the consultants' reports in the pilot HAT areas, when David Trippier met with 'newly co-operative' tenants from the pilot HAT area in Southwark. The softening of the Government's approach also received a further boost in July 1989 when the more conciliatory Chris Patten replaced the politician most associated with the HAT programme, Nick Ridley, as Secretary of State. In the same month, initial contact was made about the possibility of establishing a HAT in North Hull and, in November 1989, a HAT offer was made in Waltham Forest. In each case, the local authority was willing to consider the possibility of a HAT in its area.

The Government may also have been keen to establish the first HAT, which would give a positive signal to other local authorities. As the first area would be a 'guinea pig', there would be a collective hesitancy to be the first HAT area. If no obvious (political) harm came, then others might wish to be a close second. Establishing one HAT would therefore make it easier to establish subsequent HATs.³³ At the time, however, as Frew (1990, p.12) noted, it was unclear whether the

³³ Unlike LSVTs, where there has been a mix of outcomes, after the first successful ballot, there were no further No votes. At Stonebridge, however, a minority of eligible tenants voted in favour of the HAT.

Government would be willing to risk the 'political embarrassment' of another ballot box defeat.

By late summer 1990, rumours circulated that the Treasury wanted to abandon the HAT programme and there appeared to be divisions within Government about whether to continue with a HAT programme. Arguably what stopped the Government abandoning the policy was the political embarrassment of having failed to implement its policy; Gregory & Hainsworth (1993, p.117), for example, argued that the Government needed "... *at least some token scheme before respectable burial of the policy.*". Although the solid No vote in Southwark – despite extensive negotiations – was seen by many as having sealed the fate of HAT policy, the Treasury's 1990 Autumn Statement unexpectedly left £67 million for HATs in the DoE's 1992/93 budget (Dwelly, 1991, p.24). The funds were linked to the Government's – until then – secret negotiations with Hull city council and, in March 1991, there was a Yes vote at the ballot. In August 1991, there was a Yes vote at Waltham Forest and in August 1992, tenants in Liverpool voted to become the third HAT.

Having discussed the initial failure of the implementation of HAT policy in this Chapter, the next three Chapters outline and discuss the implementation of HAT policy in these three locations. This Chapter has had a broadly top-down perspective, the next three Chapters have a bottom-up perspective. As the HATs developed there was mutual learning and transfers of practice between HAT areas. References are therefore made in each Chapter both backwards and forwards to the experience in the other case study areas. The final Chapter compares the experience in the pilot HAT areas with that in the first HAT areas.

Chapter Five

CASE STUDY I:

THE NORTH HULL HAT

5.0 INTRODUCTION

This Chapter is a case study of the North Hull HAT, the first to be established. It is in five main parts. The first discusses the choice to establish a HAT; the second the HAT's development programme; the third tenant involvement; the fourth the choices about future landlords. The fifth indicates the HAT's wider regeneration role. Table 5.1 is a chronology of the HAT.

5.1 THE ESTABLISHMENT OF A HAT IN HULL

5.1.1 THE BACKGROUND TO THE HAT OFFER

The public announcement of the possibility of a HAT in Hull came out of the blue in November 1990, shortly after the overwhelming No vote in Southwark. The first contact regarding the possibility of a HAT in Hull, however, had occurred in July 1989, when the housing minister, David Trippier, visited the city. Assigned to drive the minister and knowing he had been 'tar-and-feathered' on the Gipton estate in Leeds, a Hull city councillor (NHHAT 13, 1998) took the opportunity to offer his own views on the Government's approach to HAT policy: *"... in my opinion, the troops were already on the ground and half a dozen men from the ministry wouldn't be able to turn it around. If the tenants resisted the HAT proposal, then local authorities were always going to support the tenants."* The councillor (NHHAT 13, 1998) argued that if the Government wanted to get a HAT set up, it needed to replace its confrontational approach with co-operation: *"There was a policy of rubbishing local authorities and tenants were being persuaded to exit into the unknown. ... There was an on-going battle between local government and central Government and tenants were losing out."* The minister was receptive to the suggestions and, three days later, the councillor received an invitation for him and his chief housing officer to discuss the possibility of a HAT in Hull.¹

At the time, the council had sought funding to carry out further refurbishment to its large public sector housing stock, including the completion of a project on the North Hull estate. Over the

¹ The approach was almost simultaneous with Chris Patten replacing Nick Ridley as Secretary of State.

July 1989	First contact about possibility of a HAT in Hull
January 1990	Start of secret HAT negotiations.
October 1990	<u>Feasibility Study</u> by Hull city council.
November 1990	Official announcement of HAT discussions in Hull
February 1991	Shadow HAT board formed
March 1991	69% Yes vote on 77% turnout in HAT ballot
May 1991	First Community Planning Weekend
July 1991	Designation Order to set up North Hull HAT laid before Parliament.
January 1992	Transfer of the estate from Hull city council to the HAT.
January 1993	Neighbourhood Partnership Steering Groups set up
October 1993	RPWG set up/ recognised by the HAT
February 1994	500 th house improved
October 1994	Receives Charter Mark
November 1994	RBM elections
February 1995	1000 th house improved
June 1995	RBM election
January 1996	Start of trial management scheme with HAs
1996	Resident Agenda Meetings started
May 1996	Decision to delay tenants exit from the HAT until 1998
October 1996	Decision to form a community development trust
December 1996	Government's decision on life-time grant-in-aid (£115 million) and wind-up date of 1998-99
March 1997	Neighbourhood Partnerships become North Hull Community Alliance
May 1998	Unity In Community (community development trust) business plan published
November 1998	Completion of work
November 1998 – February 1999	Final winding down
TABLE 5.1 – DEVELOPMENT OF NORTH HULL HAT	

previous six to seven years, about half the houses on the estate had been refurbished, but -- at existing funding levels -- it would take twenty years to do the rest. To refurbish them in five or six years would cost about £50-60 million and an EA bid had been submitted. Although the Government refused to provide EA funding, the housing minister, David Trippier, indicated that funding earmarked for HATs was still available. Furthermore, given its experience in the pilot HAT areas, the Government seemed willing to make a HAT more palatable to a Labour council. In return and provided a series of conditions were met, the council agreed to promote a HAT proposal to tenants. A councillor and subsequently a member of the HAT board (NHHAT 13, 1998) admitted the decision had been very pragmatic: "... *the money was available and needed*". Thus, in January 1990, despite political opposition to HATs from the national Labour party and from other Labour local authorities, the council entered into secret negotiations with the DoE. For a Labour council to countenance a HAT at this particular point in time was a radical step. With the prospect of a general election and having effectively undermined the campaign of opposition to HATs, there was an issue of how Hull would stand if it Labour won. Members of the shadow cabinet, for example, had suggested that a Labour Government would repeal the 1988 and 1989 Acts (Dwelly, 1990, p.22). Furthermore, despite leading the council's negotiators, John Black, chair of housing and deputy leader, had himself campaigned nationally against HATs. Black (from Dwelly, 1991b, p.22), however, argued that the council had kept the Labour party informed of the progress of negotiations.

The inner core of politicians and officers involved in the negotiations had to sell the idea to the remainder of the Labour group. Although any proposal would have to be voted upon by tenants, the Labour group (at the time Labour held 57 of the 60 seats) within the council could deny them that opportunity. The local MP, Kevin McNamara, argued that the council should not adopt a politically partisan stance and prejudge HATs as 'good' or 'bad', but should let tenants decide whether they wanted a HAT (NHHAT 1, 1994). The HAT proposal had some opposition from within the council, with some councillors finding it difficult to understand why the council appeared to be giving away two-thousand -- albeit poor quality -- properties. The council negotiators therefore tried to

"... pre-empt what concerns there would be from our own staff, i.e., from the unions. We needed to accommodate everyone. The direct labour organisations, for example, possibly faced big losses in terms of work. We made sure that the DSO could tender for work -- we made sure that legally the HAT would be able to give work to them and that they wouldn't be excluded from tendering for that work. ... We also made sure that the HAT would be able to employ local authority staff."

Opposition was also eased by the prospect of a capital receipt for the estate's transfer, by the strength of assurances that tenants would be able to return to the local authority and by the fact that the local

authority would not have to pay for the properties.

By October 1990, the council had carried out its own Feasibility Study for a HAT on the North Hull estate, which concluded that a HAT was “... *the only mechanism by which the resources necessary to comprehensively improve the estate and uplift the social and economic conditions could be made available.*” (NHHAT 1992, Annual Report 1991/92, p.1). Beyond the council, however, the discussions remained a well-kept secret. A HAT officer (NHHAT 1, 1994), who had been involved at an early stage, described it as “... *‘cloak-and-dagger’ stuff before going public on the HAT.*”² Tenants were not told of the possibility of a HAT until November 1990, when tenants were also informed of the intention to hold the ballot in February or March of 1991.

5.1.2 THE HAT AREA

The site for a possible HAT was the North Hull estate where, from the mid-1980s, the council had been undertaking a refurbishment programme on the North Hull estate. As only the unimproved part of the estate was proposed as the site for a HAT, the HAT area was therefore only a part of a larger estate. The HAT would also be in two parts: the larger part was either side of Greenwood Avenue, the main road through the estate; the smaller part was Watton Grove to the east. The proposed HAT area contained 2421 dwellings, predominantly two- and three-bedroom houses dating mainly from the 1930s but including a small number (111) of early post-war houses flats and bungalows built as infill development on Second World War bomb sites. In terms of the stock condition, the major problems were unsound structural condition, poor internal layouts, inadequate heating and insulation, and the poor external environment. The community was regarded as relatively stable but increasingly polarised into the elderly and those with a priority call on social housing, especially homeless families. The Feasibility Study (HCC, 1990) stated that the proposed HAT area contained a population “... *who may be living there because they have no other choice in dwellings which exhibit serious problems of disrepair, are inadequate to present-day standards and extremely expensive to manage.*”. There was also a widening mismatch between housing supply and housing demand, with significant levels of under-occupation (approximately 30%) and overcrowding (approximately 13%). Surveys indicated that:— 30% of tenants were aged over 60; 44% had lived in the HAT area for more than 20 years; almost 25% of properties were occupied by

² The secrecy created problems of ‘departmental jealousy’. As the HAT had been formulated in great secrecy, some factions within the council felt excluded. The HAT proposal did not therefore take the entire council with it: “*There was also some resentment by other senior officers. It is not their baby and they have no commitment to the success of the HAT.*” (NHHAT 3, 1994). A HAT officer/tenant (NHHAT 14, 1998) noted that some councillors had been against the HAT proposal: “... *they were jealous because it wasn’t them – and they’re still against the HAT now. It’s a power thing really.*”. When the council initially refused planning consent for the HAT offices, this was seen as ‘backstabbing’ and certain factions in the council getting their own back (NHHAT 3, 1994).

single people, while 7% of households consisted of six or more persons; over 70% were in receipt of housing benefit; and more than 20% of the active population was unemployed, with 15% being long-term unemployed (NHHAT 1992, Annual Report 1991/92, p.4). The estate also contained a small but significant number of owner-occupiers (338 or about 14% of residents) who had exercised RTB. The number of tenanted properties that would transfer to a HAT was therefore 2083.

5.1.3 THE PRE-HAT NEGOTIATIONS

Prior to the official announcement of the possibility of a HAT, the council had conducted extensive negotiations with the DoE. In their account of the HAT's development, Stephen Brindley (former director of housing at Hull city council and the HAT's chief executive) and Peter Arnold (a HAT board member) argue that -- in the absence of established tenant groups -- the council took the lead and negotiated on tenants' behalf. A councillor (NHHAT 13, 1998) considered that the council did not have to fight people with a 'political agenda' because it had seen the proposal from tenants' point of view.

From the council's perspective, tenants required assurances regarding the composition of the HAT board, rent levels before and after improvement, and rights of transfer to the council after improvement (Brindley & Arnold, 1992, p.4). Although Hull was not the first HAT proposal to negotiate the 'right' for tenants to return to the local authority, it did achieve firmer assurances, which were regarded as important in achieving a Yes vote (NHHAT 9, 1997). Hence, and as in the pilot HAT areas, a chicken-and-egg situation had arisen regarding legally-binding assurances. A councillor (NHHAT 13, 1998) admitted his own reservations: *"No matter what the Government said, it couldn't assure the tenants. There hadn't been a HAT before. ... Ministers could give assurances to tenants, but there couldn't be legally-binding assurances until the HAT was established, but the tenants wouldn't vote for a HAT unless there were assurances."* The resulting agreement was that if a secure tenant wished to return to the local authority, then the Government would direct the HAT to dispose of the property in accordance with the tenant's preferences (i.e., it overrode the HAT's discretion in respect of such disposals). In return, the council agreed to accept all tenants who wished to return. It was also agreed that landlord choices would be made individually rather than by majority voting. The Government was also asked to formally commit itself to detailed assurances and, with their ballot forms, tenants received a letter from the housing minister, Sir George Young, confirming that they would be able to return to the council. A HAT officer (NHHAT 9, 1997) felt these letters were very important: *"It was a very public commitment ... If it hadn't been for that guarantee, there might have been a chance of a No vote."*³ There was also a letter to tenants from the council affirming its desire to have them back.⁴ The ability to return, however, was not legally-binding: the Government could change its

³ Following the ballot, in December 1991, a Declaration of Intention was signed by the housing minister, the HAT chair and the leader of Hull city council, setting out the basis of the tenants' choice of future landlord and individual rights to return to the council (NHHAT, Annual Report 1991/92, p.2).

⁴ As discussed in Chapter Four, this undertaking could only be binding on the party then in power provided

mind (or there could be a change of Government), while the local authority could also change its policy (or there could be a change of council). Despite the continued lack of legal enforceability, these assurances were geared to ensuring that tenants had more certainty about the future than in the pilot – and aborted – HAT areas. Guarantees were also given on rent levels, which would be frozen during the period of improvement and, thereafter, would increase only to the level of equivalent improved properties in the city. To simplify accounting procedures, it was also agreed that properties would return to the local authority at zero-cost.

The council also sought assurances from the Government in a number of other areas, which as a city councillor (NHHAT 13, 1998) argued, “... *would be the only ways to guarantee a Yes vote.*”. First, the Government was to stay out of the consultation process and the council was to take the initiative.

The council would thereby vouch for the HAT proposal. Second, before the ballot, the HAT chair had to be named and a shadow HAT board set up. A councillor (NHHAT 13, 1998) argued that the shadow board could be presented at public meetings and tenants told that these would be their landlords: “*It would also be made clear that there were some vacant seats and these would be for residents. ... The chairman could answer questions and take flak. He would be accessible. If people were going to vote, they needed to know who they were going to vote for.*”. Third, there needed to be an agreed composition of the HAT board. Representation was not only to be divided equally between the DoE and local authority/tenant members but all, including the chair, had to be mutually acceptable. In January, David Liggins was appointed as shadow HAT chair and the council’s chair of housing (John Black) as deputy chair.⁵ The shadow HAT board was established in February 1991 and consisted of four DoE nominees (each with local connections), three councillors and one council nominee. Two positions were reserved for tenants. Dwelly (1991b, p.23), however, noted an ‘early skirmish’ between council and tenants regarding how many residents should be on the HAT board. John Black had argued for one tenant and four councillors, a formula endorsed by the council’s official literature. In a letter to Black, Sir George Young, stated his preference for “... *a higher level of tenant representation – ideally two tenants and three councillors. However, I would be content, provided the tenants agree, to go along with your suggestion.*” (from Dwelly, 1991b, p.23). The tenants did not agree: at the AGM of the newly founded residents’ association (RA), in late January 1991, they passed a motion calling for two resident board members (RBMs) (ibid, p.23).

Although the DoE’s supposed concessions on HATs were presented as achievements won by the council, this was economical with the truth. As Hull’s deputy director of housing, Tom Hogan, admitted to Dwelly (1991b, p.23): “*We’re well aware we inherited concession fought for*

it did stay in power. Given the Labour majority in Hull this was likely to be the case.

⁵ David Liggins subsequently resigned and was replaced by Lord Bellwin in July 1993.

elsewhere.". While council officers and members were aware of this, tenants were less aware; as reported by Dwelly (ibid, p.23), Steven Sharp, the chair of the RA steering committee, was unaware of the work of residents' groups elsewhere to secure concessions: *"We're been told time and time again that those concessions are new to Hull ... I'm shocked."*⁶ In Southwark, for example, tenants would have had four members on the HAT board; at Hull – and after a struggle – they had two. In retrospect, a tenant (NHHAT 5) felt the council had been disingenuous: *"At Waltham Forest, the pros and cons of the proposed HAT were spelt out. The city council [Hull] claimed that it had fought for the right to return to the council but that battle had already been won elsewhere."*

Prior to the public announcement, the council could use the threat of withdrawing support from the proposal to negotiate more favourable terms (dependent on the strength of the DoE's desire to establish a HAT and its need for a supportive local authority). Once the proposal had been made public and vouched for by the council, the power to veto it – or to *threaten* to veto it – was transferred to tenants.⁷ Assuming the council was in favour, it could campaign positively for a Yes vote or remain neutral. The council launched a campaign to persuade tenants that voting for the HAT was in their interests, investing heavily in a consultation exercise, locating specialist staff on the estate, co-ordinating public meetings and circulating literature to tenants (Brindley & Arnold, 1992, p.4). Prior to the ballot, more than fifty public meetings were held. These were initially unsuccessful and subsequently an Advice Shop (on Greenwood Avenue) was set up and the council's staff went door stepping (NHHAT 1, 1994). Although the consultation team supplied information, explanation and advice, they did not actually sell the proposal; councillors, however, actively campaigned for a Yes vote, while the newly-founded RA also decided to campaign for a Yes vote (NHHAT 9, 1997).

The council also had to perform a volte-face and change tenants' attitudes from being passively anti-HAT to being pro-HAT – at least to the extent of voting for the kind of HAT proposed for North Hull. An important part of the publicity campaign therefore was to stress that the HAT proposed was different from previous HAT proposals. Hence, the council's campaign emphasised that the 'North Hull Voluntary HAT' was an 'entirely different prospect' to the HATs rejected elsewhere (Dwelly, 1991b, p.23).⁸ Both John Black and Tom Hogan, stressed to Dwelly (ibid, p.23) that the

⁶ Due to its geographical isolation, tenants in Hull were far less aware of what had happened in the pilot HAT areas than, for example, tenants in Waltham Forest.

⁷ As tenants had individual votes, the power of veto would result from the aggregate of individual choices. To be effective as a threat of veto, therefore, demanded a collective action and probably also collective organisation.

⁸ It was 'voluntary' because the council had asked for it, rather than the Government trying to impose a HAT.

comparisons made between Hull and other HATs were based on the original HATs of the 'pre-ballot Ridley era' (i.e., the Mark I), rather than the 'compromise deals put to tenants in Southwark and Sunderland' (i.e., the Mark II). Regarded favourably, the council's approach was an attempt to make the issues clear-cut. As noted in Chapter Four, the magnitude of the change that had occurred during the legislative stage and subsequently during negotiations at Southwark and Sunderland created immense confusion about HATs. Rather than on the information presented to them, the way most tenants would form opinions was in terms of whether they could trust the person or group supplying that information. Sir George Young, however, expressed concern for a more balanced presentation of arguments for and against a HAT. In a letter to John Black, he emphasised the Government's responsibility to ensure that all tenants were "... *fully and objectively informed of the implications of the decision which they would be invited to make.*" (ibid, p.23).

As surprising as the public announcement in November 1990, was the plan to move swiftly to a ballot in February or March of 1991, leaving little time for consultation and discussion with and among tenants and provoking suspicion of the council's motives. Nevertheless, a HAT officer (NHHAT 9, 1997), who had been involved in the pre-HAT negotiations, argued that:

"... it was important to have a quick ballot; we needed to make the process dynamic and fast moving. ... The importance of the decision tenants were making had to be made clear to them. There was a simple and stark choice. If they voted in favour, their houses would be improved over the next five or six years. The HAT would do other things, but we couldn't be more explicit than that. There couldn't be positive commitments until the HAT had been set up. That was why the shadow HAT board was set up – to indicate in more detail what the HAT might do."

According to Dwelly (1991b, p.24), Tom Hogan was sanguine about the importance of consultation and expressed concern that a long period of consultation could lead to confusion. Dwelly (ibid, p.24) observed that, despite the statement on the council's video that 'to enable you to look at the pros and cons you'll be given plenty of time', tenants had been told a delayed ballot would "... *jeopardise the project and stop their homes being improved.*". Dwelly also noted that the video lacked any detail of the 'cons' of a HAT and concluded that "... *it's perhaps worth bearing in mind that [without a Trust] all the prospects of improving your estate in the foreseeable future are grim.*".

Time for consultation was particularly important on an estate initially without an RA. One of the Government's preconditions for the HAT was for tenants to be actively involved. On the North Hull estate no tenant organisations existed and, in the run-up to the ballot, the council had to create an RA; the chair and secretary of which would have places on the HAT board. Prior to the ballot, the RA steering committee chair told Dwelly (ibid, p.23) that although he expected a Yes vote, the

committee had not been given enough time to prepare for the March ballot. Hull had little tradition of tenant organisation either autonomous or council-encouraged. During the late 1980s some residents' groups had been established but only as a condition of EA funding. A HAT officer/tenant (NHHAT 11, 1997) argued that Hull's courting of resident involvement had always been very expedient: *"For Estate Action, they needed an estate management board, so they had one; for the HAT, they needed a residents' association, so they formed one."* Similarly, a HAT participation officer (NHHAT 7, 1994) noted that there was no tradition of resident involvement at Hull and that the RA had been created from *"... the top down for an ulterior purpose, not for tenant involvement or tenant empowerment."* The council, however, favoured the traditional democratic local government practice of councillors representing constituents across all issues, rather than having single interest or area specific groups. The city council had a large amount of housing, which had generally been well managed and the housing committee was its largest and most powerful (NHHAT 4, 1994). A HAT officer/tenant (NHHAT 5, 1994) commented that although tenants at Waltham Forest and Liverpool had been active, Hull city council had managed its housing well and tenants had little cause for complaint. Another HAT officer (NHHAT 4, 1994) admitted that, although the council was 'very parochial' and a 'paternalistic landlord', it provided good services.

The council appeared reluctant to allow the fledgling RA to develop independently. Dwelly (1991b, p.23) recounted how Advice Shop staff had *"... attended every meeting of the nascent tenant's committee, offering to type their correspondence and keep their files inside the shop."* Furthermore during his visit, the committee had held an emergency meeting on the eve of the first AGM, to discuss resident representation on the HAT board: *"Excluding council officers for the first time, the tenants were amazed when one of them arrived at the house and asked to be allowed in."* The incidents indicate both the fine line between support and interference and tenant suspicion and mistrust of the council's motives. Dwelly (ibid, p.24) also noted how ministerial letters to Hull repeatedly emphasised that tenants should have the opportunity to seek professional advice, independent of the council and the DoE. Although allowing the RA to operate independently could have helped to secure the desired Yes vote, Dwelly (ibid, p.24) detected a reluctance to embrace consultants and tenants' advisors. He also noted that while Hull was ostensibly committed to funding independent advisors for tenants, no moves had been made to set this in train. The council was wary of consultants; John Black (from Dwelly, ibid, p.24), for example, told Roof that: *"Sometimes people don't want academic professionals to take over."* This view was challenged at the first RA meeting, when a vote to seek advice was carried without dissent, knowing it could delay the ballot. A local solicitor was subsequently employed to advise tenants; the solicitor did not, however, regard himself as a housing consultant.

5.1.4 THE BALLOT

Following the public announcement in late November 1990, consultations with tenants and the ballot were completed within four months. The council sought a swift and decisive ballot; Tom Hogan admitted to Dwelly (1991b, p.24): *"We twisted the Government's arm to have the ballot earlier than it wanted."* Some tenants were suspicious of the ballot's timing, attributing it to the council's desire to be the first to establish a HAT: *"The Hull ballot was scheduled for one week before the Waltham Forest ballot so that it could be first."* (NHHAT 14, 1998).⁹ Although there were suspicions that the speed of the ballot was to offset the threat of a withdrawal of funding, a HAT officer (NHHAT 9, 1997) considered that, while the Treasury was 'itching to claw back' the funding for the HAT programme, the DoE had been very keen to establish a HAT. Dwelly (1991b, p.24) speculated that the prospect of a general election was exercising the council's mind. More pragmatically, however, the city's director of housing, Stephen Brindley, argued that any postponement of the ballot could delay the start because of the need to get the necessary parliamentary orders through before the summer recess (ibid, p.24).

Held in March/April 1991, the turnout for the ballot was 77%, with 69% voting in favour of a HAT (i.e., 53% of those eligible). Following the ballot, the HAT was designated on 18 July 1991, when the shadow board members were also formally appointed. In January 1992, the properties were transferred to the HAT. During the autumn of 1991, there was formal consultation about the HAT's Statement of Proposals with the council, Humberside county council, the RA and other bodies. The Statement of Proposals listed the HAT's main aims as:-- optimum organisational efficiency; housing and estate improvements; quality local housing services; community development; and tenure diversification (NHHAT, Annual Review 1992/93, p.4). Central to the HAT's strategy was recognition that the elements were interdependent and contributed to a sixth aim: *"To leave behind, at the end of the HAT's active life, a community equipped for the long-term with viable and sustainable housing, social and economic infrastructures."* (ibid, p.4)

5.1.5 COMMENTARY

The implementation of a HAT in Hull can be seen in terms of a choice (i.e., to support the initiative) by the local authority and, subsequently, by tenants. Although -- in principle -- HAT policy would bypass local authorities, the North Hull HAT was the result of a positive intervention by the local authority. The council, however, had no commitment to the HAT programme *per se* and its object was to get a HAT in Hull on its own terms. It therefore exploited the Government's weakness and embarrassment at the fate of the pilot HAT proposals. Given the developing situation in the pilot

⁹ The Waltham Forest ballot was subsequently delayed and actually took place in July/August 1991.

HAT areas, the Government had been receptive to the council's approach. Tenants acknowledged the pragmatism and political opportunism of its politicians and officers (NHHAT 5, 1994). North Hull was the only HAT where the local authority was paid a dowry (£5,755,000 or £2763 per unit) for its housing, which was used for a major improvement scheme elsewhere in the city.¹⁰ The council also had the money it would have spent on the North Hull estate, while a HAT officer (NHHAT 1, 1994) felt the council's pragmatism had also been rewarded by consent for EA projects at Bilton Grange and Bransholme.

Having pledged itself to the establishment of a HAT, the council was concerned about tenants vetoing it. It therefore asked the Government to stay out of the consultation process and managed the presentation of information to tenants. A councillor (NHHAT 13, 1998) argued that the council did not advocate a HAT or not a HAT, but instead said: 'Here is an opportunity. We've done our best to safeguard your interests.' Its approach was justified on the basis that: *"You can't ask 2000 people to go into all the details."* (NHHAT 13, 1998). Tenants would therefore be told what was good for them and, in particular, needed educating that the proposed HAT was significantly different from previous models the council – including prominent individuals within it – had opposed. Hence, in the absence of further or independent information, the council was effectively asking tenants to trust it and to vote for a HAT. The council's approach was also justified by an analogy with shop stewards working on behalf of their membership: *"The membership doesn't have the time to study all the opportunities and the related information so they need to rely on shop stewards to do that for them and then to make recommendations to – and to do the best for – their workers."* (NHHAT 13, 1998). The analogy, however, is not wholly valid and raises issues of representation and misrepresentation. In principle, shop stewards are workers with material interests similar to other workers; councillors may not be tenants and may have other interests, while the council itself would have wider interests than those of the tenants on a particular estate.

Some tenants felt the ballot was reduced to a few simplistic issues: *"... a straight issue of whether you wanted your house done up in five years or twenty years."* (NHHAT 2, 1994). Although the council's message to tenants had the virtue of simplicity, it ran risks of being an over-simplification, which could arouse suspicion and mistrust, and of tenants being manipulated, whether by omission or by commission. Retrospectively, some tenants felt they had been manipulated: the council had been very careful not to let tenants know all about the HAT and was very 'selective' about what information was given: *"There was no mention of the choice of landlord only about the return to*

¹⁰ As discussed in Chapter Four, it was possible for estates to be given a negative valuation and for the local authority to be required to pay a dowry. The other estates where HATs were established transferred at zero cost and without debt.

the council. The council did everything internally – there were no consultants. TPAS tried to get involved but they were told where to go. I was thinking: ‘Is it really that wonderful? What’s the catch?’” (NHHAT 14, 1998). Furthermore and despite its desire to establish a HAT, the Government was placed in the somewhat unlikely role of encouraging the local authority to give a more balanced account of the arguments for and against a HAT.

Although the council used its power to withdraw support to negotiate favourable terms, the tenants did not have any real opportunities to use their power of veto to negotiate terms. As presented to tenants, the HAT proposal was largely a *faite accompli*. Although tenants could still reject it, that would probably have been detrimental to their interests. Had tenants be permitted greater opportunity to negotiate, they might have obtained more favourable terms, in respect of, for example, greater tenant representation on the HAT board. To negotiate effectively, however, tenants would also have needed organisation, which had been lacking on the North Hull estate. Ultimately, therefore, the vote in favour of a HAT can be seen as a demonstration of loyalty to the local authority. The fundamental decision for tenants was the balance between two considerations:-- the prospect of the improvement and repair of their home and the strength of assurances they could return to the local authority once their home had been improved. The very firm assurances regarding the ability to return to the local authority -- together with the expectation that it would be a Labour council when the landlord choice came about -- meant that tenants had little to lose by voting in favour of a HAT. An effective ‘safety net’ had therefore been put in place.

5.2 THE DEVELOPMENT PROGRAMME

As the parameters were substantially known in advance and were, in general terms, a continuation of the council’s improvement programme, the improvement programme at Hull was straightforward.

Essentially a refurbishment, design involvement was largely individual and atomised. Tenants could gauge quite accurately what their stake was in the overall programme and could act accordingly. The only area where collective choices needed to be made was the environmental areas within the housing.

5.2.1 THE FEASIBILITY STUDY

The council’s Feasibility Study (HCC, January 1991) considered four possible development programmes.

Option One: Minimal change

The minimal change option assumed sufficient resources would not be available and no further house improvements would be carried out and that maintenance costs and management problems would increase as the housing stock deteriorated. Although there would be no capital costs associated with this option, the revenue costs of managing and maintaining the estate were likely to rise and conditions on the estate would continue to get worse. Hence, the Feasibility Study (s6.8) argued that although the estate was currently relatively stable, "... *to take no further action would tip the estate over into a spiral of decline which would be extremely difficult and costly to rectify.*". It therefore concluded that, at a later date, the only 'practical solution' might be the estate's 'wholesale demolition' (s6.9).

Option Two: Comprehensive improvement

Under this option, the houses would be refurbished to the council's specification. At 1990 prices, the cost was estimated at £20,500 per dwelling (£41.4 million for all the pre-war dwellings). In addition, the council's experience suggested 40% of tenants would need to be decanted during house improvements and, hence, the costs of decanting, loss of rent and compensation for tenants remaining in-situ during improvement also had to be considered. It was also proposed that a number of 'advantageous' extras be considered, such as energy measures, increased environmental works, and modifications to the housing stock to reconcile the mismatch between the stock and the demand. The post-war dwellings, which were generally in better condition, would also be repaired and improved at an estimated cost of £15,000 per house (£1.4 million in total). Including some allowance for social facilities and employment initiatives, the cost was estimated at £50 million. A four-year programme was envisaged involving 500 units pa. The cost would -- it was argued -- be offset by dramatic reductions in maintenance costs following improvement (s6.17). The report (s6.17) also argued that, although tenants would be disturbed during improvements, they 'wholeheartedly supported' this option.

Option Three: Selective demolition & redevelopment

To provide a basis for calculating costs, a selective demolition & redevelopment scheme was devised entailing the demolition of 228 dwellings and the construction of 245 new dwellings (34 flats for single people, 37 bungalows for the elderly and 174 three-bedroom houses). A further 80 houses were to be converted into 160 single person flats and a communal facility was also to be provided. As it would not be possible to re-house a large number of tenants quickly either within the HAT boundaries or in nearby council stock, it was expected that redevelopment would be phased over a number of years. The capital cost of this option was estimated as follows:-- demolition, conversions (160 dwellings) & new build (245 dwellings) at £11.6 million and improvement (1,801

dwellings) at £36.9 million, giving a total of £47.5 million. In addition, environmental works and traffic management and measures would be undertaken bringing the cost to around £60 million. It also noted that a rolling programme of small-scale clearance and redevelopment would be both difficult to manage and expensive. Furthermore, the report argued that, even in selective areas, the process of redevelopment would cause significant disruption to what was considered to be a generally stable community (s6.24) and speculated whether the level of redevelopment envisaged might 'so disrupt the community as to be considered unacceptable to tenants' (s6.25).

Option Four: Deferred improvement

The report also gave brief consideration to the possibility of deferring improvements for ten years and then carrying out comprehensive improvements as in Option Two. As it entailed all the disadvantages of Option One, it was swiftly rejected. Furthermore, prior to starting improvement works, the estate could have deteriorated physically to the extent that large-scale demolition would be the only solution in some areas, while the present, relatively stable community might no longer exist as tenants became increasingly frustrated at the lack of action and – where possible – moved away, to be replaced by households in more severe housing need (s6.28).

The report calculated that at its current rate and level of resourcing, the council would take twenty years to complete improvements in the proposed HAT area. In consideration of the various options, the Feasibility Study recommended that comprehensive improvement (Option Two) should be implemented. Given the subsequent amounts spent on each house at North Hull, the fundamental choice might have been between new build and refurbishment. A HAT officer (NHHAT 9, 1997) argued that, while the cost difference was probably quite small, if the HAT had been intended as a redevelopment scheme it would not have happened: tenants would have said: "*Our houses are OK, you don't have to knock them down.*".¹¹ Proposing a refurbishment programme, thereby increased the probability of a Yes vote in the ballot.

5.3.2 THE DEVELOPMENT PROGRAMME

For the most part, the major development issues had been identified in the Feasibility Study. For the improvement programme, the HAT area was divided into five neighbourhoods (Greenwood North I & II, Greenwood South I & II, and Watton). Each area was further divided into up to five

¹¹ The issue of redevelopment versus refurbishment had occurred on another estate in Hull. A regeneration scheme had been proposed on the Gypsyville estate – a local authority housing estate similar to the North Hull estate. In partnership with an HA and a housing developer, the council's proposal was to demolish half of the estate (about 600 houses) and build housing for sale. Some of the proceeds from the new housing would be used to fund the refurbishment of the other half of the estate. The controversy lay in the council's decision to use CPO powers to buy properties from those who had exercised RTB.

improvement phases, with each phase consisting of about 100 properties. Tenant involvement was primarily focused around the development programme and, in principle, involvement in the design process generated opportunities to raise levels of awareness, incorporate individual and collective opinion and foster wider tenant participation in the HAT's activities. One of the first resident involvement events was a series of community planning weekends (CPWEs) held as a means both to present ideas and information to residents and to take stock of local opinion. The first CPWE was held in May 1991. Following this, residents became more involved in the organisation and a series of CPWEs was held between August and November 1991. The CPWEs also developed a more informal and interactive approach. Rather than public meetings where residents were 'talked at', residents could 'drop-in' to a marquee staffed by architects and HAT workers, discuss their houses in detail and have questions answered. The CPWEs' focus was broader than the improvement programme and other services were included (e.g., Health, Education, Police, etc.) so that the benefits of a wider regeneration strategy would be understood (Brindley & Arnold, 1992, p.4).

The key issues that emerged from the CPWEs included:-- overcrowding and under-occupation of properties; houses being quite small; tenant's eligibility for extensions; standard and discretionary improvements; the range of different housing types on the estate; issues beyond the dwelling (e.g., speeding traffic, rat-runs; on-street parking; the existing green areas); and the availability of play areas for children. For most tenants, however, the overriding issue was the date of improvements works to their home (NHRA, October 1991, p.4). Following the CPWEs, Neighbourhood Groups were formed in each area as sub-groups of the RA to work with the architects, consultants and the HAT's project managers. Ideas from the CPWEs were fed into the preparation of the HAT's Statement of Proposals. In retrospect, this was the high-water mark of tenant involvement and towards the end of the HAT, a HAT officer (NHHAT 9, 1997) felt that, while the CPWEs generated a lot of ideas, "*... little has been done, we're only just getting round to it.*"

As the improvement programme was essentially a refurbishment, resident involvement could largely be individual and atomised. A tenant (NHHAT 5, 1994), for example, argued that tenants wanted "*... a lot of involvement in what happens to their own homes and in the brief given to the architects. ... People also wanted more choice than they had previously had. Under the city council, the choice used to be what colour you had your front door painted.*". In their system of choices for internal improvements, the HAT utilised an innovative menu-based system developed through discussions at CPWEs and intensive pilot work in the Watton area. In addition to a set of standard choices concerning styles, colours and materials, each tenant had a budget of 400 points (equivalent to about £2000) to spend on a range of additional internal improvements and higher quality finishes. Tenants could spend all their points on an eight metre square kitchen extension or

spend 100 points on superior bedroom fittings, 85 points on having the whole house wallpapered, 75 points on enhanced kitchen units, etc. The system required tenants to consider the opportunity cost of their decisions since they needed to forego some items in order to have others. It also gave greater individuality: *"People could pick things to suit themselves. It brought excitement into the process and positive involvement."* (NHHAT 10, 1997).

The improvement programme

One of the HAT's first actions was to refurbish ten houses as show houses to demonstrate design features and menu options to residents. Work started in December 1991 and the first two opened in March 1992. From February 1992, there was also an 'early start' programme, involving re-roofing and window replacement in those houses scheduled for full improvement towards the end of the main programme. One of the benefits of this programme was that most tenants could see immediate benefits from the HAT. The main programme started with the refurbishment of twenty one-bedroom flats in South Close for elderly tenants in 1991/92. The improvement programme was highly concentrated and progressed rapidly. By March 1993, ninety-three properties had been improved. By February 1994, the HAT had completed its five-hundredth refurbishment and in February 1995, its one-thousandth refurbishment. In total 1637 full improvements were carried out (143 of which included extensions) and 200 partial improvements where tenants declined to have their homes fully improved.

The improvement programme was planned and costed on the basis of most tenants remaining in their homes during refurbishment. Some tenants (e.g., those with an illness or disability) could be decanted to alternative accommodation. Living-in through the refurbishment programme was problematic. Tenants lived upstairs while the downstairs was refurbished and then moved downstairs while the upstairs was refurbished. A tenant (NHHAT 5, 1994) colourfully explained that living-in through refurbishment was 'awful': *"It's like having a baby. There is a long wait with the excitement of making choices through the Tenant's Choice scheme, then the hell of labour and afterwards it's well worth it. You forget the labour pains -- they quickly recede. But it is a prolonged period of labour."* Those who lived-in (or stayed with relatives) received a disturbance allowance equivalent to the rent they would have paid during the period of refurbishment, which many tenants used to buy new carpets and curtains. An owner-occupier (NHHAT 2, 1994), however, speculated that, if tenants had *"... known all this was coming, they would not have voted for the HAT. Two or three people have contemplated suicide. ... Money cannot compensate for the disruption of living in one or two rooms with families and kids."* In some of the early improvement phases, the refurbishment period for individual properties took longer than the planned fourteen weeks, in some cases twenty-two weeks or more. As the improvement programme

progressed, however, the average period for in-situ refurbishment got shorter as contractors and the HAT became more experienced; ultimately, it was a couple of weeks shorter than the contract period (NHHAT 9, 1997). On the 4th Avenue contract, however, the contractor went bankrupt and some tenants were away from their homes for nearly a year.

New build projects

One of the estate's problems was the mismatch between housing demand and housing stock; the majority of houses being two- and three-bedroom. Surveys undertaken early in the HAT's life showed significant overcrowding (13%) and under-occupation (30%), particularly by elderly people living alone. The CPWEs had also highlighted this issue. Beyond building extensions onto some properties, the refurbishment programme could not materially address this problem and, to create a more diverse housing stock, the HAT developed a number of new build projects in partnership with HAs. The HAT would provide grants to HAs in return for nomination rights on the completed developments. In order to develop such schemes, the HAT had to determine in consultation with the Government whether HATs were able to give grants to HAs. As there were few development sites within the HAT area, the developments happened outside the HAT area. The development of bungalows, in particular, would address the problem of under-occupation. The HAT was aware of the substantial number of elderly people on the estate and, furthermore, that the majority of people who voted against the HAT were elderly who did not want the bother and disruption of refurbishment. Many were living in houses that were too big for them, which they could not afford to heat properly or maintain the gardens. The HAT therefore provided the option for elderly people to transfer to a new bungalow.

Five main projects were undertaken in partnership with HAs:—

- 92 bungalows at the junction of Endike Lane and Westgarth Avenue, undertaken with Pickering & Ferens Homes¹² and North British Housing Association (NBHA).
- 73 dwellings on the derelict 10th Avenue allotments undertaken with NBHA.
- 34 bungalows near the junction of Endike Lane and Cranbrook Avenue undertaken with NBHA.

¹² The choice of Pickering & Ferens Homes was controversial because of its close links with the council. Until 1991, a committee drawn from the council's housing committee had run the Pickering Trust. Realising that it needed access to public funding to develop and finance improvements, the trustees decided to merge with another council-administered charity, Ferens Haven of Rest Homes, and to register with the Housing Corporation (Bright, 1997, p.17). The Housing Corporation, however, was concerned about Pickering's independence from the council and reluctant to register it. The nomination of 16 new committee members in March 1991 satisfied the Corporation that Pickering & Ferens was sufficiently independent and it was registered as an HA. Nevertheless, the council's chair of housing remained the HA's chair; the deputy-chair of housing was on the HA's board (both of whom were also on the HAT board); the city treasurer was the HA's treasurer and the town clerk the HA's secretary (*Inside Housing*, 1991, 22 November, p.1). After 1991, the new HA -- Pickering & Ferens Homes -- grew rapidly from twenty-four properties to over a thousand. The issue of its independence from the council was not fully resolved, however, and in September 1997, *Inside Housing* reported it had been banned from development using SHG, banned from merging or taking over other associations and would be refused new borrowing consent until it demonstrated its full independence from the council (Bright, 1997, p.2).

- 28 bungalows on Endike Lane undertaken with Pickering & Ferens with NBHA as development agents.
- a 38 flat Category Two sheltered housing scheme on 21st Avenue undertaken with NBHA.

The first four were all undertaken early in the HAT's life and were completed by 1995. The HAT also negotiated three agreements with HAs:— nomination rights for twenty bungalows at Ashberry Close with Pickering & Ferens Homes; nomination rights for twenty-six bungalows at Cranbrook Avenue with NBHA; and the transfer of fifty-four tenants to a NBHA development of homes and flats at Beckside Close.

Tenants choosing to move to these developments would change from secure to assured tenancies (although many of the statutory rights would be restored as contractual rights) and would lose the option of returning to the local authority. A further consequence of moving was that rents would be higher than council rents. Tenants did not, however, have to move and could choose to remain in their existing properties, which would in due course be refurbished. The HAT also funded Tenants' Friends to investigate the change on tenants' behalf. As well as enabling greater choice for the wider tenant body by increasing the flexibility of the available housing stock, the developments had other advantages for the HAT. The HAT's object was to improve all the houses in its area and to improve the properties of those tenants who had been secure tenants at the time of the ballot. Once the HAT had transferred secure tenants away from its original stock, those properties could be refurbished and let to new tenants (i.e., from the council's waiting list) or disposed of by the HAT (either before or after refurbishment).

As a consequence of the poor quality of existing dwellings and land conditions, there were two new build schemes within the HAT area. The first was at Green Close, where an existing development of fifty-eight properties was becoming increasingly difficult to let, most tenants had moved out and the design presented particular problems. A scheme was developed in partnership with Pickering & Ferens Homes and Harbour Farm Community Housing. Fifteen properties were refurbished (one property was owner-occupied) and forty-two demolished and replaced with twenty-eight Category 1 (semi-sheltered) bungalows.¹³ Refurbished properties were to be owned and managed by Harbour Farm; the new bungalows by Pickering & Ferens. The HAT retained nomination rights to 75% of the properties. The second scheme was at Etton Grove, where subsidence problems and the generally poor condition of sixteen properties meant it was a better solution to demolish rather than refurbish them. Following demolition, the HAT sold the site to Haslam Homes who built twenty-five low-cost homes for private sale, further diversifying the estate's housing tenure. At Lastingham

¹³ As residents had not expected any demolition, the proposed demolitions at Green Close were controversial.

Avenue, the HAT transferred a small complex of thirteen post-war flats and bungalows to Housemartin HA to refurbish for social renting.

5.2.3 LIFETIME COSTS & THE FUNDING SHORTFALL

The DoE initially funded the HAT programme as a programme in its own right. From April 1994, HATs became a ring-fenced element of the SRB. The programme had, however, been started with an initial budget but without specific costs (i.e., benchmark costs) and without a calculation of its expected overall costs. As there was very little DoE management guidance for their operation (i.e., no s72 guidance), HATs were able to interpret directly from the 1988 Act, with an onus placed on them to justify their actions and costs. Funding for HAT projects was approved on an incremental basis, with HATs periodically required to bid for resources based on what they considered would be needed for certain periods of time (usually three years). The funding to be provided was then determined by the Government and allocated each year.

In March 1996, the Government sought to determine the HAT programme's lifetime costs and, in turn, the costs of each HAT. Each HAT was asked to assess its expected lifetime costs within a total grant-in-aid for all six of between £850 million and £1,150 million. Each HAT was given its own limits and a date by which to have completed its work. As part of the life-time costs exercise, HATs would also have to make an assessment of the number of secure tenants likely to return to the local authority. Those who returned to the local authority would do so at zero-cost to the local authority and the HAT would not receive a capital receipt; those who transferred to HAs or exercised RTBs would earn the HAT a capital receipt that could be offset against the life-time costs.

Although the planning figure for tenants not returning to the local authority would need to be realistic, it would also tend to *overestimate* the number likely to return since if the estimate was high, the HAT's life-time costs would be lower than its life-time costs budget. Although it fluctuated slightly, North Hull HAT's planning figure for tenants returning to the local authority was about two-thirds.

Both North Hull and Waltham Forest HATs had been able to bid up their expected budgets. At Hull, for example, the Feasibility Study estimated the improvement programme's cost at about £50 million. In accepting this and in progressing negotiations towards a ballot, the Government tacitly agreed to incur the likely costs of the subsequent HAT. The HAT's 1992 estimate of its improvement programme, incorporating an enhanced refurbishment, options and menu choices, was £87.5 million at 1992 prices (NHHAT, Annual Report 1991/92, p.10).¹⁴ Part of the reason for the

¹⁴ Part of the reason for the increase was the realisation VAT would have to be paid on improvement work.

increasing costs stemmed from the HAT's discretion to determine the quality level for its development work, combined with the lack of explicit incentives (or necessity) on the HAT's part to balance quality against cost.

HOUSING ACTION TRUST	DWELLINGS TRANSFERRED	PLANNING FIGURE FOR LIFE-TIME GRANT-IN-AID	GRANT-IN-AID PER DWELLING TRANSFERRED*
North Hull	2,084	£115 m	£52,200
Waltham Forest	2,422	£227 m	£93,700
Liverpool	5,337	£260 m	£48,700
Castle Vale (Birmingham)	3,423	£205 m	£59,900
Tower Hamlets (London)	1,629	£123 m	£75,500
Stonebridge (London)	1,777	£165 m	£92,900
Total	16,672	£1,095 m	£65,700

TABLE 5.2 – PLANNING FIGURES FOR LIFE-TIME GRANT-IN-AID
(source: DoE, 1996)

* Figure includes the cost of environmental & community work as well as the cost of physical redevelopment & refurbishment.

In November 1996, the DoE set lifetime grant-in-aid budgets/ceilings for each of the six HATs totalling £1095 million (Table 5.2).¹⁵ Thus, although North Hull HAT had been designated in July 1991, it did not know its life-time budget would be £115 million until it had been in existence for five and a half years. As the overall funding would not be adjusted for inflation, HATs had to make allowance it and, as the impact would be more onerous if the development programme was delayed, HATs had an incentive to progress the work quickly. They could not, however, spend the allocated funding from later years in the earlier years, since, although the life-time budget was fixed, it would be paid in annual tranches. In contrast to HATs and in addition to their public funds, UDCs had their own assets (i.e., development land), that they could draw upon to ease problems at the end of a financial year. Furthermore, if it underspent in any particular year, the HAT might not regain the

¹⁵ The three London HATs had higher unit costs than the other three HATs. This figure could, however, be misleading and the DoE considered the wide variation in the planned cost per dwelling transferred was explained by the different needs and plans of each HAT, together with the timing of their work (NAO, 1997, p.13). Liverpool had a relatively low total cost for the number of dwellings transferred because it planned to refurbish or replace only a proportion of them. Waltham Forest had a relatively high cost per dwelling transferred because it planned to replace more of its accommodation with new build properties.

money in another financial year.

The life-time costs ceiling had a number of implications. First, HATs had greater certainty and no longer had to 'second guess' the DoE in terms of the magnitude of spending that would be acceptable. To a greater extent, therefore, each HAT's fate was in its own hands and it could plan its expenditure more effectively. Second, HATs had greater certainty in terms of knowing their overall budget. Prior to this, there was the possibility the Government could reduce a HAT's projected funding once it had begun its development programme, effectively compelling the HAT to reduce quality in later phases (which was important if a HAT was trying to maintain an even level of quality throughout its development programme).¹⁶ Third, by determining an overall budget, the responsibility for containing costs was more explicitly placed on the HAT.

As the life-costs exercise came late in the Hull HAT's life, it resulted in less radical actions than either Waltham Forest or Liverpool. Although the HAT's total Government funding was £115 million, it actually spent about £140 million; the extra money coming from rents, capital receipts and other earned income (NHHAT 9, 1997). Nevertheless, uncertainties about funding and the funding shortfall caused implementation problems and complicated the HAT's relation with its tenants. The shadow HAT and the HAT itself in its early days had made -- what were taken to be -- promises and had raised expectations. A HAT officer/tenant (NHHAT 5, 1994), for example, commented that there had been a lot of consultation at the beginning which had 'tailed off': *"The HAT is still committed to consultation -- but quite major decisions are made without tenant involvement ... There was a change in the design to save money, but the tenants did not know this until the walls went up. If they had been told that it was going to change and why then people will understand."*

Nevertheless, a HAT officer (NHHAT 4, 1994) argued that decisions of where to make cuts were made by HAT officers and the HAT board, not by tenants. Although there was scope for this, *"... the tenants did not want to talk or hear about cuts. The HAT also loses credibility and raises fears and concerns within the tenant body."* A HAT participation officer (NHHAT 11, 1997) felt that around the time of the life-time costs exercise there had been some cost-cutting that the HAT would not admit to: *"At the Partnership meeting, one of the HAT directors stated that the standard had changed from 'excellent' to 'very good'."* The apparent reduction in quality primarily affected the external works with work to the dwelling remaining the same. A HAT officer (NHHAT 9, 1997) admitted that while the Tenant's Choice points value had stayed the same, the choice *"... had been -- perhaps the best word for it is -- 'streamlined'. Some savings had to be made as a result of the DoE setting limits on the HAT's lifetime costs."* Larger savings, however, were made on the environmental

¹⁶ HATs argued that it was a matter of equity that all phases of the development programme had a similar quality. Difficulties would arise if a HAT started with a level of quality subsequently deemed too high.

works, where, for example, tarmac was used instead of block paving at road crossings (NHHAT 9, 1997). Furthermore, although design changes had always been planned to give more character to local areas, there is an obvious change in the quality of the metalwork fencing to the front gardens, which is most clearly apparent where a street forms the boundary between two different improvement phases.

5.2.6 COMMENTARY

The HAT recorded high levels of satisfaction with the improvement programme. A HAT officer (NHHAT 1, 1994) argued that: *"Because people have had such an input into the housing and environmental improvements they have a higher degree of pride and are taking responsibility. They have had a stake in what has been done and have a stake in maintaining it."* An RBM (NHHAT 10, 1997), for example, stated that refurbishment had given people pride in their homes and areas, while another resident (NHHAT 2, 1994) felt tenants were a 'little bit more respectful': *"They're buying flowers for the gardens and carpets. The HAT works have certainly brought the place up. People feel better."* The major cause of complaint, however, was defects and poor workmanship. In January 1996, the HAT undertook a major survey resident consultation exercise, involving HAT staff visiting every home on the estate to get resident's views on what they would like to see happen in their area and on the estate as a whole (NHHAT, Annual Report 1995/96, p.8).

The HAT's management of defects was one of the few areas where tenants were especially critical (HAT News, September 1996, p.15). The HAT subsequently changed its procedure for reporting complaints and problems, and introduced a computerised logging of defects and responses. Once their homes had been improved, residents became focused on 'quality of life' issues and the HAT ran a programme called 'Operation Crackdown', involving a series of measures to crack down on crime. There was also a series of measures to address more general issues, such as nuisance neighbours and unkempt gardens.

5.3 RESIDENT INVOLVEMENT

This section discusses the various formal 'channels of communication' between tenants (i.e., the target groups) and the HAT (i.e., the top's local agents). Through these channels tenants' preferences and opinions could be determined and feed into the decision-making process. The channels could arise in several different ways:-- the HAT could inherit those existing between tenants and the local authority; the HAT could create and impose new channels (i.e., top-down); and tenants could propose and lobby for changes to or new channels of communication (i.e., 'bottom-up'). Before discussing resident involvement, two other issues must be discussed to provide a necessary context: housing management and the presence of owner-occupiers in the HAT area.

Housing management

Initially, the HAT made an agency agreement with the council to provide a full management and maintenance service until the transfer of properties in October 1992,¹⁷ which allowed the HAT opportunity to determine its basic approach to housing management, devise policies, recruit and train staff, and set up appropriate systems. The estate was divided into three neighbourhoods (Greenwood North & South and Watton) and a decentralised housing management system introduced. The housing management offices also became the focus for wider social support. In mid-1994, the HAT produced its Residents' Charter, which spelt out in detail the standards tenants could expect, including, for example, target response times for repairs. Although there had been attempts to produce this as a 'contract of mutual demands', despite consultants working with residents' groups, it did not happen (NHHAT 4, 1994). Similarly, tenant management options were not developed, primarily because an independent consultant's report had identified 'no groundswell' for tenant self-management (NHHAT 4, 1994). Nevertheless, provision of information by the HAT was in itself empowering and contrasted with the council: *"Under the council, although repairs took a long time, no one knew about target times."* (NHHAT 5, 1994). Similarly, a HAT officer/tenant (NHHAT 14, 1998) felt that as tenants' expectations of the HAT were higher, they were more demanding of it.

Owner-occupiers

At Hull, one of the differences from the other case studies was the presence of a significant number of owner-occupiers (about 14% of residents). The HAT therefore had two distinct groups with which to deal:-- tenants and owner-occupiers; the latter, however, did not have a vote in the ballot.¹⁸ Although the owner-occupiers had exited from the public sector, they still had a major interest in the estate and were concerned about property values. While they would not have improvements to their houses, by purchasing their homes they had committed themselves to the area. Although owner-occupiers had a privileged position with the Thatcher Government, in North Hull there was a curious paradox. Owner-occupiers would witness local authority tenants gaining the benefits of improvements to their homes (ostensibly for free) that owner-occupiers had had to pay for; a situation likely to provoke resentment. The HAT (NHHAT, Annual Report 1992/93, p.8) argued that owner-occupiers would benefit in various ways. Those whose homes were attached to HAT properties where renovation work was being carried out were offered some improvements free of charge, such as garden walls and boundary fencing. The HAT also supplied materials for external decoration and, if the

¹⁷ This contradicts the supposed justification for HATs as a response to poor management by local authorities.

¹⁸ Leaseholders at Waltham Forest and Liverpool did have a vote.

occupant was elderly or infirm, undertook the decoration. Owner-occupiers could also take advantage of 'favourable' rates negotiated by the HAT and have parts of the improvement package undertaken on their properties. They were also encouraged to be involved with the HAT's work, particularly the environmental works where they would have a direct stake in the improvement. More generally, the HAT sought to ensure that owner-occupiers were not adversely affected by the building work and encouraged owner-occupiers to take part in the HAT's work and subsequently the Neighbourhood Partnerships. A HAT officer (NHHAT 9, 1997), however, argued that owner-occupiers had not really been involved in the HAT "... *except where they were pushing to get improvements to their own homes at no cost to themselves. ... The most involved people have been tenants.*".

5.3.1 RESIDENT INVOLVEMENT

The HAT board

The HAT board was the main decision-making forum within the HAT. Board meetings were initially held in closed session, but subsequently became open to the public. The board's initial composition was the chair, five private sector representatives, three city councillors and two residents. The council members included the chair and deputy chair of the housing committee, and a local ward councillor. The HAT's vice-chair was the council's chair of housing, John Black. North Hull was the only case study where prominent local politicians were on the board throughout the HAT's life. The resident positions were assigned to the RA chair and secretary.¹⁹ Tenants did not regard the first RBMs' performance very highly²⁰ and the private sector members were generally held in higher esteem and regarded as better at representing tenants than council members (NHHAT 5, 1994; NHHAT 6, 1994). Although board members may have been nominated or elected, as they all have a primary duty of care to the interests of the HAT they cannot be mandated to act against its interests. Board members were therefore not delegates from their organisations or constituencies, but individuals acting in a role similar to that of a company director or a trustee of a charity. In this respect, RBMs had a 'difficult path to follow' and were answerable in different ways to the minister, to the board chair, to their fellow board members and to tenants (LHAT 16, 1998).

The Residents' Association

The main tenants' organisation when the HAT was established was the RA set up in the run-up to the ballot. In the HAT's first years, however, tenants felt the RA had not functioned effectively, did

¹⁹ At both Waltham Forest and Liverpool RBMs were elected directly to the HAT board, rather than becoming board members by virtue of their position in another (tenant) organisation.

²⁰ The first RBMs were Andy Brown and Jill Sowersby, chair and secretary respectively of the RA. Andy Brown resigned within his first year and Joan Maginn, the new RA chair, took his place. The tenants' comments did not refer to Andy Brown who was no longer an RBM at the time of the interviews.

not command respect nor adequately represent them. It was also regarded as having been blighted by the circumstances of its establishment and in the “... *lap of the HAT and the city council.*” (NHHAT 5, 1994). A resident (NHHAT 2, 1994), for example, noted that in the run-up to the ballot, the council had wanted to be involved with the tenants’ structures, threatened not to recognise other bodies and was “... *trying to maintain power.*”. As a result, most of the active RA members had left the committee ‘through frustration’ and, although it had 800 members, its AGM had an attendance of just 30 people (NHHAT 5, 1994). In effect, the RA remained a top-down imposition rather than becoming ‘owned’ by residents.

Given the apparent ineffectualness of the RA, the HAT’s challenge was to establish channels of communication better suited to its purposes. As stated in its 1992/93 Annual Report (NHHAT 1993, p.4), the HAT recognised that resident participation in the improvement process had “... *to act as a springboard ... [enabling the HAT] ... to encourage residents to become involved in and ‘own’ all its activities, both in terms of decision-making and by training and employing residents to take on specific tasks. Over time, this will create a climate in which resident’s support for new systems of housing management and tenure diversification will flourish.*”. Following the CPWEs, Neighbourhood Residents’ Groups were established in each area, as sub-groups of the RA, to work with architects, other consultants and the HAT’s project managers. As noted at an RA day in April 1992 (NHRA, April 1992, p.2), however, the actual role of these groups was unclear: “*Currently, most groups meet to discuss the improvement choices. However, the opportunity is there to discuss other issues, such as housing management, which should also include people in the later phases of development.*”. To address this and to improve resident involvement within the HAT’s decision-making structure, Neighbourhood Partnerships were established.

The Neighbourhood Partnerships

Although originally created alongside the RA, the Partnerships were – in effect – a means (by both the HAT and tenants) to by-pass and replace it (NHHAT 7, 1994). Furthermore, by emphasising the Neighbourhood Partnerships as a way of consulting with tenants, the HAT would – by commission or omission – marginalise the RA. The Partnerships were also a means of focusing issues and discussions at an intermediate (i.e., neighbourhood) level and to areas that tenants could broadly identify with. The original objects for Partnerships were:–

- to create a self-sustaining vehicle for the promotion, development & sustenance of political, social & economic initiatives throughout the neighbourhood;
- to transfer power to residents of the neighbourhood;
- to foster links with other agencies & community groups; and
- to improve overall service delivery from all agencies providing services within the neighbourhood (NHHAT, December 1992).

What Neighbourhood Partnerships would actually do, however, was left open in the hope that residents would offer ideas, make suggestions and take ownership of them. A HAT participation officer (NHHAT 7, 1994) argued that this was better than the HAT 'imposing a structure'. It was originally thought, for example, that the Neighbourhood Partnerships could become an EMB or another form of TMO (NHHAT 7, 1994). Certain powers could also be delegated from the main HAT board to the partnerships.

The Partnership areas were the same as the housing management areas; the boundaries of which were administratively convenient but, in a social sense, arbitrary.²¹ In January 1993, steering groups were set up to develop the Partnerships during the remainder of the year and be fully established by January 1994. Each Partnerships was to comprise three HAT board members, an RA representative and the ward councillor, with membership open to all residents. A Neighbourhood Partnerships Worker was also appointed to service and develop the Partnerships.²² The original idea was that board members and councillors would offer guidance and support and initially chair meetings. With time, it was intended that the Partnerships would become more autonomous with an elected board and residents chairing and running the meetings; HAT board members and councillors could then be co-opted as and if necessary. Initial attendance at Partnership meetings was disappointing, and there was suspicion that this was still a top-down structuring rather than a bottom-up residents' forum; residents also held resident-only meetings to discuss the Partnerships' role.

During 1993, due to dissatisfaction with the level of resident involvement, a group of residents organised themselves into an *ad hoc* committee -- later called the Residents' Participation Working Group (RPWG) -- to put forward constructive suggestions. A tenant (NHHAT 6, 1994) argued that initially the HAT had not wanted to recognise the group, questioned who it represented and suggested it was 'unrepresentative'. Similarly, a HAT participation officer (NHHAT 7, 1994) felt the HAT had played "... *fast and loose with just who the community representatives actually were.*". This was perceived to be the result of the council's influence on the HAT board; another HAT participation officer (NHHAT 11, 1997) stated that the only groups that "... *are representative are those set up by the council; they're always representative then.*". The group was, however, recognised by the HAT in October 1993; after which there was a series of constructive meetings with HAT officers and board members.

²¹ The HAT also covered part of an estate rather than a more discretely defined, geographical entity.

²² This was a HAT position and was similar to the estate-based community development officers at Waltham Forest.

The RWPG visited tenants' groups in the Waltham Forest and Liverpool HATs.²³ They drew several conclusions from those visits, including that a more structured system of resident representation allowed for more resident participation, that independently-elected RBMs ensured accountability to residents, and that more resident involvement at board level ensured fairer decision-making from a resident's point of view (RWPG, 1994a). Many of the positive features that the RPWG observed had – in part – resulted from greater tenant involvement in pre-HAT negotiations and tenants groups being organised and autonomous by the time the HAT was established. The RPWG (1994a) therefore made the following recommendations. First, that there should be four RBMs, three of whom were to represent Partnership areas.²⁴ The other position would remain with the RA. In this way, the two main residents' bodies would have direct input into the board through resident representation. To gain two further board places, the RPWG recommended that a twelfth board place be created and a non-resident board member's contract not be renewed when it fell due in July 1994.²⁵ If RBMs were not elected from each Neighbourhood Partnership area, then a resident should be elected to advise the board members attending the Partnership meetings. Second, that residents should chair the Partnerships. Third, that the board should recognise the Partnerships as a source of resident input (as well as -- or instead -- of the RA) (i.e., Partnerships were not only a means of top-down information transfer but also a means of bottom-up resident input). Fourth, that Partnerships should be formalised through local elections. Fifth, that all board reports have a summary sheet and that all Partnership members have an opportunity to comment on them at a Partnership meeting one week prior to the board. For papers addressing long term planning, Partnerships should form an integral part of the consultation process and development process through membership of working groups/panels. Sixth, that instead of being based on individual issues (such as allocations, neighbour nuisance), the HAT's working groups should be based on generic areas and that all working groups should be made up with a majority of residents.²⁶

In early 1994, a paper on resident involvement was drafted by the RPWG, for presentation to the HAT board. Residents felt that HAT officers had blocked their paper; as redrafted by a HAT participation officer, it was again blocked. The RPWG took their paper to the next round of Partnership meetings and gained wider support for it. In February 1994, the group had a meeting

²³ A HAT participation officer (NHHAT 7, 1994) admitted to being 'very depressed' by the comparison.

²⁴ It was not clear whether the intention was to elect an RBM from each Partnership area so that they were accountable to that area (i.e., in the manner that each TBM at Waltham Forest was elected from an estate).

²⁵ Although not explicitly stated, it was clear it was a council member whose contract should not be renewed.

²⁶ This is similar to the HAT's sub-committees at Waltham Forest and the Advisory Groups at Liverpool.

with the HAT chair, Lord Bellwin, and its chief executive, Stephen Brindley. The group's first priority was board membership. Bellwin (from RWPG, 1994b), however, stressed he was 'very happy' with the board's membership and "... *would not wish to see anybody removed during their current contracts. In particular, he valued highly the input of the three city council representatives and would wish to maintain that level of involvement.*". Nevertheless, he agreed to approach the housing minister about increasing the board's membership.

Following subsequent discussions and meetings, the main substance of the RWPG's paper was presented to the HAT board in a paper drafted by the HAT's Director of Community Development (NHHAT, April 1994). The RWPG also met shortly after the board meeting and discussed the outcome (RPWG, 1994c). The board paper concentrated on three issues:--

- RBMs: By this time, there was widespread acceptance of elected RBMs and an increase in their number to three. Despite gaining only one additional board place, the RPWG accepted it with the proviso that residents could at a later date – and if necessary -- request a fourth member (RPWG, 1994c).
- Resident involvement in decision-making: The main input to decision-making was via consultation on board papers; the RA were consulted on board papers by virtue of two of its officers being board members. As the RPWG had proposed, the preparation of board papers was rescheduled so that they would be available to the Partnerships one week prior to the board meeting, residents' comments could then be passed on to the board (NHHAT, April 1994).²⁷ Although residents had suggested greater resident involvement in working groups and that residents should form the majority on such groups, the HAT felt that, given the relatively small number of residents who may be interested in a given issue, an alternative would be for a few residents to be involved who would "... *make it their business (with support if required) to develop a specialist knowledge in that field.*" (NHHAT, April 1994).²⁸
- Neighbourhood Partnerships: Although much of the paper focused on the role of the Partnerships, the HAT saw Partnerships having a wide role -- wider, in fact, than the HAT: "... *the Neighbourhood Partnerships have a role in deciding wider community issues than solely those issues concerned with HAT roles and functions.*" (NHHAT, April 1994). Furthermore, if the Partnerships were to have an existence beyond the HAT, they would have to develop other areas of involvement. Hence, they would need – if possible – to develop their autonomy and independence from the HAT.

²⁷ This was the system employed at Waltham Forest.

²⁸ This contrasts with Waltham Forest and Liverpool, where being a tenant was appropriate expertise.

Although the RPWG had originally proposed that Partnerships be formally constituted in a committee structure with elected members, it was later felt this would detract from residents participating and contributing. The RPWG felt the Partnerships' role was still developing and, as there would be no clear role for new un-elected members, formalisation through elections would alienate new members (RPWG, 1994c). Residents also argued that, before any elections were held, Partnerships needed to gain a higher profile both with residents and the HAT. To provide a link between board meetings and the Partnerships, it was agreed that RBMs would attend Partnership meetings. This had not happened previously: although meetings had been held on a six-week cycle, the RBM assigned to the Greenwood South partnership had only attended one meeting in the previous eighteen months (RPWG, 1994c). As Partnership meetings had tended to be dominated by people grumbling about development problems and needing to 'let off steam', it was proposed that 'grumbles' meetings be held for this purpose – acknowledging that they would never be very constructive – thereby, allowing Partnership meetings to work more constructively (NHHAT, April 1994).

5.3.2 RESIDENT INVOLVEMENT POST-RPWG

In November 1994, RBM elections for two positions were held; the Government having agreed to an additional broad place and one of the existing RBM's term of office having ended.²⁹ All residents were eligible to stand, there were five candidates, and a tenant and an owner-occupier were elected. A further RBM election was held in June 1995, when another owner-occupier was elected. Although two of the RBMs were owner-occupiers, this was not regarded as a problem: *"It's down to their credibility; it's how they get on with the job. It's never been a problem and it's not been allowed to be an issue."* (NHHAT 9, 1997). An RBM (NHHAT 10, 1997) stated that the issue had only been raised on a couple of occasions: *"I always say that I might be a home-owner but I live here too and my interest is as keen as any."* Rather than holding elections in 1997 and 1998, the RBMs' contracts were extended to take them to the end of the HAT's life. In total, there were six different RBMs; three of whom had been directly elected to the position. Although there was still some concern that the RBMs were not sufficiently forceful in putting over residents' views (NHHAT 14, 1998), the Neighbourhood Partnerships became better integrated in the HAT's consultative and decision-making structures through the HAT's board papers being discussed at Partnership meetings. The HAT changed to a six-week cycle of board meetings and, as practice developed, the three Partnership meetings were held on Monday, Tuesday and Wednesday of the same week, followed by a board briefing for RBMs on either the Thursday or Friday, at which the minutes from the Partnership meetings were

²⁹ All board members had three-year, renewable contracts. One of the Nolan Commission recommendations was that board members of Government quangoes should only be able to serve a maximum of two terms. As yet, it is unclear how this will affect HATs, particularly board members who are elected for each term they serve.

available. The board meeting itself being on the following Monday. RBMs also had regular meetings with HAT officers every six weeks. Resident involvement on the working groups that produced the board papers was also increased. In 1996, Resident Agenda Meetings (RAMs) were set up, where RBMs met with residents to discuss board papers (NHHAT 1996, Annual Report, 1995/96, p.8).

At Hull, there was no hierarchy of representative structures to mediate between RBMs and the occupants of the estate's 2000 plus properties, except through Partnership meetings. As a consequence, RBMs were effectively accountable to residents individually rather than collectively and contact between residents and RBMs largely individual. By contrast, RBMs in Liverpool, for example, were more answerable to tenants in the form of a formal group (i.e., the HRTG), the members of which were themselves accountable to their blocks. In this respect, however, an advantage of the Partnership meetings – unlike Liverpool's HRTG or Waltham Forest's ESGs – was that they were open meetings, which any resident could attend. Residents, however, attended those meetings as individuals and tended to bring individual problems to the meetings. For a short time, to address resident's individual problems, surgeries were held with RBMs. An RBM (NHHAT 10, 1997) explained how, despite being held in different locations, attendance was very poor and the arrangements were changed: *"... we had the surgery an hour or so before the Partnership meetings. The first one was so busy I had to call in the other resident board members to come and help me out. That worked fine but only for two meetings – it sort of fizzled out, but it had probably come to a natural end anyway."*

By early 1997, there was further debate about the Partnerships' role and function. Many of the houses had been improved, tenants had chosen their new landlords and for many tenants the HAT had largely disappeared. In March 1997, it was decided to combine the Partnership meetings into a single meeting called the North Hull Community Alliance, which would occur every six weeks immediately prior to the HAT board meeting.

5.3.3 COMMENTARY

As a consequence of actions by the HAT together with the RPWG's input, by late 1994 the HAT was arriving at a situation of resident representative structures that Waltham Forest and Liverpool had had from the start. Although the initial thrust was top-down, it had met with a bottom-up response from a group of active tenants, such that new structures for resident involvement were negotiated. Although the RWPG's recommendations were never fully implemented, the subsequent structures and systems were better focused and more effective in communicating between tenants and the HAT. By then, however, the opportunity for influence had largely passed, much of the refurbishment was either in progress or completed and most of the major decisions had been taken.

One of the RPWG's founding members (NHHAT 12, 1998) felt the group had largely achieved what it set out to do:-- the board membership was changed and was no longer automatically the RA chair and secretary; there was an additional RBM and the role of the Neighbourhood Partnerships had been enhanced and after it had achieved those objectives, it effectively disbanded. By the end of the HAT, the RA had been marginalised and had become primarily a 'social' rather than a 'political' organisation; its political role having been taken over by the Partnerships. The Partnerships themselves, despite playing a very useful role within the HAT as a level of organisation that could represent tenants' aggregate and collective views, never became formally elected and, in this respect, differed from the ESGs at Waltham Forest and the HRTG at Liverpool. In 1997, the three Partnerships had become the North Hull Community Alliance but its post-HAT future was uncertain.

As well as being less involved in the run-up to the HAT, residents were less active within the HAT than at Waltham Forest or Liverpool. In terms of resident involvement, residents' main frame of reference was their own immediate and prior experience. Furthermore, residents regarded the council's attitude to resident involvement as unhelpful. A HAT officer/resident (NHHAT 14, 1998) argued that Hull did not have a tradition of active tenants: *"The council never encouraged tenants' groups – at least not those that question what the council does."* A HAT participation officer (NHHAT 11, 1997) suggested that the council lacked a 'basic belief' in resident involvement: *"There is a distrust of the motives of tenants who get involved: 'tenants only get involved to snoop on other tenants'."* Although the council's attitude – and arguably the council's influence within the HAT – coloured the HAT's approach, a resident (NHHAT 2, 1994) stated that tenant involvement in the HAT was a 'lot better than the council' and the HAT was 'more open and able to talk to people'. It is, nevertheless, clear that extensive involvement did not happen at the North Hull HAT. This could be explained in two ways: first, the activities of the HAT fitted in with – or did not (sufficiently) conflict with – tenants' own aims and aspirations and, hence, there was no necessity for tenants to get involved further. Second, the target groups lacked sufficient organisation to be an articulate and potent constituency group and, thereby, to enable significant bottom-up input to shape and inform the HAT's work.

5.4 EXIT OPTIONS

As HATs were limited-life agencies, at some point tenants would be required to make landlord choices. Tenure diversification was a statutory object: Section 63 of the 1988 Act, required HATs to *"... encourage diversity in the interests by virtue of which housing accommodation in the area was occupied and, in the case of accommodation occupied under tenancies, diversity in the*

identity of landlords.". In February 1993, the DoE produced interim guidance on exit strategy for HATs, which emphasised tenure diversification and the necessity of providing tenants with a full range of options for the purchase of their homes or for selecting their future landlords. It also stated that a HAT would need to demonstrate that any disposals prior to its being wound up would not restrict its ability to effectively manage the residual stock, nor hinder its ability to achieve its statutory objectives. Given the estate's pre-HAT tenure structure (86% local authority tenure), extensive diversification would -- in effect -- mean as few tenants as possible returning to the local authority. The HAT did not, however, have targets -- either of its own or from the Government -- for tenure diversification. As a consequence of the life-time costs exercise, it did, however, have a planning assumption that about two-thirds would return to the council (NHHAT 4, 1994).

5.4.1 THE EXIT OPTIONS

For each HAT, a major influence on the possible exit options was the type of housing and the nature of its development programme. In North Hull, the majority of tenants remained within their homes, which were individually refurbished. Tenants therefore exercised their landlord choice individually.

Early in its life, the HAT set up a landlord choice working party involving residents, HAs, the council and others. In its 1993/94 Annual Report (NHHAT 1994, p.10), the HAT identified the following as possible landlord choice options:-- returning to the council; exercising RTB; developing various shared ownership schemes; forming and transferring to a tenant co-operative; forming and transferring to a new community HA; and transferring to existing HAs.

The local authority

Given its strong commitment to public sector housing and having actively sought a HAT, the council was keen to ensure that a significant proportion of tenants returned to it and vigorously campaigned to encourage tenants to do so. A tenant (NHHAT 5, 1994) also noted that, although it should have been an independent body to work for residents, the RA had decided "*... to actively encourage people to go back to the council -- rather than to empower people through information and choice.*". Some tenants considered the council's motives to have been clear from the outset: "*The way in which the HAT was sold to the tenants, any option other than a return to the council would have been unthinkable.*" (NHHAT 5, 1994). A common expression prior to the ballot was that the council would only be *lending* the houses to the HAT in order to have them refurbished and tenants could quickly return to their pre-HAT status (NHHAT 4, 1994). This suggests a lack of commitment on the council's part to the possibility of alternative exits; although, conversely, the ability to return to the council can be seen as a safety net, which may or may not be used, while -- in a competitive environment -- the council might legitimately consider itself to be the best option. The council's Feasibility Study, however, had stated that, although prior to the HAT there had been "...

no indication of tenants favouring transfer to an alternative landlord. ... tenant's opinions might be expected to be changed by the experience of the HAT.". Tenants were nevertheless suspicious of the council's motives; a tenant (NHHAT 14, 1998) argued that it had wanted HAT tenants to return to them as soon as possible because the longer they were away from the council, the more chance there was they would not go back. The HAT, however, resisted pressure from the council by recommending that tenants take time to consider and, where possible, try out other alternatives before making their choice (NHHAT 4, 1994).

Housing associations

The main rented alternatives to a return to the council were two HAs: Housemartin and Harbour Farm Community Housing. Established in 1979, Housemartin was Humberside's largest local HA and well-established in the North Hull area. In August 1996, it merged with a much larger HA, Sanctuary, and, although it continued under the Housemartin name, the take-over adversely affected its 'local' credentials (NHHAT 9, 1997). Harbour Farm Community Housing was intended to be an expressly local tenant-controlled HA. The HAT's landlord choice working party had initiated research into the prospects for alternative landlords, such as a community-based housing association (CBHA) (NHHAT, Annual Report 1991/92, p.14) and, in 1993, housing consultants, Chapman Hendy, produced a report on a CBHA's financial viability. The report argued *inter alia* that financial viability would be a key criteria for any HA seeking to register with the Housing Corporation and that a CBHA needed a critical mass of properties (minimum 250 properties), which would take time to be build up. If tenants made individual choices to transfer to a CBHA, then it would be uncertain whether there would ultimately be sufficient transfers to make it viable. Furthermore, as it would take time to be set up, if tenants made landlord choices before it was established, it would jeopardise the prospects of a viable CBHA. A CBHA would also face a Catch 22: to be viable, it needed properties (i.e., tenants); to attract tenants (i.e., properties), it needed to be viable.

Although an independent consultancy (PIEDA) identified 'no groundswell' for tenant management (NHHAT 4, 1994), a tenant-led HA -- Harbour Farm Community Housing -- was developed with support from the HAT and NBHA. Tenants had various reasons for becoming involved with Harbour Farm, including, first, a strong commitment to the local area; a tenant (NHHAT 5, 1994) closely involved with Harbour Farm stated that: *"As a resident on the estate, I am going to outlive the HAT. Therefore I have to have an interest in the future of the estate."* Second, to have more control over their housing and its management. Three members of the steering committee were HAT workers, one of whom stated she would not have got involved if the council had been more willing for tenant management: *"Councillor John Black had said at a public meeting that tenants were not capable of managing properties. They would get into a mess and then the council would*

have to bail them out." (NHHAT 5, 1994).³⁰ Third, to offer alternatives and choice for tenants.

A tenant involved in Harbour Farm (NHHAT 5, 1994) considered that tenants found it hard to distinguish between potential landlords, particularly between different non-local authority landlords.

As many tenants had originally come from private landlords, the name was deliberate, stressing that it was Harbour Farm *Community* Housing. Furthermore, as many tenants still saw HAs as 'the unknown' and as 'private landlords', Harbour Farm tried to convey two messages:— that it was not a private landlord and, second, that tenants had a right to have a say (NHHAT 14, 1998). Another tenant (NHHAT 5, 1994) argued that: *"Everyone accepts that most people will go back to the council. But as people get more information and knowledge, then fewer people will go back to the council. They will have doubts about the council being the best option. The threat from Harbour Farm is to prove that tenants can do it."* The first problem for Harbour Farm, however, was to achieve a minimum number of properties and as with other HAs, but unlike the council, it had to purchase properties from the HAT.

The right-to-buy

Tenants could also exercise RTB. Tenants retained their RTB even if they transferred to HAs (known as the 'protected' RTB). For RTB sales, the price was determined in terms of a cost floor, which took into account the value of the improvements (but not repairs or external works) carried out within the previous eight years. Although tenants were still entitled to their discounts, the selling price could not be lower than the cost floor, which at North Hull was typically £15,000 to £20,000 and could be higher if the property had been extended.

5.4.2 THE LANDLORD CHOICE PROCESS

As some properties were refurbished ahead of the first phase of the main improvement programme, landlord choices initially occurred on a trickle basis. Initially it took a year from completion to transfer back to the local authority, which fuelled tenants' lingering doubts regarding the Government's assurances about returning to the local authority. The completion of the first return transfer therefore had symbolic importance. The HAT also had a learning curve about landlord choice, while the system laid down in the Act proved cumbersome in practice. To streamline the process, gain

³⁰ The council seemed reluctant to support Harbour Farm. When first established, Harbour Farm had invited it to nominate a list of possible councillors to sit on the steering committee. Harbour Farm wanted to vet who sat on the steering committee, but the council produced a list of one. Harbour Farm (reluctantly) accepted that person, who — in the event — did not attend any meetings. (NHHAT 5, 1994). Furthermore, rent-setting by a tenant-controlled HA had been questioned: *"Some people, including city councillors, said that tenants wouldn't be about to set their own rents and that they'd simply set them too low. We know that if we did set our rents too low, we'd simply go out of business and therefore we take the responsibility seriously."* (NHHAT 14, 1998).

economies of scale and permit all landlords to present themselves to tenants, landlord choices were subsequently held in tranches after the completion of each improvement phase. The first consultation exercise took place between August and November 1994. The process was intended to enable tenants to make more informed choices and involved distributing information to tenants individually, with potential landlords 'door stepping' on a rota. Landlords had an agreed Accord and Code of Conduct enabling them to promote their own interests but not to denigrate other options. Landlords produced their own literature, which was scrutinised by the HAT. There were also independent advisors who dealt with tenant queries and provided an information service. Prior to each tranche, there were also 'Tenure Fairs' where potential landlords promoted themselves to tenants. Although it had to remain neutral between landlords and tenures, the HAT promoted RTB so that all options were represented.³¹ Tenants were also advised they could defer their choice and remain with the HAT until its closure (when they would be compelled to make a landlord choice).³²

As tenants became eligible to make their landlord choice decisions, it was apparent that to opt for an HA was a step into 'the unknown' and that tenants would be cautious about making irreversible choices. Furthermore, if too many tenants returned to the council early in the HAT's life, it would reduce the potential for a viable CBHA being established. To address these issues, the HAT secured an agreement with the Government to permit a trial management period with HAs. Thus, alongside the choice of returning to the local authority, tenants would be given the opportunity of a trial period with HAs, after which they would again have an open choice of landlord. Both Housemartin and Harbour Farm offered trial management periods. Although the HAT had a management agreement with each HA, it did not enforce particular standards so that tenants experienced the quality of the landlord's management. The first 18-month trial management periods started in January 1996. Although a majority of tenants (261) opted to return to the local authority, fifty-five opted to pioneer the trial management.

For tenants to have a real choice of landlords, the HAT considered that a 'level playing field' was needed in terms of rents offered by competing landlords. HAs intending to offer themselves as exit alternatives would often be in an uncompetitive position when it came to rent levels *vis-à-vis* the council. For tenants to have a real choice, rents at the time of exit would need to be similar whoever the landlord. Prior to the improvement of their properties, HAT tenants had had their rent frozen at the level it was on the

³¹ The fact that transfers to HAs earn the HAT a capital receipt while transfers to the local authority are at zero-cost suggests HATs had a financial incentive to favour one option over another.

³² The HAT itself was a popular landlord. A HAT officer (NHHAT 11, 1997), for example, observed that: "A lot of people are pretty happy with the HAT. Some were deferring their landlord choice in order to stay with the HAT. They're happy to stay with the HAT for years." Another HAT officer (NHHAT 9, 1997) noted that: "Given a choice people would stay with the HAT. One of the reasons is that the housing management is good; that's an implicit indictment of local authority management. We've recruited the right staff with good attitudes; more than half of them are tenants themselves."

date of transfer. In accordance with the pre-HAT agreement, rents for improved properties were pegged to council rents plus a 15% premium reflecting their 'higher-than-average' standards. It was also agreed that the new rents would be phased in. Although council rents were rising, the pledge meant that the valuation for transfers to HAs would have to be lower than otherwise expected (Bright, 1994, p.11). Fully modernised at a cost in the order of £30,000 each, the HAT properties would attract a substantial valuation even as tenanted stock. It was initially expected HAs would have to buy them at this value, which would affect their rents. In contrast, the council would gain the properties back at no cost to itself. The housing minister, Sir George Young, however, was flexible regarding the valuation of properties on transfer to HAs, which *inter alia* suited the Government's desire for tenure diversification. The agreed system for assessing transfer values was based on social housing as a business and on future income from – rather than historic cost of – that housing. As the sale price might be lower than the cost of improvements undertaken, the Government was therefore providing a subsidy to the HAs buying the stock.³³

The 'level playing field' idea meant that – at the time of transfer – the rent for all landlords would be the same as that for the council. Without this, the council's rents would have been significantly lower than those of HAs. A HAT board member (NHHAT 13, 1998) argued that the HAT had therefore provided 'real' choices: *"We've made it a level playing field on rents. ... It would be unfair if the city council rents were lower than those of the housing associations."* Although fixed at the point of exit, rents could change post-exit. Housemartin guaranteed that its rents would always be lower than the equivalent council rent for similar stock, while Harbour Farm gave a five-year guarantee on rents, during which rents would only increase by the rate of inflation. The uncertainty for tenants making their landlord choice was whether HA rents or council rents would increase faster. Furthermore, all landlords would have to balance their rent levels against the quality of service provided.

5.4.3 THE DELAY IN THE EXIT

Although it was intended that tenants would make their landlord choice after refurbishment, it was not clear precisely when the choice should be made. Until 1996, landlord choice decisions were taken six months after the completion of each improvement phase. During 1996, however, the Government's requirement for HATs to determine (and reduce) their life-time costs, necessitated a change in this procedure. In May 1996, the HAT board decided that, although the remaining tenants could make their landlord choice, they would actually not transfer until the end of the HAT's operational life in 1998. The decision was primarily for financial reasons and to enable the HAT to stay within its life-time cost budget (NHHAT 9, 1997). Delaying transfers until the end of its life meant the HAT

³³ This subsidy could be thought of as similar to those paid through HAG for HAs to build social housing.

would receive the rental income. The decision was a major change of policy and the HAT had *"...to come clean on this immediately otherwise rumours would circulate. We wrote to every tenant to tell them. There was no backlash. They were happy with the HAT by then."* (NHHAT 9, 1997).

The delay appeared to break some of the assurances given when the HAT was set up and added substance to claims that the Government could not be trusted (NHHAT 8, 1996). The council leader, Paddy Doyle (from Mason, 1996, p.13), commented that it was 'disappointing' because it created *"... anxiety among tenants, many of whom are elderly and have been council tenants for many years. They want to get back with us as soon as possible."* The decision also meant that some of the cost fell on the council. Doyle (from Mason, 1996, p.13) accepted that the HAT was determined that tenants in later phases did not get a poorer quality refurbishment than those at the beginning, *"... but we will be asking the minister to give the HAT enough money to finish the job ... We will also be pointing out the loss of income to the council, which has produced its budget plans on the basis of the quite considerable rent income we were expected to get from returned tenants."* The decision also exposed some of the inherent tensions within the HAT board and had resulted in 'battles' on the board. Council members had their credibility with the Labour group to maintain and wanted to avoid other councillors being able to say: 'We told you so – and you'll see, none of the buggers will come back to the council.' (NHHAT 9, 1997). In effect, councillors were caught by their dual roles as councillors and HAT board members.³⁴

5.4.4 OTHER EXITS

As well as tenants exiting from the public sector, there were also a number of vacant properties – both improved and unimproved – that were exited. The HAT's commitment was to refurbish all dwellings and to provide refurbished homes for all secure tenants at the time of the ballot. If a secure tenant vacated a property, the HAT was not obliged to re-let it to a secure tenant and could sell or otherwise dispose of the property. Properties became vacated for a wide variety of reasons, including tenants choosing to move into the new homes provided in partnership with HAs, dying or moving away to another area or to sheltered housing. As a result, the HAT was in the position of having surplus properties.³⁵ Some vacated properties were offered to people on the council's waiting list. Although

³⁴ This issue of dual roles more obviously affected tenants. A tenant (NHHAT 12, 1998), for example, argued that the RBMs were told *"... they're board members first and tenants second – although they're there to represent tenants. [But] who do the city councillors represent? They're there to represent the city council but the tenants are not there to represent the tenants."*

³⁵ This contrasts with the situation in Waltham Forest HAT, where the redevelopment plans involved building fewer properties than the number of tenanted properties transferred to the HAT. The situation in Liverpool was different again. In Liverpool, the HAT was only required to refurbish or build new properties for tenants with secure tenancies at the time of transfer. Furthermore, as in general the Liverpool HAT worked in partnership with HAs, any additional properties accrued to the HA rather than to the HAT.

it did not have a statutory obligation to house people from the local authority's waiting list, the HAT had agreed to offer 50% of vacant properties for the council to nominate tenants.

As the HAT had more properties than secure tenants and, consistent with its objects, it could explore different ways of disposing of them. In addition to the main exits, which were for tenants and properties, there was a range of exits for the HAT's surplus properties. First, a 'Homesteading' scheme, intended to help people with local connections (i.e., within postal area HU6) become first-time homeowners and, thereby, increase home ownership on the estate. Properties that had only been externally renovated by the HAT were sold at a discounted price, with the buyer receiving a HAT grant to carry out certain specified improvements within one year. The proposals for homesteading (i.e., 'not letting or improving certain properties, just selling them off') had initially been controversial among tenants and had not been raised as a possibility prior to the ballot (NHHAT 6, 1994). The HAT also reached agreement with the TSB bank and Yorkshire Building Society for them to support and make loans available to suitable purchasers. The scheme was introduced in February 1995, with the first sale completed in July 1995. In 1996/97, the scheme was opened up to a wider area, including those living in Hull, having family in or other connections with the city, and those on the council's waiting list. Second, a transfer-and-buy (TAB) scheme -- a variant of RTB -- which was an attempt to increase the amount of home ownership within the HAT area and to provide an exit scheme for both HAT properties and council tenants from other estates in Hull. Under this scheme, council tenants from the wider north Hull area and the Gypsyville regeneration area could transfer their RTB discounts to a house of similar size on the North Hull estate, provided they agreed to buy it. Third, in conjunction with NBHA, the HAT developed a shared ownership purchase scheme. Based on Do-It-Yourself Shared Ownership (DIYSO), the scheme involved HAT properties that could be bought by NBHA. NBHA would then sell a share of the property to a resident taking part in the scheme.

The HAT also sold some of the properties surplus to its requirements. Only HAs were permitted to buy these properties and, to assist Harbour Farm build up its stock of properties and become more viable, the HAT sold it the first fifty available properties in October 1995 (NHHAT, Annual Report 1994/95, p.14). Further sales were prompted as a response to the life-time costs exercise and the shortfall in the HAT's funding. During the financial years 1996/97 and 1997/98, more than two hundred properties were sold to NBHA on condition ownership would be transferred to Harbour Farm should it become a registered HA. The HAT retained 100% nomination rights on these properties. Sales were also made to Housemartin; the HAT also retained 100% nomination rights on all these properties. The various tranches comprised both fully and partially improved properties. A DETR report (DETR IAS, 1998, s26) noted that, although every tranche of mixed properties produced a positive

value overall, individual partially improved properties often had negative values. In some instances HAs had been paid dowries to take properties: in 1996/97, for example, the HAT had negotiated with NBHA to take over nineteen partially improved properties and although NBHA agreed to invest about £20,000 in each house, the HAT had to contribute a dowry of £2000 per property to facilitate the disposal.

It was predicted that sales of properties to HAs, together with the TAB and Homesteading schemes, would not enable the HAT to dispose of all its properties, especially partially improved properties, and a small number of such properties remained as the HAT neared the end of its operational life. Although initially offered to the council, the HAT felt the council would be unable to improve the properties within an appropriate time-scale (i.e., before the end of the HAT's operational life). It therefore proposed to sell them on the open market, subject to certain restrictions on any subsequent purchaser, including commitments to refurbish them to HAT standard and to use them for social housing. Two bids were received. The first offered to buy them at £1 each (for either re-sale or rent). The second, from Wyke Developments, offered £93,000 for the eighteen houses then offered for sale and proposed to use the housing for social renting. Thus, in early 1998, the HAT entered into a partnership agreement with Wyke Developments to secure the improvement of any partially refurbished properties that became vacant before the end of the HAT's operational life. The properties would be owned by Wyke Developments, who would improve them to full HAT standard and, once improved, they would be managed and let by Housemartin at affordable rents. The HAT retained 50% nomination rights. (NHHAT, Annual Review 1997/98, p.18). While it was the potential for property deals of apparently similar nature to this that had concerned Opposition MPs during the 1988 Act's committee stages, there are several distinctions. First, the properties had been offered to the council who did not have the funds available to refurbish the properties within a time period acceptable to the HAT. Second, the sale was of vacant rather than tenanted properties. Third, while the selling price appears low (approximately £5,000 per property), this was still higher than for similar sales where properties actually had a negative value. Fourth and most important, this was an exceptional act by the HAT as it neared the end of its operational life rather than its normal *modus operandi* (i.e., it was a means of dealing with a limited number of outstanding properties).³⁶

5.4.5 THE OUTCOME OF LANDLORD CHOICE

The overall outcome of the landlord choice in terms of properties (rather than tenants) is shown in Table 5.3. The fate of the original 2083 properties was as follows:--

³⁶ These points were brought out in the DETR's audit of the sale (DETR IAS, 1998), prompted by media attention given to the sale because the deputy Prime Minister's son was an employee of Wyke Developments.

TENURE TYPE	Pre-HAT		Post-HAT	
	Number	%	Number	%
LOCAL AUTHORITY RENTED				
♦ Kingston upon Hull city council	2083	86%	1281	48%
Total	2083	86%	1281	48%
SOCIAL RENTED (non-local authority)				
♦ NBHA	0	-	152	6%
♦ Sanctuary (Housemartin)	0	-	183	7%
♦ Harbour Farm Community Housing	0	-	416	15%
♦ Pickering & Ferens	0	-	148	6%
Total	0	-	899	33%
PRIVATE OWNER-OCCUPIER				
♦ Homesteads	0	-	29	1%
♦ RTB	338	14%	417	16%
♦ Etton Grove (private sale)	0	-	25	1%
♦ Outright sales	0	-	10	0%
Total	338	14%	481	18%
PRIVATE RENTED				
♦ PSPI (Wyke Developments)	0	-	25	1%
Total	0	-	25	1%
TOTAL	2421	100%	2686	100%

**TABLE 5.3 – OUTCOME OF LANDLORD CHOICE/
TENURE DIVERSIFICATION AT NORTH HULL HAT**
(Source: NHAT, 1998)

- 1281 properties returned to the local authority (about 61% of those transferred) (the final transfer was on 14 September 1998).
- 601 properties transferred to HAs (416 of which were transferred to Harbour Farm) (the final transfer was on 21 September 1998);
- 118 became owner-occupied (including 29 under the homesteading scheme, 79 RTB/TABs and 10 outright sales); and
- 58 properties demolished.

The majority of tenants opted to return to the local authority. In partial explanation of this pattern, a resident (NHAT 12, 1998) recognised an 'underlying loyalty' to the council, while another felt "*... many older people feel loyalty – an obligation – to the council, because it was the council that got them out of private sector slums in the first place and gave them indoor toilets and bathrooms.*" (NHHAT 14, 1998). In Hull, tenants would also return to a local authority that – at least in terms of its housing management – was broadly similar to the one they had left up to six-and-a-half-years previously. Relatively few tenants exercised RTB.

Of the 210 properties transferred through landlord choice to HAs, the split between Housemartin/Sanctuary and Harbour Farm/ NBHA was equal (105 each). Although Harbour Farm had expected to gain most of its properties through landlord choice, more than two-thirds came from sales of vacant property by the HAT. HAT staff had been surprised that, despite going on the trial period, more tenants than had been expected were opting to return to the local authority: "*No great numbers but more than expected. We thought if they opted for the trial period they were likely to go with that landlord.*" (NHHAT 9, 1997). The Harbour Farm chair (NHHAT 14, 1998) felt there were a number of reasons for this, including uncertainty and fear of the unknown. The main source of uncertainty was with regard to Harbour Farm's registration with the Housing Corporation. A tenant (NHHAT 12, 1998), then undergoing a trial management period, stated that she would reluctantly go back to the local authority: "*We would like to stay with them but I'm worried that if they don't get set up as a CBHA then we'll get passed over to North British Housing Association who are the parent company.*".

By late 1997, Harbour Farm was managing nearly 400 houses. As an unregistered HA, it was acting as managing agent for NBHA until it became registered in its own right. It had, however, run into difficulties with the Housing Corporation, which was unwilling to register it. There were two principal difficulties: the tenant majority on the board and the HA's long-term financial viability. With regard to the former, the provisions of the 1996 Housing Act meant that no single party could hold a majority interest on a landlord's board. Harbour Farm aimed to be a tenant-controlled HA with a majority of tenants on its board. In November 1997, the Housing Corporation agreed that Harbour Farm could register but only as a part of NBHA rather than in its own right. The arrangement involved a detailed agreement with NBHA to guarantee maximum autonomy for Harbour Farm, in which it had to modify its

constitution from a tenant majority to 49% tenants and 51% others – it was agreed, however, that the chair would always be a tenant. The arrangement was also financially advantageous for Harbour Farm, because NBHA could borrow at a lower rate of interest. Nevertheless, the new relationship damaged Harbour Farm's relation with tenants as it had explicitly presented itself as a 'community-based' HA and yet had become part of a mainstream HA.

Until a late stage in the HAT's life, Harbour Farm intended to register with the Housing Corporation in its own right and would continue its relation with NBHA as an affiliate rather than as a subsidiary. Ultimately, however, it decided not to become registered and to remain as a TMO for NBHA. Although NBHA would own the organisation's properties, residents would manage the day-to-day services such as allocations, rent collections and basic repairs and maintenance. Long-term financial projections showed that, as an HA, it would have problems with corporation tax and, as a result, it had looked at alternatives and had decided that the TMO was the best option (Northern Star, August, 1998, p.5). Those tenants who had chosen Harbour Farm were consulted but very few decided to change landlords. Harbour Farm's guarantee limiting rent rises over the next five years would remain in place; after which, rents would come into line with NBHA's rent policies.

5.4.6 COMMENTARY

The outcome of the landlord choice was broadly in line with the HAT's planning figure for the number likely to return to the council. While 2083 properties had transferred to the HAT, fewer than two-thirds returned to the council and, hence, more than a third were privatised. This should, however, be distinguished from the same number of tenants choosing to exit from the public sector. Nearly two-thirds of the properties transferred to HAs were the result of sales of vacant properties rather than through tenants' landlord choices. In addition, about two hundred secure tenants had opted to move to one of the new developments undertaken in partnership with HAs. Two of the HAT's policy decisions -- the level playing field for rents at exit and the trial management periods -- were likely to have been important in encouraging some diversification of landlords. Rather than merely an opportunity for choice, the former, for example, enhanced tenants' power of choice in the sense that making (i.e. lowering) HA rents competitive with local authority rents was equivalent to giving financial resources to tenants. In terms of the landlord choice, a councillor/HAT board member (NHHAT 13, 1998) argued that Hull was the only HAT that had kept to its 'original concept': "*How real was the opportunity to return to the local authority at the other HATs?*". This observation was based on the original concept of tenants being able to return to the local authority, which – manifestly – they were able to do. It is, however, a narrow conception of a HAT simply as a mechanism to improve local authority housing. Alternatively the return to the council was a 'safety net' -- to be used only if none of the alternatives was superior – and,

in the event, for most tenants none of the options was superior. A tenant (NHAT 12, 1998), however, argued that the 'any other landlord business' was a 'con': *"The attitude was better the 'devil you know'. At least you know where you stand – or at least you think you know where you stand."* It could also be argued that the HAT process had failed to challenge dependency on the local authority. A HAT officer/resident (NHHAT 14, 1998) argued that in encouraging tenants to make their landlord choice, the HAT was in a position similar to a parent *"... getting a child to leave the nest. We've made people rely on us too much instead of helping them to help themselves. One of the reasons why people choose to go back to the city council is because it's what they know. They know and they accept that they won't get their repairs done, but it's what's familiar."* As consumer choice is dependent on competition between suppliers/producers, it is important to consider what options were available. The choice, however, was limited to the council and two HAs (including the tenant-led Harbour Farm). In the event, however, neither of the HAs presented a serious challenge to the local authority. Options other than the council remained 'the unknown' and – despite the option of the trial period – the 'safety first' option was a return to the council.

5.5 THE HAT'S WIDER ROLE

Although this thesis concentrates primarily on the housing (tenure) issues associated with HATs, regeneration issues were an important part of the totality of HATs. The fourth statutory objective for HATs was a general one relating to securing or facilitating the improvement of the area's living and social conditions and its general environment (s63, 1988 Act). The 1997 DoE monitoring handbook for HATs introduced a fifth objective: *"... to bring about a sustainable and long-lasting improvement in the area."* In essence these added extra dimensions to the HAT's task and meant that HATs need to be considered not just as housing improvement projects but as neighbourhood 'regeneration' projects. For the purpose of indicating the HAT's wider role, a brief overview of its economic development and successor organisations is given here.

Economic development

The aim of the HAT's community development strategy was *"... to complement the improved housing conditions on the estate by facilitating and promoting initiatives which will lead to improved social and economic conditions."* (NHHAT, Annual Review 1991/92, p.13). It was therefore intended to maximise the scope of the other programme areas to develop residents' awareness, skills and confidence. The economic development sub-programme was intended to create jobs and training opportunities for local residents through placements with the HAT, its contractors and consultants and local businesses, and to support the development of small

businesses and local community enterprise (ibid, p.13). An area where the HAT could create opportunities for local people was through its own employment. A HAT officer/resident (NHHAT 14, 1998), for example, stated that: *"The HAT is good at employing tenants – those tenants have been able to have an input into and an influence on the HAT. ... The HAT staff who are also tenants all tend to have strong characters and will push for things; we've made a difference to the HAT from inside."* Furthermore, more than half of Harbour Farm's managing committee were tenants employed by the HAT (NHHAT 4, 1994). The HAT's main area of leverage for creating employment and training opportunities, however, was through its improvement programme. In September 1993, to develop the relationship between the HAT and the local building industry, a 'Local Firms Initiative' was launched, which provided further opportunities for local firms to compete for HAT improvement work (NHHAT, Annual Review 1993/94, p.7).

The HAT also worked in partnership with other agencies. One of its key partners was Orchard Park & North Hull Enterprises Ltd (OPNHE), a local economic initiative set up by the council and Humberside county council to provide training, employment and small business development and support and sponsored by both central and local government. In July 1993, to further the uptake of local jobs and as means of making tenants aware of employment opportunities, especially with contractors, the HAT opened a Job Shop on Greenwood Avenue, jointly sponsored by the HAT and OPNHE, and operated in partnership with the Employment Service. The HAT also financed training through skills development agreements which *inter alia* provided training places at the council's Summergroves Training Scheme. During 1994/95, the HAT launched an initiative to increase the number of registered child-minders in the area to enable single parents and others to take up further education, training and employment (Annual Review 1994/95, p.17). In June 1994, the HAT and OPNHE became founding members of 'Partners for Jobs', a group set up to bid for public and private sector funding to create additional jobs and full-time training places in Hull. In addition to the HAT, the partnership involved the council, Humberside county council, Humberside TEC, Hull Chamber of Commerce & Shipping, and the Employment Service. Partners for Jobs attracted European funding and also made a significant contribution to Hull's successful SRBCF bid intended to create 2000 jobs and 300 training places in the North Hull and Orchard Park area (NHHAT 1, 1994). Through Partners for Jobs a range of training, job creation, business start-ups and business development initiatives were established, including the Resident, Employment and Career Training Project (REACT).

The HAT also sought to increase residents' financial resources by ensuring the full take-up of benefit entitlements and by improving money management. The Disability Rights Advisory Service and the Citizens Advice Bureau's money project, for example, advised tenants. Loan sharks were a

particular problem and during 1994/95, with the backing of the HAT, a Credit Union was set up designed to help residents who would not otherwise have access to credit at reasonable rates of interest.

Successor organisations

The HAT's 1991 Interim Corporate Plan had identified the need "*... to leave behind at the end of the HAT's active life, a community equipped for the long term with viable and sustainable housing, social and economic infrastructures.*" (from Brindley & Arnold, 1992, p.8). In September 1998, the HAT came to the end of its operational life and was wound up in March 1999. In approaching the HAT's wind-down, succession arrangements were made for major projects through the SRBCF and Hull City Vision (Annual Review 1997/98, p.14). One of the HAT's main successor organisations was a community development trust (CDT). The decision to set up a CDT came after an option appraisal by consultants. At the time, a HAT officer (NHHAT 9, 1997) stated that the CDT would "*... continue tenant voice and responsibility on the estate; but specifically what it will do, we won't know until it's been set up.*". In January 1998, Northern Hull Community Development Limited was established. Re-titled 'Unity In Community' (UiC), it published its first business plan outlining its aims and initial plans in May 1998. The CDT was initially endowed with £250,000. It was also proposed that the HAT's former Neighbourhood HAT centres would transfer to the CDT (NHHAT 9, 1997).³⁷ A HAT officer (NHHAT 9, 1997) commented that some councillors -- with an 'old-fashioned paternalistic concept of local government' -- saw the CDT as a threat and argued that the HAT should give the funds and facilities to the council. Similarly, a HAT participation officer (NHHAT 11, 1997) noted conflict with the council over the CDT, with councillors saying: "*Give us the facilities and the income.*". The HAT's Annual Report 1997/98 (NHHAT 1998, p.10) stated that UiC's performance "*... during its early few months of operation would be a key factor in the board's final decisions regarding long-term support.*". The guarded nature of this statement suggests the HAT was being prudently cautious in committing itself to transferring certain assets to an untested organisation and/or that there was still some disagreement as to whether UiC should gain the assets or whether they should be transferred to the council. Subsequently, UiC acquired the two community buildings, while its initial endowment was increased to £1.45 million.

In addition to the improved houses and the creation of Harbour Farm, the HAT's enduring legacy is likely to come from UiC and its potential to carry forward the regeneration of the estate and the surrounding area. In this respect, however, both HAT officers and residents felt the community development programme came too late. A tenant (NHHAT 12, 1998) stated that: "*All the effort is now*

³⁷ The original idea was that the HAT's offices would also be bequeathed to the CDT. The Government, however, regarded these as an asset that could be sold to reduce the costs of the HAT (NHHAT 9, 1997).

going into community development. ... It's a bit late doing it now; it should have been done at the beginning when people wanted it." A HAT officer/resident (NHHAT 14, 1998) argued that although the HAT had improved the estate physically, *"... it hasn't solved the real problems – people are sick of drug dealing and kids who are out of control. The HAT's community development and tenant involvement programmes have come too late. It was bricks-&-mortar first. There's a big push on it now, but it could have been started three or four years ago and it would have been up and running by now."*

5.6 CONCLUSION

The establishment of a HAT in Hull was the direct result of the local authority's willingness to penetrate the ideological 'dustcloud' surrounding HAT policy, to realise the significance of the changes made during the legislative stages (i.e., from Mark I to Mark II) and to see a HAT as a means of dealing with the need to refurbish its housing stock. The council had no commitment to HAT policy – it had a problem with its housing and a HAT was a means of resolving it. It was therefore an astute move by the council, which identified and seized an opportunity to bring Government funding into north Hull.

If considered in terms of the Government's argument that HATs were a response to exceptional conditions, the choice of the North Hull estate was particularly controversial. As Dwelly (1991b, p.22) observed, despite the need for improvement, it was 'hard to square' the estate's condition with the Government's assertion that HATs were meant to remedy Britain's 'worst estates': *"Driving through the area you could be forgiven for thinking you weren't on a council estate at all."* As noted in Chapter Four, PIC/PMM (1989, p.58) had argued the HAT programme would be 'more coherent and logical', and 'more widely accepted within the housing community' if it could be regarded as 'an exceptional response to an exceptional situation'. According to Hull officers, North Hull was not the worst estate in Hull: John Black (Dwelly, 1991b, p.22) admitted that it had been chosen purely because of its size: *"We needed an area with the scale for a HAT. The council has to maximise investment and we believed £50 million was the minimum amount the DoE would look at under the HAT arrangements."* The council also wanted an estate that would yield a capital receipt: Hogan stated the council would not have applied for a HAT on an estate with a 'negative value' (ibid, p.24). Tenants from Waltham Forest who visited the estate, declared that they would have been happy with the unimproved houses (NHHAT 7, 1994). A HAT on the North Hull estate was therefore indicative of the bottom-up influence on HAT policy combined with the Government's need to find a local authority willing to consider and support the possibility of a HAT. In this respect, Hull undoubtedly benefited from being the first area to be established as a HAT. At the time and

given the outcome in the pilot HAT areas, Karn (1993, p.86) concluded that the Government's aim was to have any HAT at all and the coherence of a HAT strategy was a 'dispensable luxury'.

Although the pre-HAT negotiations were conducted in secret, such secrecy was justified by the highly charged political climate of the period; if a HAT proposal had been announced too early, it might never have come to fruition. Nevertheless, by the time of the public announcement, tenants were relatively powerless to influence the *nature* of the HAT prior to the ballot. In contrast to Hull, at both Waltham Forest and Liverpool -- and previously at Southwark -- there were extensive negotiations that directly involved tenants. A compact or agreement had been negotiated at Southwark between the tenants (assisted by consultants), the local authority and the Government. It could -- in limited terms -- be argued that such an agreement was less important at Hull.³⁸ In general terms, it was clear what was going to be done -- at least in terms of improving the properties -- and, once they had been improved, tenants could return to the local authority. A phrase current at the time of ballot, for example, was that the council was only 'lending' the properties to the HAT (NHHAT 4, 1994). As discussed in the next Chapter, Waltham Forest tenants had a strong sense of ownership because they had voted for it and had shaped the nature of the HAT. In Hull, the local authority vouched for the HAT and the Yes vote was a demonstration of loyalty and confidence in the local authority.

Although HAT policy was designed to largely bypass local authorities, having been instrumental in establishing a HAT, the council was keen to retain an interest in -- and influence on -- the HAT. Of the three case study HATs, Hull city council had the greatest amount of representation on the HAT board (three councillors as compared with one in each of the other locations).³⁹ It was further distinguished by those board members including prominent local politicians. The local authority was a more than interested third party and exerted a 'sideways' influence on HAT. A HAT officer/tenant (NHHAT 14, 1998) stated that at Liverpool tenants were 'very disgruntled with their local authority' and the local authority there had had 'less say in the HAT than at Hull': *"In Hull the tenants had to fight. The city council was not prepared to give up board places for the tenants. It's a city council-led HAT."* Similarly, a HAT participation officer (NHHAT 11, 1997) argued that the HAT was *"... a child of the council."* HAT officers (NHHAT 9, 1997; NHHAT 11, 1997) also argued that, although the HAT was separate from the council, the council would always claim that anything positive the HAT achieved was the result of its influence on the board. Nevertheless, the HAT had to maintain a positive relation with the council, which had scope to obstruct the HAT's work if minded to. Thus,

³⁸ There had (presumably) been some form of agreement between the council and the Government in terms of how the HAT would operate; the council's consent to which would -- in principle -- be on behalf of its tenants.

³⁹ An issue open to speculation is why Hull was so keen to have so many councillors and so few tenants.

behind the scenes, it can be speculated that there was a constant power struggle as the city council sought to assert authority over the HAT.

Arguably the local authority's more assertive role in the North Hull HAT can be interpreted as a function of – and compensation for – tenant weakness; had tenants been better organised into a more potent constituency, more able to 'fight its own corner', then the local authority could have adopted a more 'hand-off' role. Although the HAT attempted to develop wider resident involvement, it did not become well established. A HAT officer (NHHAT 4, 1994) stated, for example, that tenant expectations in Hull were about *"... high quality refurbishment of housing, rather than about empowerment, enablement and control."* Resident involvement was primarily focused around the development programme rather than the HAT's wider activities. Residents themselves tended to see it as a housing improvement project and – to some extent – were encouraged to see it that way. An RBM (NHHAT 10, 1997), for example, felt tenants tended to have a partial view of the HAT's activities and did not appreciate the 'full picture'. The initial momentum generated by the CPWEs had not been sustained and neither was the initial series repeated. A HAT officer (NHHAT 9, 1997), for example, considered that the CPWEs were invaluable and had thrown up a number of innovative ideas: *"... that approach should have been used again. They were evidence of what could be done."* He also argued that community development should have been as important as the improvement programme: *"In the early days, the pressure was to get the improvement programme going, there should have been similar pressure to get the community development programme going – because that's what takes time."* (NHHAT 9, 1997).

In contrast to Waltham Forest and Liverpool, the average tenant at Hull was away from the local authority for a much shorter period. For many tenants, therefore, the HAT period was a relatively brief interlude – a period away from the council when their home was improved – rather than a period of a more significant and fundamental change. In contrast, at Waltham Forest and – where redevelopment occurs – at Liverpool, the HAT period is likely to be a period of more significant and fundamental change. In part, this will be the result of much more fundamental physical change – the changing of the physical landscape being symbolic of wider change. Furthermore, while the estate's tenure was diversified, the council remained by far the largest landlord and, rather than through tenant's landlord choices, significant elements of the diversification came through the HAT selling its vacant properties to HAs (which was a consequence of the cap on the HAT's life-time budget) and through developments in partnership with HAs. Thus, ultimately, the HAT was unable to fully exploit the flexibility and potential in the legislation and the discretion available at the local level. Although it is difficult to account for this, one of the inhibiting factors was the local authority, which was wary of the HAT becoming a rival or challenging its position. What is more

evident at Hull, and in contrast to the other two case study areas, is the 'sideways' influence on the HAT from the local authority. Hence, arguably the ability of target groups to beneficially influence the policy in their own interest was frustrated not just by their own passivity but perhaps also by the local authority acting ostensibly in their interest.

Chapter Six

CASE STUDY II:

THE WALTHAM FOREST HAT

6.0 INTRODUCTION

This Chapter is a case study of the Waltham Forest HAT, the second to be established. It is in five main parts. The first discusses the choice to establish a HAT. The second discusses tenant involvement. The third discusses the development programme. The fourth discusses landlord choice and exit opportunities. The fifth indicates the HAT's wider role. Table 6.1 is a chronology of the HAT. Appendix D is a summary of the Tenants' Expectation Document (TED).

6.1 THE ESTABLISHMENT OF A HAT IN WALTHAM FOREST

6.1.1 THE BACKGROUND TO THE HAT OFFER

The Waltham Forest HAT is based on four estates (Boundary Road, Cathall Road, Chingford Hall and Oliver Close) and had a longer and more involved gestation than the North Hull HAT. Prior to the HAT offer, the London Borough of Waltham Forest (LBWF) had spent £1 million developing schemes for their redevelopment in consultation with tenants. Redevelopment plans originated in 1985 when structural surveys indicated further in-depth investigation was required and, in 1986, an estate improvement team (EIT) was set up. Further structural investigations, coupled with fabric and social surveys, revealed both serious physical problems requiring capital investment and high levels of tenant dissatisfaction. The estimated cost of a full programme of refurbishment and improvement was £110 million for three estates (Cathall Road, Chingford Hall and Oliver Close). Although intended to give them a thirty-year life, it would still leave a heavy maintenance bill. Decanting tenants during the works also presented problems and, as there was no surplus housing elsewhere, open spaces on each estate were identified as sites for temporary housing. From there, it was a short step to considering the feasibility of demolition and redevelopment.¹

¹ Originally LBWF wanted to redevelop all their large panel concrete estates, so Boundary Road, Avenue Road and two free-standing blocks were also included in the proposed redevelopment. Apart from Boundary Road, these were later omitted when it became clear the sites had insufficient land to allow redevelopment to take place within their existing boundaries.

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

October 1985	Structural surveys commissioned by LBWF
1987	LBWF sets up an estate improvement team
1987/1988	Proposal to set up a joint tenants & council company.
March 1988	Secretary of State determines 'leaseback' arrangement no longer viable.
November 1988	Proposal for council to 'sell' estate to tenant-controlled HAs. Ballot proposed for November 1989.
September 1989	DoE block 'dowry' scheme
November 1989	Secretary of State makes offer of a HAT to LBWF.
February 1990	Following consultation with tenants' groups, LBWF agrees to negotiations about designation of HAT.
February 1990 - July 1991	TED negotiations
October 1990	Completion of <u>Feasibility Study</u> by Chapman Hendy Associates.
April 1991	Housing minister, George Young, and chair-designate sign the TED.
July/August 1991	81% Yes vote on turnout of 75% in HAT ballot.
December 1991	Designation Order to set up WFHAT laid before Parliament.
April 1992	Transfer of estates to HAT.
April 1993	HAT begins to manage the housing in-house.
May 1993	Trinity Business Skills Centre opens, managed by LBWF Training Agency under contract to the HAT.
April 1993	Start of removal of podiums at Cathall Road
June 1993	Start of removal of podiums at Oliver Close & Chingford Hall.
August 1993	Phase One work begins on the first estate, Boundary Road.
November 1993	Career Advice & Placement Project (CAPP) launched
December 1993	House building begins at Boundary Road.
January 1994	Phase One works begins on Chingford Hall, Oliver Close & Cathall Road.
May 1994	House building begins at Cathall Road, Oliver Close & Chingford Hall.
December 1994	HAT decides to postpone Landlord Choice until after mid-1998.
March 1995	Hand over of first houses completed as part of Phase One to tenants on Oliver Close & Boundary Road.
September 1995	Area Committees set up
March 1996	Arrangement with the Peabody Donation Fund for provision of 150 homes receives Treasury approval.
April 1996	HAT contracts with WFCBHA to provide its housing management service.
December 1996	Government's decision on planning figure for life-time grant-in-aid (£227 million) and confirmation of proposed wind-up date of 2001-02
March 1997	Orient Regeneration Trust set up
August 1997	Temporary transfer referendum. Vote is 92% in favour on 55% turnout.
January 1998	Phases One & Two (673 properties) transferred to WFCBHA
2001	Proposed date for ballot of tenants on their future landlords and completion of the Trust's work.
2002	Final wind-up date.

TABLE 6.1 – DEVELOPMENT OF WALTHAM FOREST HAT

In 1987, Hunt Thompson Associates (HTA) were appointed as architects to investigate the feasibility of a phased redevelopment of the three estates.² HTA demonstrated that a phased redevelopment was both possible and cost effective, and proposed phased demolition and the construction of low-rise houses and flats with gardens in a traditional street layout integrated with the surrounding areas. A five-phase programme was devised for each site, with new building preceding demolition in each phase to avoid double-decanting. An assumption of the numbers of tenants likely to move away before the scheme was complete (5% per year) allowed the number of dwellings to be reduced. During 1988, an in-depth survey, covering 80% of households, found 95% of tenants wanted a front door on the street and a garden (HTA, 1993, p.78). There was also a preference for small areas of open space rather than a single central space as originally proposed. The survey also showed that the vast majority of tenants supported the principles of redevelopment and greater tenant control.³ The subsequent design proposals recognised most tenants desire to live in a low-rise houses and flats. They also envisaged retaining and refurbishing four tower blocks for sale (two on Cathall Road and one each on Chingford Hall and Oliver Close). During the summer of 1988, tenants gave their views on the proposals and by early 1989 design panel meetings were being held with tenants to develop the designs in more detail. In early 1989, a planning application was submitted.

Although redevelopment plans were being progressed, a significant problem remained regarding funding. Due to restrictions on local authority spending, innovative funding methods had to be pursued. In late 1987 and early 1988, a proposal was developed to set up joint tenant and council companies. Ownership was to be transferred to tenants through four non-profit companies and a mix of public and private sector finance used to carry out redevelopment. A non-profit company would take over each estate, undertake the redevelopment and then lease the new properties to the council for a twenty-year period. The company would charge the council market rents and the council would charge tenants rents comparable to those levied on its own stock; the difference would – it was proposed – be met by a Government subsidy. In March 1988, however, the Secretary of State announced restrictions on this form of lease-back arrangement, making it no longer viable. Despite this setback, other forms of funding were pursued and, in November 1988, it was proposed to set up a tenant-controlled HA. The council would sell the estates to the HA, arguing that, as the estates had a negative value, it would provide a £100 million dowry. In addition to the dowry, redevelopment costs would be met from rents, which would increase from £20 to £35 and a further £75 million would be raised by the sale of 15-20% of the housing to the private sector. Initially the proposals met with the DoE's approval. On this basis, consultation continued with a view to

² A scheme for Boundary Road was also developed with the council's in-house architect's department.

³ At the time, redevelopment was considered vital as the intention was to create tenant-controlled HAs. Without redevelopment there would be no advantage to tenants in the stock being transferred to them.

tenants voting on the proposals in November 1989. Prior to this ballot, tenants set up formal representation groups – estate steering groups (ESGs) – with funding from LBWF. Outreach teams were also set up on each estate to facilitate information flow between the council and tenants. Although the scheme had considerable support on the estates, the Waltham Forest Tenants' Federation (WFTF), which represented all council tenants in the borough, was opposed it. It pointed out that it was a form of privatisation, that none of the scheme's tenants would have secure tenancies, that rents would rise and that the redevelopment would mean 700 fewer properties available for rent (Bunting, 1989, p.21).

In September 1989, the DoE announced that only 25% of LBWF's capital receipts could be used to fund the dowry and effectively blocked the scheme. Until then new developments could be funded by 'cascading forward' capital receipts, but the 1989 Act, operative from April 1990, would bring this to an end.⁴ Tenants were angry at the DoE's removal of their right -- as they saw it -- to decide their own future and organised a campaign to persuade the Secretary of State to allow the scheme to be funded as proposed. The DoE was further embarrassed because the proposals had attracted the Prince of Wales' attention and in September 1989 -- immediately before the DoE blocked the scheme -- plans for Cathall Road had been included in his exhibition, A Vision of Britain, at the Victoria & Albert Museum. In the autumn of 1989, tenant demonstrations were held both outside the DoE and the V&A. The housing minister, Michael Howard, met with protesters and promised to look into the matter further with the Secretary of State, Chris Patten.

In November 1989, Patten offered to fund a HAT. This was a politically astute move. It offered an option and got the Government out of the difficult position of having contributed to the raising of tenants' expectations and, second, it helped the flagging HAT programme. Furthermore, unlike the pilot HAT areas, where HATs were regarded as having been imposed, the local authority was offered the opportunity to explore the possibility. In contrast to North Hull, tenants were immediately aware that a HAT had been offered. Rather than deciding itself, LBWF allowed tenants to choose whether the offer be pursued further. In doing so, it forwent its opportunity to veto the HAT proposal and, thereafter, its powers were only to influence tenants' decisions either during the negotiations or at the ballot itself. Following the offer of a HAT, intensive consultation between the ESGs and the council began. The council gave tenant groups £20,000 to appoint independent advisors. The council's recognition of the ESGs as the principal representative groups, however, incurred WFTF's wrath (Inside Housing, 19 January, 1991, p.2).⁵ WFTF argued that the ESGs were unelected,⁶

⁴ DoE officials had been supportive of the scheme and had privately apologised for having previously given support (Bunting, 1989, p.21).

⁵ At Chingford Hall, the TA was separate from but overlapped with the ESG. The TA covered the whole estate, while the ESG covered the high-rise elements included in the redevelopment proposals; the low-rise elements were not included as the housing was considered to be satisfactory. Although administratively the

that it should have been funded to appoint consultants and accused the council of providing biased advice.

A council spokesman (ibid, p.2) defended the decision to fund the ESGs on the basis that they could represent tenant's views on the estates where the HAT was proposed, while the WFTF had to take a much wider view. He also disavowed suggestions of bias: *"The money will allow tenants to get independent advice and we are now waiting for the tenants' response and demands before we go back to the Government."* As no other option appeared to exist, the four ESGs decided that the offer should not be rejected out of hand and should be examined in more detail (WFHAT, 1991a, p.1). Given the prior history of the redevelopment, 'do nothing' (i.e., no improvement to housing conditions) was no longer an option and a HAT amounted to 'something'. A tenant (WFHAT 13, 1997) stated that: *"When we were first offered the HAT, we didn't want to know. But we also knew that's all we would get – so we had to sit down and talk."* Thus, in February 1990, on tenants' behalf, LBWF agreed to negotiations with the Government.

In April 1990, the DoE commissioned Chapman Hendy Associates (CHA), who had also been the tenants' independent consultants, to produce a Feasibility Study on the possibility and suitability of a HAT.⁷ Completed in October 1990, the report concluded that a HAT was feasible and met the criteria in the 1988 Act. It also showed that the estates required major capital expenditure to remedy inherent deficiencies and suggested phased redevelopment would be a better and more cost-effective long-term solution than refurbishment.

The four estates that subsequently made up the HAT were built in the period 1966-72 and consisted of system-built medium-rise slab blocks with some high-rise towers. At Cathall Road and Chingford Hall estates, pedestrian entry to the towers and blocks was from a first floor 'podium', beneath which there were extensive (and largely unused) car parking areas. There were also more limited podiums to each tower block at Oliver Close. The borough was also polarised between a relatively prosperous and suburban North and a low income, multi-ethnic South with classic 'inner-city' characteristics (CHA, October, 1990f, p.7). While three estates were in the southern part of the Borough, Chingford Hall was in the northern part and relatively isolated from the others. Profiles of each estate are given in Table 6.2.

low-rise housing was part of the estate, it was of a different architectural idiom and low-rise tenants did not consider themselves part of the estate. The TA's most active members lived in the low-rise parts. The TA was also anti-HAT, which a TBM (WFHAT 11, 1994) considered to be a 'knee-jerk reaction'. Furthermore, she argued the TA representatives were *"... not elected, were perceived to be overly politically-motivated and therefore not representative of the tenants."* (WFHAT 11, 1994).

⁶ From late January 1990, the ESGs did have a formal constitution, including procedures for the formal election of members. The joint ESGs also had a formal constitution as the Joint Steering Group (JSG).

⁷ This is the only case study HAT where the Feasibility Study was undertaken by independent consultants.

ESTATE	HOUSING ACCOMMODATION	SOCIAL & ECONOMIC CONDITIONS
BOUNDARY ROAD	Three 21-story blocks plus 9 3-storey blocks, consisting of 369 dwellings & 990 residents.	This estate had the highest proportion of older residents who tended to live in the lower-rise blocks. 57% of households on the estate had children and 40% of all families were headed by single parents. 39% of households were of ethnic minority origin. Unemployment was 34% of economically active adults. 16% of households had been burgled in the previous two years & 10% had members who had been assaulted during that time.
CATHALL ROAD	Two 21-storey blocks & fourteen linked 4-, 5- & 8-storey blocks of flats, consisting of 842 dwellings & 2105 residents.	51% of households had children of which 9.9% had more than three children. 23.4% of households were headed by single parents. 46% were of ethnic minority origin. 31% of economically active adults were unemployed. During the previous two years, 19% of households had been burgled & 18% had experienced an assault on members.
CHINGFORD HALL	Three 21-storey blocks & eleven 6-storey blocks, consisting of 711 dwellings & 2061 residents.	Chingford Hall had the highest child population (41%) & lowest pensioner population (3%) of all the estates. 65% of households had children & 31% had single parent heads of families. 36% of households were of ethnic minority origin & the unemployment rate was estimated at 28%. During the preceding two years, 20% of households had been burgled & 9% reported assaults on members.
OLIVER CLOSE	Five 21-storey blocks, consisting of 500 dwellings & 1428 residents.	56% of families had children; 39% of these families were headed by single parents. 5% of residents were pensioners. 14% of residents were of ethnic minority origin & the unemployment rate was estimated at 24%. During the previous two years, over 20% of households had been burgled and 10% had had assaults on members.
<p align="center">TABLE 6.2 – PROFILE OF WALTHAM FOREST HAT ESTATES (Adapted from the Feasibility Study and the HAT 1991/92 <u>Annual Report</u>, p6-7)</p>		

6.1.2 THE PRE-HAT NEGOTIATIONS

From the initial offer onwards, tenants were involved in negotiations and instrumental in the decision to explore it further. Furthermore, there were established structures for tenant representation. Although initially a construct of the local authority, over time the groups had established autonomy. To debate the offer, the four ESGs formed a Joint Steering Group (JSG),⁸ which subsequently discussed the HAT proposals with the DoE and sought to obtain “... *the best possible guarantees for the future of the estates and the rights of tenants.*” (WFHAT, 1991a, p.1). In contrast to Hull where the council led the negotiations, LBWF took a back seat. A HAT officer (WFHAT 17, 1997) commented that during the run-up to the HAT, the local authority had come to realise it was dealing with a ‘very astute group of tenants’ and was ‘very enlightened’ to leave it to tenants. As well as being a product of ‘co-operation, widespread participation and determination’, Owens (1992, p.18) considered that the tenants’ successes owed much to the council’s attitude. Despite its small Labour majority, it had refused to support or denounce HATs and had instead decided to remain strictly neutral -- tenants respected it for this (WFHAT 11, 1994). LBWF also provided practical support and assistance to tenants, with outreach workers being appointed to run information shops on each estate, while ESG members attended training days and residential courses at the council’s expense. Nevertheless, a tenant representative (WFHAT 13, 1997) stated that, despite the local authority funding tenant groups, tenants had said: ‘We want you sitting on the fence. You’re not the people who live here, we are.’

Detailed negotiations began in earnest in October 1990, when, following the completion of the Feasibility Study, Raynsford & Morris (later Raynsford & Dallinson) were appointed as tenant consultants with a view to a ballot in April/May 1991. In February 1991, John Chumrow was appointed as shadow chair. A TBM (WFHAT 11, 1994) stated that tenants were ‘perfectly happy’ with this and ‘could not have chosen better’. Another TBM (WFHAT 8, 1994) felt Chumrow had effectively been invited to be chair by tenants who had known him as shadow chair at the abortive HAT in Southwark.

The ballot itself was postponed several times, due primarily to the protracted negotiation of a Tenants’ Expectations Document (TED) (see Appendix D). The JSG drew up a detailed statement of what tenants would expect of a HAT, covering:— tenant consultation and influence; tenancy agreements and rents; letting policy; redevelopment; financial issues; setting up the HAT; and the options that would exist at the end of the HAT’s life. A HAT participation officer (WFHAT 4,

⁸ A TBM (WFHAT 11, 1994) noted that at one time, the JSG had consisted of all the ESG members from the four individual estates, which had tended to favour the larger estates, such as Cathall Road. It was subsequently changed so that each estate had an equal number of members.

1994) stated that two issues were especially important:-- the return to the local authority and retaining the original design proposals (the masterplan). Tenants' expectations were discussed in detail with the DoE, LBWF and the chair-designate leading ultimately to the TED's production in April 1991. A HAT officer (WFHAT 1, 1994) stressed that tenants felt ownership of the TED and it subsequently became the base-line for the HAT's operation.

A HAT participation officer (WFHAT 18, 1998), who had been previously been involved as an outreach worker, argued that the tenants' negotiating strategy was *"... to get the best possible deal but there was no commitment to accepting that. The acceptance would be shown at the ballot."* He also felt that tenant negotiators (ESG/JSG) had *"... sought to remain neutral and to negotiate the best deal if ultimately tenants voted for the HAT. They wanted people to make up their own minds – they didn't prescribe the way for people to vote."* A TBM (WFHAT 11, 1994) singled out their consultants, who gave 'fair and independent advice' despite their own personal and political convictions.⁹ In negotiating the TED, while the JSG sought certainty, the Government made it clear that beyond the existing statutory provisions there could not be 'cast iron' guarantees. Nevertheless, it would provide clear assurances. Assurances regarding the ability to return to the local authority were similar to those at Hull (i.e., the local authority agreed to accept all tenants back and the DoE agreed to require the HAT to dispose to the local authority if that was the tenant's choice).

The negotiations provided a classic example of a veto point where the 'top' had to negotiate with target and interest groups and where issues of possible opposition and difficulty had to be anticipated, feed into negotiations and resolved. As the proposed HAT in Southwark had been decisively rejected at a ballot in October 1990, tenants felt that they had the DoE *"... right over a barrel. They were desperate for a London HAT."* (WFHAT 8, 1994; WFHAT 11, 1994). Tenants' power stemmed from their formal ability to veto a HAT against the DoE's determination to establish a HAT. Tenants also used brinkmanship tactics and because it would have conceded power in the negotiations were reluctant to predict the outcome of the ballot. As a TBM (WFHAT 11, 1994) argued, the usual power relations were reversed: *"The DoE thought – and tenants allowed them to think – that we might walk out at any time."* Another tenant representative (WFHAT 13, 1997) said: *"We were close to telling the DoE to stick it – but we also knew that wasn't the right attitude. The DoE wanted to have the ballot within a few months but we wouldn't let them."* Wendy Chapman (from Whitelaw, 1995, p.iv), who subsequently became a TBM, stated that tenants realised the Government wanted a flagship project and *"... milked that situation for all it was worth."*

⁹ Nick Raynsford later became MP for Greenwich and, following the Labour party's victory in the 1997 general election, a minister in the DETR.

In April 1991, the housing minister, Sir George Young visited the estates and signed the TED.¹⁰ The TED would be the basis on which he expected the HAT to act if tenants voted Yes. During his visit, the minister confirmed that there would be a ballot and that it would take place in the summer of 1991. In May 1991, a shadow HAT board was appointed to work with John Chumrow. As at Hull, it was agreed that members of the HAT board had to be mutually acceptable. A HAT participation officer (WFHAT 4, 1994) stated that while these were the Secretary of State's appointments, his nominations were 'endorsed by the JSG' and the possibility of the JSG making objections did not arise because those proposed had been acceptable. LBWF was later invited to nominate a candidate for appointment to the board.

6.1.3 THE BALLOT

In the summer of 1991, prior to the ballot a series of public meetings and exhibitions were held on each estate. Although public meetings had been held where tenants were 'talked at' and had the opportunity to ask questions, something more interactive was needed and subsequently road shows were put on (WFHAT 4, 1994). A tenant representative (WFHAT 15, 1997) described how, prior to the ballot, there had been a 'funday' with lots of events for children: *"There was also a portakabin with the architects in it and the development proposals. Everyone who entered got a free raffle ticket – and there were some very good prizes. Once inside, however, they started to ask questions about the development proposals."* The TED also formed part of the ballot documentation. It was, however, effectively a memorandum of an agreement to co-operate rather than a memorandum of substantive agreement; a statement of positions by tenants and the DoE with additional comments by the shadow HAT chair. While it consisted of three separate statements that could be mutually contradictory and open to different interpretations, *"... it was deemed to be a joint statement."* (WFHAT 18, 1998). Seventeen supplementary leaflets, which made more specific statements, were also sent out as part of the pre-ballot publicity.

Immediately prior to the ballot, tenant representatives asked LBWF to continue to remain neutral (WFHAT 8, 1994). ESG members and the council's outreach workers also pledged to remain neutral. Part of this was a conscious desire to be realistic about what the HAT would and would not do and to encourage individual tenants to make up their own minds. A TBM (WFHAT 11, 1994) stated that *"... all the members of the JSG vowed to remain neutral and not to tell people how to vote. They agreed to provide information and let the other tenants make up their own minds. The tenant representatives were also prepared to argue a counter case either way."* This approach

¹⁰ Tenants felt that Young was trying to determine whether there would be a Yes vote and, as the ballot had not been confirmed, that the Government was also using brinkmanship tactics. Although tenants felt a Yes vote was likely, they were reluctant to tell the minister this. (WFHAT 18, 1998).

encouraged each tenant to take responsibility for their own vote -- not from a position of blind faith or trust but from an informed position.¹¹ Furthermore, if tenant representatives actively encouraged a Yes vote, they could subsequently be blamed for the HAT's shortcomings. The vote on each estate would also be counted separately to avoid situations where estates voting against were included in a HAT due to the strength of the Yes vote on the other estates. If some estates had voted Yes and some No, the Government would decide whether to set up a HAT. If there were over 1000 homes in total on estates voting Yes, then a HAT could be justified.¹² If one or more estates voted Yes but there were not enough homes for a HAT to be set up, the Government would "... *do its best to meet the wishes of the tenants in those estates for redevelopment.*" (HAT Working Group, 1991, No.15).¹³

	YES	NO	TURNOUT	% OF THOSE VOTING, VOTING YES	% OF ELIGIBLE TENANTS VOTING YES
Boundary Road	218	96	69%	73%	48%
Cathall Road	593	114	74%	84%	62%
Chingford Hall	525	111	77%	83%	64%
Oliver Close	380	84	76%	81%	62%
TOTAL	1716	405	75%	81%	60%
TABLE 6.3 – BALLOT RESULT ACROSS THE FOUR ESTATES					

The ballot was held in the last two weeks of July by postal ballot. The result was declared on 2nd August 1991; a day described by a TBM (WFHAT 11, 1994) as a 'great day'. Eighty-one per cent of tenants, on a 75% turnout, voted in favour of a HAT, with a majority in favour of a HAT on each of the estates (see Table 6.3). The smallest majority was at Boundary Road, where -- in fact -- a majority of eligible tenants did not vote in favour of a HAT. The HAT was formally designated on 9 December 1991 and John Chumrow, five non-resident members and the council's nominee were

¹¹ Although it is debatable how true this would be in practice, it contrasts with the situation in Hull, where the council effectively told tenants to trust it and to vote Yes.

¹² This issue had been unresolved at Southwark.

¹³ There is a coercive element here because only those estates that voted Yes would be considered for redevelopment.

also formally appointed to the board. Following the ballot, each estate elected a nominee for appointment to the HAT board. The TBMs duly took up their appointments on 19 December 1991.

Properties were transferred from the council to the HAT in April 1992 and, in September 1992, the DoE formally approved the HAT's Statement of Proposals, setting out the HAT's aims:--

- to demolish most of the existing accommodation, redevelop the sites & re-house the existing secure tenants in low-rise housing, with building work on each estate being managed in five phases over an 8-10 year period;
- to introduce a housing management system comparable with best practice elsewhere;
- to encourage & provide the necessary support for tenants to become involved in the management of their estates;
- to work in partnership with tenants and other bodies involved in social & economic regeneration, secure for tenants improvements in education, training & employment opportunities, & bring about improvements in their quality of life; and
- to transfer its properties in accordance with tenants' choices, to achieve diverse & stable ownership & management of the estates, no later than 2002.

6.1.4 COMMENTARY

The establishment of a HAT in Waltham Forest can be considered in terms of choices by the local authority and tenants. In each case, and in contrast to the situation in the pilot HAT areas, the choice was to support the possibility of a HAT. Permitting tenants to choose whether to pursue the possibility of a HAT was a pragmatic decision by LBWF, which felt it had no other options to offer tenants. Although the local authority did not support HAT policy *per se*, it did see a HAT as a means of improving the housing stock. It had also been prepared to transfer the housing to tenant-controlled HAs to achieve the same end and, hence, retaining control over the housing was not a major issue for it. Following the ballot, LBWF's director of housing (Inside Housing 9 August, 1991, p.3) argued tenants had faced a Hobson's choice: *"This was not a vote in favour of a HAT. Tenants were voting for redevelopment but recognising the only way of achieving it is to vote for a HAT to get the money from the Government ... If the tenants had been given the choice of the money going to the HAT or the council, tenants would have voted to stay with the council."*

The decision for tenants was the balance between two considerations: the prospect of improvements to their homes and the strength of the assurance they could return to the local authority once their homes had been improved. In respect of the latter, the pre-HAT negotiations enabled tenants to negotiate and influence the *type* of HAT being created, while the existence of the TED gave tenants certainty. Hence, in contrast to the pilot HAT areas, sufficient support and trust in the proposed HAT had been built up to enable a Yes vote. The TED was regarded as a particularly important factor in outcome; a TBM (WFHAT 8, 1994), for example, felt those areas that had rejected HATs

had 'insubstantial TEDs'.¹⁴ In contrast to tenants at Hull, Waltham Forest tenants did not have to blindly trust the local authority to have safeguarded their interests. They would nevertheless have to trust the Government and the HAT to respect the commitments and assurances made in the TED. The first of the HAT's key result areas, however, was "... *to safeguard the values outlined in the Tenants' Expectations Document.*" (WFHAT, 1992). The prior history of the project is also important in explaining the Yes vote. Tenants hopes for a redevelopment had already been dashed more than once, while they had also previously demonstrated an interest in the principle of estate transfer (albeit to tenant-controlled HAs) as a means of achieving redevelopment. Nevertheless, while there was a positive and informed choice by tenants to have a HAT, it is debatable whether they had other options.

6.2 TENANT INVOLVEMENT

This section discusses the various formal channels of communication between tenants (i.e., the target groups) and the HAT (i.e., the top's local agents). The channels could arise in several different ways:-- the HAT could inherit those that already existed between tenants and the local authority; the HAT could create and impose new channels (i.e., top-down); while tenants could propose and lobby for certain channels (i.e., 'bottom-up'). Through these channels, tenants' preferences and opinions could be feed into the decision-making process. A major difference between the Waltham Forest and Hull HATs was the adoption in the former of a comprehensive community development programme at an earlier stage. The impetus for this came from tenants. A HAT officer (WFHAT 17, 1997), for example, stated that tenants had 'pushed for a wider project' and had emphasised the community development and economic development dimensions of the HAT. Furthermore, tenants had argued for economic and community development to be included separate from and additional to housing management. There had also been strong tenant pressure to make community development a director-level responsibility (WFHAT 2, 1994).¹⁵ Furthermore, tenant involvement was not the sole responsibility of the Community & Economic Development Department but was an integral part of all the HAT's operating divisions.

As outlined in its Annual Report 1992/93 (WFHAT 1993, p.2.), the HAT's community development strategy had four objectives:--

¹⁴ In contrast to the relative isolation of tenants at Hull, Waltham Forest tenants seemed very aware of developments in other HAT areas – and especially Southwark – and seemed therefore to have benefited from their experience.

¹⁵ A HAT participation officer (WFHAT 14, 1997) stated that: "*This HAT planned to involve the tenants. When people from Hull visited here, there was nearly a riot when they realised what the HAT was doing. One of the primary reasons for that involvement was the HAT's community development unit.*".

- to utilise the process and energy of the physical development of the estates to achieve sustainable improvements in levels of economic activity, social well-being and community participation;
- to provide specific training opportunities, to enable all tenants to take advantage of employment opportunities created through the HAT's work or through other opportunities relevant to the local economy;
- to promote and support the creation of new tenant-led businesses; and
- to ensure that the ESGs were sufficiently resourced and supported to enable them to achieve their aims and objectives most effectively.

The first three can be regarded as 'economic' development (discussed later); the fourth is discussed here. Before discussing tenant involvement further, it is appropriate to briefly outline the arrangements for housing management to provide context. Prior to the HAT establishing its own housing management team, it negotiated an interim agreement with LBWF for it to act as managing agent for the initial twelve months. Under the HAT itself, housing management was decentralised to each estate and its housing management was considered to be much better than that of the local authority (WFHAT 15, 1997). Prior to the HAT's establishment, local authority housing staff and tenants had been at loggerheads. A TBM (WFHAT 16, 1997) noted that the HAT housing management staff were very different from local authority staff: *"The real difference is how they treat people. The HAT has a code of conduct for its staff. The local authority staff can be rude and condescending – if HAT staff behaved like that they'd be sacked. ... In past, there had been an 'anti-tenant' culture in the council's estate officers. This has now changed. Many tenants are working in the HAT estate offices."* In May 1996, all of the HAT's management functions were transferred to a newly founded CBHA (discussed below).

6.2.1 TENANT INVOLVEMENT

The JSG & ESGs

Inheriting the JSG and ESGs, both of which had grown to maturity during the redevelopment proposals and the TED negotiations, the HAT took over and made use of the already established channels and links, including both informal and formal points of contact (WFHAT 2, 1994). While the primary mechanism for consultation had been the JSG, as the agenda changed from pan HAT issues to individual estates the emphasis moved towards the ESGs. The ESGs therefore formed the primary consultation link between the HAT and tenants. The size of the ESGs varied; each estate had an ESG member for every 55 units (e.g., Cathall Road had fifteen members, while Boundary Road had seven). ESG members were not block representatives, represented the estate as a whole rather than any particular part of it and were elected annually. A tenant representative (WFHAT 2, 1994) argued that the ESG's democratic credentials provided a mandate and a source of power,

which by comparison the HAT did not have. A TBM (WFHAT 11, 1994), however, commented that this claim was stronger in theory than in practice, because very few more than the required complement of the ESG actually stood for election and, hence, there was not a real election campaign, a 'certain amount of apathy' and a 'willingness to let other people stand'. Following the ESG elections, the HAT held planning days for the new ESGs attended by all HAT directors, the chief executive and the HAT chair, to review project progress, induct new members into HAT structures and set priorities for the year (WFHAT, October 1997, p.9). Despite suffering 'peaks and troughs', each of the ESGs played important roles within the HAT. A HAT report (WFHAT, October 1997, p.9), for example, stated that at their worst, they had "... *become vehicles for individuals with large egos but not much interest in being representative, or they become moribund talking shops, very inward looking and unhelpful.*". Conversely, at their best, they had been "... *quite splendid partners, providing a range of valuable views to the HAT, supporting tenant involvement on the estates, and, most importantly, acting as a channel for individuals to gain confidence and move onto formal training and employment.*" (ibid, p.9).¹⁶

As much of the consultation was focused through the ESGs, power tended to concentrate in the ESGs. A TBM (WFHAT 11, 1994) felt the ESGs had an 'established culture': "... *knowledge is power and the ESG uses a terminology and jargon which can exclude people. ESGs should use that knowledge to empower others.*". A tenant representative from Liverpool (LHAT 3, 1994) stated that when they visited Waltham Forest HAT, they seemed to keep seeing the 'same people wearing different hats': "*There seemed to be an inner corpus of tenants, mainly the ESGs, who were involved in everything. I wondered how much they actually represent the wider body of tenants.*". A tenant (WFHAT 16, 1997) suggested that there was a reluctance for people to put themselves forward: "*If you would do the job if no one else would, then you ended up doing it. Thus, the same people tend to get the jobs.*". It was, however, felt that people had had many opportunities to become more involved and, hence, it was their choice whether to become involved or not (WFHAT 13, 1997). Furthermore, as most of the involvement was voluntary, it imposed costs on representatives, which could be a deterrent to greater involvement. Some tenants, for example, felt there was too much information given to them and too much time expected from tenant representatives: "*Sometimes the HAT is too-tenant fixated. Sometimes there is too much consultation -- representatives are given piles of papers to go through. ... At Cathall Road, many*

¹⁶ There was also a gender dimension to involvement and the ESGs were typically women-led and women-dominated (WFHAT 11, 1994). Furthermore, women tended to get involved, stay involved and attend every meeting, while male members tended to pick and choose (WFHAT 14, 1997). A TBM (WFHAT 11, 1994) noted the wider effect of the HAT experience on women: "*Involvement in the tenants' organisation has also ended bad marriages with battered wives.*". She also noted that a husband who had battered his wife had said: "*If you want to lose your wife, let her join the ESG.*".

of the ESG members are unemployed and can sit in the office all day. But at Boundary Road, many are working so they have less time to attend to the issues." (WFHAT 7, 1994).

The HAT's structures

The HAT board was the key forum for policy-making within the HAT and, during the TED negotiations, tenants had requested a tenant majority. In reply, the DoE had argued that members of the board needed *"... to bring professional expertise in key management areas."* (sA2). Failing a majority, tenants were prepared to accept a minimum of four members, one from each estate. The board's full complement was four tenants, one local authority nominee, five from the private sector, plus the chair. At the chair's insistence, the vice-chair was a TBM (WFHAT 8, 1994). Board meetings were held every six weeks to give time for consultation with ESGs and other working groups involving the HAT and tenants. Board papers were circulated to the ESGs prior to the meeting and tenants' comments included in the report presented to the board.¹⁷ A decision to open up the board as a public meeting was taken within the first three months and by 1993, the HAT was holding the meetings on the estates rather than at the HAT offices. A TBM (WFHAT 8, 1994) noted that there was an important symbolism in having open meetings, because tenants *"... were reassured that decisions were not being decided behind closed doors."* Initially board meetings had had observers, but this had fallen away because -- a TBM (WFHAT 11, 1994) argued -- the board *"... had won the tenants' confidence."* A TBM (WFHAT 11, 1994) stressed the importance of issues not going to a vote, which was symbolic of an emphasis on debate and achieving consensus, while another TBM (WFHAT 8, 1994) took pride in the fact that the board had only had to vote once.¹⁸

As in the other HATs, board members had three-year terms of office. TBMs were elected from the outset and the HAT was keen to encourage competitive elections to enhance the TBMs' credentials - the elections needed to be respected in the community and successful candidates seen to have a popular mandate to represent tenants (WFHAT 1, 1994). Despite elections, the members showed little change. By 1998 and after three sets of elections, there had been just six TBMs. Cathall Road and Chingford Hall had each had the same member throughout (Simon Bartlett and Jacky Flanders). Oliver Close had initially had Howard May (1991-1994) and then Andy Healey (1994-1997 and 1997 onwards). Boundary Road had had the most change. Wendy Chapman was the first TBM (1991-1994), then Howard May (1994-1997) (who had changed estates) and subsequently Coralie Francis (1997 onwards).

¹⁷ A tenant representative (WFHAT 15, 1997) stated that when the Hull tenants came, one of the key issues was board papers: *"They got them a very short time before the meeting. The Waltham Forest tenants were telling them how to do things. They didn't realise they were 'allowed' to do this or that."*

¹⁸ This had been on the issue of the principle of obtaining more private sector funding (discussed below). The vote, however, was more to establish positions rather than to make the decision (WFHAT 16, 1997).

In addition to the main HAT board, there was also a series of functional committees to oversee the work of the HAT's three operating divisions (redevelopment, community development and housing management). These were sub-committees of the HAT board and were chaired by non-resident board members. Membership comprised tenants and non-resident board members, while ESGs acted as observers but could also be invited to feed in comments. As the HAT progressed its development programme, issues were increasingly estate-focused and pan-HAT structures were less appropriate, and, in September 1995, the HAT changed the organisation of its sub-committees and created four Area Committees. The committees were chaired by the TBM for that estate, and included four non-TBMs and four tenants. Tenant members of the Area Committees were elected by virtue of ESG elections and all members were given training and induction onto the committee (WFHAT 12, 1996). The committees increased the empowerment of tenants' groups; as stated in the HAT's Annual Report 1995/96 (WFHAT 1996, p.9): *"Under the old system the ESGs exercised their influence through consultation; the new system gives them a 'hands-on' role in policy and decision-making."* The committees also became the main decision-making groups outside the main HAT board; a HAT participation officer (WFHAT 14, 1997) asserted that: *"No decision made at the Area Committee has ever been overturned by the HAT board."*

As the development programme proceeded and the estates became a mix of new build housing and partial estates awaiting demolition, the unifying factors (e.g., housing conditions and the possibility of redevelopment) that had initially coalesced the JSG and ESGs began to change. Although tenants in the older housing still had the same priorities, the situation had changed for those in the new housing. A Cathall Road tenant (WFHAT 13, 1997) predicted that involvement would abate once people had moved into their new homes: *"They've got to get settled in and there's less need to be involved."* In early 1997, the Cathall Road ESG folded. Two of the most active members had passed away in the previous year, while several other members had been re-housed in the first phases of redevelopment.¹⁹ Its demise provoked a questioning of the role and future of ESGs. A TBM (WFHAT 16, 1997), however, felt the HAT had invested a lot in Cathall Road ESG. Thus, once it had folded, there was a danger the HAT could 'fall into the trap of disregarding ESGs' and a concern that the Cathall Road experience might be applied to the other estates without appreciating that local factors may have been involved.

In 1997, the HAT undertook a major review of its consultation structures and initiated a dialogue about future arrangements/structures including the post-HAT period. It recognised that the estates were no

¹⁹ Although the loss of the Cathall Road ESG had created a void in terms of consultation, there was a panel on the estate, composed of former ESG members, that continued in a representative role (WFHAT 17, 1997).

longer discrete estates and were becoming parts of the local neighbourhood and, furthermore, that the HAT was no longer the central point of contact. The focus had also broadened beyond the immediate issues of redevelopment and as the redevelopment progressed, issues of 'community' and 'quality of life' increasingly came to the fore. Following consultation with tenant representatives, it was agreed that the Area Committee structure was becoming increasingly less appropriate for the new roles and new contexts. Residents had a growing number of service providers with whom they needed to consult and negotiate. The HAT was also in the process of externalising many of its functions and had, for example, transferred its housing management function to the Waltham Forest Community-Based Housing Association (CBHA). As a result, new representative structures were being developed. In late 1998, although the precise form of these had not been determined, it was likely that they would take slightly different forms on each estate. While the main focus would be on housing, the structures were likely to include representatives of other local agencies, such as the HAT's successor organisations: the CBHA and a new community development trust, O-Regen. Links would also be formalised with the council, the police, the Health Authority and East London TEC. These changes complemented the physical transformation of the estates and reflected the wider change from socially excluded estates. Furthermore, they would introduce a new local democratic structure that complemented – and to some extent redressed deficiencies in – the existing local government structure. The new boards would also shift the emphasis away from the HAT; a move encouraged by the HAT in preparation for its own exit.

Training for tenants

In addition to opportunities for involvement, the HAT also helped develop tenants' abilities to exercise those opportunities. In its 1992/93 Annual Report (WFHAT 1993, p.4), the HAT recognised that tenants would only be "... *able to play a full role in the design or management of their estates and in the development of their communities if they are 'empowered' to do so.*". This would involve not just including tenants in the management arrangements for the estates, but also ensuring they had the "... *necessary skills, knowledge and support to enable them to contribute to the management process, to exercise choices and contribute to policy making in all aspects of the Trust's activities.*". It therefore noted that the training of TBMs, ESG members and others was critical to the HAT's success. The HAT provided tenants with a full training programme, initially to ensure meetings happened properly and were recorded, including team building and group work skills, equal opportunities, community representation skills, presentation skills, fund-raising, newsletter production, communication, etc. (WFHAT 14, 1997). As well as training, the HAT provided Section 71 funding and on each estate there was a community development officer. The ESGs also had a small annual budget available for independent advice as and when required. Empowered tenants were a challenge for the HAT: a HAT participation officer (WFHAT 14, 1997), for example, acknowledged that empowering tenants made it more difficult for officers and that it was not "...*an easy life or an easy*

road to travel – but it's better at the end of the day.". Similarly, a tenant (WFHAT 13, 1997) stressed that: *"You've got to have this willingness to ask and willingness to question things, not simply to accept them as they are. ... We've been empowered to feel that we can ask for things."* Similarly another tenant (WFHAT 15, 1997) stated that tenants felt able to say 'We're not sure we want that' and could propose alternatives.

6.2.4 COMMENTARY

Although there had been some lingering mistrust and reservations about a HAT, over time it earned tenants' trust. A HAT participation officer (WFHAT 14, 1997), for example, felt that *"... in the early days, the ESGs had to battle with the HAT. Now that battle is over. The ESGs work in partnership with the HAT. ... The HAT is not seen as a threat any more. ... Previously more people were involved as it was more critical."* Another HAT participation officer (WFHAT 4, 1994) stated that although the HAT was under 'close scrutiny', tenants had been able to argue their case and the HAT could not take them for granted nor could it be complacent in its dealings with tenants. At the local level and because of the negotiated and integrated nature of the consultative arrangements, the HAT and its tenants had – to some extent – fused. Nevertheless, although tenants – or, at least, tenant activists – had a strong sense of ownership of the HAT, it is difficult to determine the extent to which tenants had retained their autonomy and the extent to which they had been co-opted into the HAT. A tenant representative (WFHAT 2, 1994), however, considered that the ESGs had retained their independence and had not been 'incorporated' into the HAT.²⁰ As part of its exit strategy, the HAT was also beginning to modify arrangements and to divest itself of organisational responsibilities, whereby it would no longer be the central body and the sustainability of the new structures would be put to the test.

6.3 THE DEVELOPMENT PROGRAMME

This part discusses the development programme, which would establish the physical context within which tenants would make their landlord choice.

6.3.1 THE FEASIBILITY STUDY

The four estates consisted of a combination of high-rise and medium-rise system built blocks. The Feasibility Study (CHA, 1990a-f) updated the LBWF's costings for the refurbishment and redevelopment options and reassessed their merits of those options. The report (s3.1) identified extensive work required for a comprehensive refurbishment. A physical survey of the estates (s2.3.4)

²⁰ At Cathall Road, for example, in order to maintain a separate identity, the ESG initially decided that members should not work for the HAT or any of their sub-contractors; it later dropped this policy. Other ESGs had initially decided that members could work for the HAT but not on their own estate.

concluded that to arrest various problems needed major works and as extensive repairs were required immediately, the problem could not be tackled on an *ad hoc* basis. The LBWF refurbishment proposals had estimated a nine-year programme and its costs were updated to enable a direct comparison with the redevelopment option (Table 6.4). In the HAT Feasibility Study, the analysis of the redevelopment option was prefaced by the observation that physical and social surveys commissioned by LBWF in 1986 had shown that tenants were very dissatisfied with their surroundings, such that “... *even if millions of pounds are spent refurbishing the estates, very few tenants would actually like to remain living there.*” (s4.1). The estimated redevelopment costs are shown in Table 6.4.²¹ The provision of each unit was costed at £63,690 with the remaining £17,310 being for enabling works, piling and infrastructure costs, and other costs.

	REFURBISHMENT			REDEVELOPMENT		
	UNITS	COST		UNITS	COST	
		total	unit		total	unit
Boundary Road	300	£19.5 m	£65,000	314	£26.78 m	£85,287
Cathall Road Estate	842	£53.2 m	£63,183	760	£56.48 m	£74,316
Chingford Hall Estate	657	£54.4 m	£82,801	601	£50.88 m	£84,659
Oliver Close Estate	500	£35.1 m	£70,200	440	£37.23 m	£84,614
TOTAL	2299	£162.2 m	£70,552	2115*	£171.37 m	£81,000
TABLE 6.4 – COSTS OF REDEVELOPMENT & REFURBISHMENT						
* Includes 405 to be refurbished in high-rise blocks.						

Redevelopment was more expensive both in terms of overall cost (£171.37 million to £162.2 million) and unit cost (£81,000 to £70,552). The consultants (s5.1), however, noted that, for most tenants, the estates’ inherent defects were sufficient to devalue repairs in their eyes and many had lost confidence in them being capable of improvement. By ‘alienating and brutalising’ those who lived there, tower blocks were seen by tenants as a major contributor to social and tenancy problems, while the features of podium and block construction contributed significantly to tenants’ sense of their environment as ‘hostile to normal life’. These problems would remain if the estates were refurbished. The consultants (s5.2.2) further reported that ‘at least nine out of ten’ tenants favoured redevelopment. Negative comments about redevelopment

²¹ These costs exclude the provision of community facilities (chiefly shops and community centres) and remedial works prior to demolition in later phases.

were that some tower blocks were to be retained (in order to provide dwellings for sale) and the development period (6-8 years) was too long to wait (s5.2.2). The report therefore concluded the only significant advantages offered by refurbishment were the retention of the maximum number of dwellings and the option's (apparently) lower cost. The consultants (s6.2.5) questioned whether it actually represented value for money in the longer term for the following reasons:--

- while the number of units retained was attractive, there was minimal scope for conversion or re-arrangement of the internal layout, perpetuating existing problems of family-sized housing let to people with children in tower blocks;
- many of the essential problems of high-density tower block living would remain; and
- there would continue to be a need for ongoing monitoring and further major investment in the longer term.

By contrast and despite the higher capital outlay, redevelopment offered a number of advantages (s6.3.4).

- The capital cost of meeting tenants' re-housing requirements would be included in the budget costs and within the curtilage of each redevelopment area, thereby reducing financial uncertainty and risk.²²
- Higher quality building stock in terms of materials and design would be produced, thereby reducing the risk of subsequent failure and further capital expenditure requirements.
- Housing suited to family occupation would be produced.
- The irremediable design features of high-density towers and blocks would be eliminated.
- Smaller scale grouping of dwellings and traditional design would be more conducive to diversification of tenure and ownership.²³
- As tenants preferred this option, it offered the best chance of ensuring their long-term commitment and participation.

Although the Feasibility Study concluded that redevelopment was required, its recommendation was qualified by reservations about the commercial feasibility of retaining four tower blocks for sale and suggested this element be reviewed. In addition, as redevelopment would represent a loss of 712 dwellings from the rented sector (405 being refurbished for sale and 307 being the difference between the number of new build units and those demolished), the proposals could only accommodate re-housing existing tenants if vacancies arose at the rate of 5% during the development period and remained un-let. The HAT's responsibility would be to re-house all secure tenants at the time of the ballot who remained on the estate. The Feasibility Study estimated that the work at £171 million and, in accepting the study's conclusions and in progressing negotiations towards a ballot, the DoE was tacitly agreeing to incur the likely costs of a HAT.

²² The refurbishment costs did not include for costs associated with any decanting or re-housing of tenants that might occur as a consequence of the works.

²³ This factor would enable the diversification aims of HAT policy to be achieved more readily.

6.3.2 THE MASTERPLAN

Before the HAT had been established, the DoE indicated that it would acquire the redevelopment masterplan from LBWF. As reported in *Building Design* in April 1991, however, tenants were concerned that HTA -- who had spent three years working with them on the redevelopment proposals -- would not be re-appointed. The DoE and the chair-designate, John Chumrow in his response in the TED (sD4) refused to guarantee the existing architects' services would be retained, while the DoE agreed only to commission them to continue design work until the ballot and warned that "... *given the major scale of the project, other professional practices might need to become involved, on a competitive basis in the implementation process.*". This 'raised fears' among tenants and council officials that the DoE was prepared "... *to abandon the community architecture principles of the scheme to find the cheapest architect.*" (*Building Design*, 1991). The JSG secretary, Christine Lawman stated that tenants were fearful that, if the architects changed, the designs would also change; tenants' real concern, however, was to keep the masterplan not necessarily the architects (WFHAT 16, 1997).²⁴ In January 1992 to ensure continuity with design work already undertaken, the HAT re-negotiated HTA's appointment for three estates and LBWF's architects department for the fourth. At the same time and following tenant consultation, the HAT approved design briefs covering the masterplan for each estate and the Phase One design.

During 1992, Tenant Development Groups (TDGs) were established and architect/tenant design meetings recommenced. A housing preferences survey was also undertaken by USER Research to check the acceptability of the underlying design principles established in the 1988 survey and to test a range of design options (HTA, 1992, p.81-83). The HAT also undertook interim works to improve conditions on the estates; the most significant of which were the removal of podiums. Work started at Cathall Road in April 1993 and at Chingford Hall and Oliver Close in June 1993. At Cathall Road, new play spaces and childcare centres were created underneath the remaining podium and in the courtyard areas created by the removal of the remainder. The works were important for their symbolic and morale-raising value because, after more than five years, work was finally getting under way. A TBM (WFHAT 11, 1994), for example, emphasised that "... *the day of the concrete cruncher was symbolic -- absolutely incredible.*".

Phase One had been planned to start in June 1993 and to be completed by June 1995. Building actually began at Boundary Road in January 1994 and in May 1994 at the other three estates. The delay fuelled tenants' doubts whether the project would ever happen. A TBM (WFHAT 11, 1994) stated that, after the

²⁴ The HAT's emergence had become the subject of myth. A HAT officer (WFHAT 1, 1994) commented that although the main architects, HTA, present themselves as having "... *lead the community, the tenants don't see it that way. They feel that it was always them who were leading and it was they who got the HAT. The HAT therefore did not have to take over from the architects.*".

ballot, those not involved further experienced a period of disillusionment: *"Many people expected things to happen immediately. The vote was in August, and there was a wildly optimistic hope to start house building in January."* In early March 1995, tenants moved into the first new homes at Boundary Road. And later in the same month, the first tenants at Oliver Close moved into their new homes. Although the first phases were tangible evidence the project was real, some tenants worried that it could be cancelled at any moment: *"Even seeing the new houses hasn't convinced them. They're worried that the money will run out before it gets to them. They've had several scares ... There's a feeling that it has always been tenuous. The scares ripple out into the estate; the fear that at any moment the plug will be pulled."* (WFHAT 16, 1997).

6.3.3 THE SHORTFALL

The HAT was committed was to providing new homes for all those who had been secure tenants at the time of the ballot. When the redevelopment had been planned, the turnover of secure tenants was about 5% each year. It had been assumed that this rate would continue and, if the vacated properties were not re-let on secure tenancies, the population of secure tenants would decline. Hence, the number of tenants requiring re-housing would be lower than those transferring. In practice, this assumption proved erroneous and fewer tenants than predicted were moving away, leaving the HAT with more secure tenants than planned homes. By September 1993, the HAT was aware that the masterplan proposals would not provide sufficient homes. The Annual Report 1992/93 (WFHAT 1993, p.8) identified a shortfall in the number of properties planned and a need for an additional 300 properties: 2022 households had transferred, but the masterplan would only build 1710 new properties. In this respect, the HAT would later argue that it had been a 'victim of its own success' (WFHAT, Annual Report 1994-95, p.17), and that tenants were *"... happier with conditions on the estates and seem to be prepared to stay put so that they get their new home."* (Chingford Hall News, February 1996, p.3).

The shortfall became apparent during Phase One, when the shortfall within the Phase was 80 homes. By February 1996, the shortfall was 150 homes, 66 of them in Phase Two and the rest in later phases. The HAT also owed LBWF twenty-five secure tenancies where the Borough had re-housed HAT tenants in special needs. In particular, the redevelopment plans did not provide for enough new homes in Phases One and Two to meet the commitment in the TED not to re-house tenants temporarily (i.e., double decanting). To address the expected shortfall, the HAT was permitted to introduce alternative re-housing schemes, including a Cash Incentive Scheme (CIS), under which tenants were offered a grant of up to £20,000 to buy a home on the private market.²⁵ The HAT also purchased twenty-two properties on the

²⁵ It was also cheaper for the HAT to give these grants than to build new homes.

private market (WFHAT 1995, Annual Report 1994-95, p.17). As a temporary measure, tenants could also transfer to a later phase. Although there was a cash incentive for this, the disincentives were the delay in getting into a new property, the necessity for a double decant and the risk that the project funding would either be reduced (resulting in poorer quality housing in later phases) or withdrawn altogether and the project abandoned. By March 1996, thirty-one tenants had opted to move back to later phases and 104 had opted for schemes to move off the estates. The shortfall was not just in terms of planned housing but also of development land within the designated area. The HAT therefore began a search to identify and purchase (or otherwise obtain) additional sites on which to build more houses.

6.3.4 THE HIGH-RISE BLOCKS

Although most aspects of the masterplan had – at least in principle – been resolved at an early stage, an outstanding issue was the retention of tower blocks. The original masterplan allowed for the refurbishment of four of the original thirteen tower blocks: two at Cathall Road and one each at Chingford Hall and Oliver Close. The blocks were not, however, expected to be needed to re-house the HAT's secure tenants and were originally to be refurbished for sale, which – in principle – would contribute to the HAT's funding.²⁶ In September 1992, the HAT decided that the Chingford Hall and Oliver Close blocks were structurally unsound and should be demolished. The Cathall Road blocks could still be refurbished, either by the HAT or another social landlord. In July 1995, the HAT re-appraised the options for these blocks. Although LBWF was concerned not to lose the social housing, the HAT did not find any partners interested in refurbishing the blocks and, on further investigation, there were not enough HAT tenants willing to take up the option to justify the blocks' retention. The HAT also ruled out the possibility of refurbishing the blocks to meet its housing shortfall, because tenants did not wish to live there and the flats did not meet the HAT's need for family accommodation (NAO, 1997, p.35). Hence, it was decided to demolish the blocks.²⁷ A land swap would also take place, whereby LBWF would gain the land where the blocks had stood and, in return, the HAT would acquire the Langthorne Hospital site from the local authority for the construction of additional housing. The HAT was, however, criticised by the NAO (1997, p.35) for not undertaking a full option appraisal, including comparing the cost of refurbishment against the costs of demolishing the blocks, disposing of the site and purchasing other land to build additional homes.

6.3.5 PHASE TWO

Although Phase Two had been planned to start in August 1994, it actually started in September

²⁶ It is, however, debatable how much they would have contributed given the cost of refurbishing tower blocks and the saleability of the resulting units. The experience of *The Denes* at Stockbridge Village is appropriate here (see Appendix C).

²⁷ It is significant to note that, despite its need for housing units and the loss of units involved, the HAT was not stopped from doing this by the DoE.

1995. Following Phase One, the position of consultant architects was re-tendered. HTA and the LBWF's were replaced by Phippen Randall Parkes (PRP) in December 1994. PRP was appointed to review the redevelopment plans for each estate and to develop plans for Phase Two in detail.²⁸ Phase One was reviewed in terms of both its design and the procurement strategy. As with Phase One, tenants played a key role in this process. Most of the critical feedback concerned the process of housing development, especially problems of delays. For Phase Two, Tenant Development Groups (TDGs) were set up in mid-1994, which met regularly with the consultants to look at the masterplans and agree house types for the second stage of redevelopment. Monthly public meetings and drop-in sessions were also held. PRP reviewed, modified and updated the masterplan. The initial masterplan provided for the re-housing of 1710 secure tenants in new homes. In the review of Phase One, it was found the redevelopment proposals had over-estimated the number of properties that could be built on the sites. Furthermore, the underlying demographic assumptions had not made sufficient allowance for changes in housing needs as tenants grew older and personal situations changed. As a result the initial plans included too many one-bedroom properties and too few family-sized houses. The HAT's revised development programme (1996), therefore, allowed for the building of 1570 new properties and its 1996 Corporate Plan estimated it would re-house a total of 1854 secure tenants (1570 in new properties and 284 through re-housing schemes). By this time, the HAT had identified and acquired some development sites adjacent to its designated area for additional housing. Phase Two, therefore, included 68 new homes on North Birkbeck Road, Birch Grove and the Langthorne Hospital site in South Leytonstone. Another shortfall site at Oliver Close provided a further twelve new homes on the site of the proposed community centre. Community facilities for the estate would be provided as part of the redevelopment of Leyton Orient Football Club's ground close to the estate. A shortfall remained at Boundary Road in the final phase, which would require the acquisition of small sites and/or street properties. As no suitable sites could be found around Chingford Hall, the estate's tenants were given priority for re-housing options.

After appraising its approach to building procurement in Phase One, the HAT changed its approach.²⁹ For Phase Two, instead of seeking fixed price design & build contracts for each estate as in Phase One,

²⁸ The change in the architects appears to have been relatively uncontroversial. Retaining the architects and their proposed masterplan had been one of the important elements of the pre-ballot negotiation and is mentioned in the TED (Section D4). Tenants had, however, been involved in the decision to select new architects and there had never been any explicit guarantee that the original architects would be retained post-Phase One (WFHAT 12, 1996). As a TBM (WFHAT 16, 1997) argued, it was 'no big deal' changing architects: *"The masterplan had been developed in consultation with the tenants and the tenants had had a lot of input into it."*

²⁹ The HAT's expenditure on consultants' fees for project and construction management for Phase One totalled 14% of the cost of the contracts (NAO, 1997, p.31) and attracted criticism from various quarters. Building (27 October, 1995, p.5), for example, commented that the HAT had come in for criticism "... for the platoons of consultants it was employing." Similarly, Spring (1995, p.20) wrote: "... a large chunk of the money has been used to pay a myriad of consultants often with overlapping responsibilities."

the HAT employed Bovis Construction Ltd as its construction manager across all four sites. The building work was organised into discrete work packages that were tendered separately. The change to individual work packages lead to major savings through 'efficiency gains'. It also led to more direct contact with contractors and it became easier to persuade them to take on local people and for the HAT to meet and exceed its targets for local employment.

6.3.6 LIFETIME COSTS

As discussed in Chapter Four, the HAT programme had been started without calculation of its expected costs. In Waltham Forest, the Government had not agreed to any specific unit costs but, in accepting the Feasibility Study's conclusion and in progressing negotiations towards a ballot, had tacitly agreed to incur the likely costs of the subsequent HAT. Although the Feasibility Study had estimated the work at £171 million, the consultants had not been required to include the cost of the community development work, housing management costs in excess of rental income, nor the administration costs; neither was the estimate revised to take account of undertakings in the TED (NAO, 1997, p.19). The HAT's estimate of its life-time costs increased as its work progressed.

The HAT's 1995 Corporate Plan estimated that to address the shortfall in properties for secure tenants it would need to extend its development programme to 2005, which would cost nearly £300 million (£298 million in 1995/96 prices) – although this figure excluded any income from the disposal of properties. The Government indicated this would be beyond the grant funding available.

The HAT estimated that it could complete its work by 2001 using private finance, which would reduce the total grant-in-aid requirement to £265 million less any receipts from disposals (ibid, p.19). Within this total cost, redevelopment work would account for £200 million in 1995/96 prices, which compared with the Feasibility Study's estimate of £180 million in 1995/96 prices, including refurbishing four tower blocks for sale (ibid, p.19).

As all the HATs' estimates were steadily creeping up from what had been set out in the various feasibility studies, in March 1996 the Government sought to determine each HAT's lifetime costs. The DoE's indicative grant-in-aid range for WFHAT was between £180 million and £260 million and the target date for completion 2001-2. The HAT's 1996 Corporate Plan estimated its total grant requirement to be £235 million. From its 1995 estimate of £265 million, the HAT had identified savings of £22 million through improved efficiency and adopting further re-housing options, together with an anticipated £18 million in capital receipts from transfers (NAO, 1997, p.19-20). The planning figure was for 40% of tenants transferring to a landlord other than LBWF, thereby, generating a capital receipt. The HAT had also identified £10 million additional costs, comprising £5 million for financing costs for homes to be built under a private finance arrangement with the Peabody Trust (discussed below) and £5 million as an endowment for a CDT (ibid, p.19-20). In November 1996, the Government set a life-time grant-in-aid

ceiling for the HAT at £227 million (see Table 5.2). As discussed in the previous Chapter, the life-time costs cap had a number of implications for all HATs, including certainty in terms of the amount available and that those funds would be available, but also a transfer of responsibility to HATs to work within their life-time costs limit. The funding shortfall effectively compelled the HAT to seek a private finance arrangement.

6.3.7 TENANT INVOLVEMENT

Tenants were involved throughout the project's development. As a redevelopment, design issues at Waltham Forest were more complex than at Hull (although not as complex as those at Liverpool). A tenant representative (WFHAT 7, 1994) felt there had been "... *a good dialogue with the architects -- full conversation and explanation.*". Attendance at design meetings was variable. Regarding the Tenant Development Group meetings and re-iterating the previously noted 'free-rider' issue, a tenant representative (WFHAT 15, 1997) stated that:

"Everybody was leafleted and told about the meetings. You would think if people were given the opportunity they'd come down and have their say. There were 100 flats but there was only me and one other person at the meetings; five architects and two tenants. There's a 'can't be bothered' attitude. Some people still say: It's never going to happen. There's lethargy. Some people say: Give me my front door keys. Others say: What we say won't make any difference'. Some key issues seem to bring people out. When we had the meeting about allocations, there was over eighty people down here -- asking how many bedrooms would they get."

A TBM (WFHAT 16, 1997) felt there had been sufficient involvement in the development programme and, if not, it was not for lack of opportunity. She also recognised the danger of tenants who were involved being made scapegoats and blamed for any failings of the new houses. Furthermore, a tenant representative (WFHAT 7, 1994) argued that although there might be : certain problems with the new homes, "... *we were involved and we made the decisions so we feel responsible.*". This echoes the point made in Chapter One about choice as an element in policy implementation: if tenants are empowered to make decisions, those decisions are *their* decisions and, more importantly, the compromises are *their* compromises.

Tenants were allocated their future home 8-12 months before moving in. Once their home had been allocated, tenants could make individual Tenants' Choices regarding certain features, materials, finishes and colours. Tenants were able to individualise their homes by choosing from a range of internal and external features, including:-- internal wall colours and covering; vinyl flooring colours; bathroom fitting and wall tiles; kitchen units and wall tiles; carpet colours; wardrobes; internal and front door types and finishes; and door furniture. A New Homes Centre was opened on each site where samples of the finishes and features were available. There was also the option of an enhanced range of finishes and features,

which tenants could pay extra for. Each estate was treated individually and, hence, differently. It also meant tenants could see things being done differently elsewhere, which inevitably raised issues of the 'grass being greener'. The range of choices also needed to be restricted both for cost reasons and with regard to the long-term maintenance of the properties, especially as the HAT would not be the long-term landlord. Tenants would also receive a disturbance allowance (intended to cover relocation costs and dependent on the tenant's individual circumstances) and a home loss allowance of £1500, which could be used to pay for the enhanced range. As at Hull, there was a rent freeze until tenants moved into new or improved properties. Unlike Hull, there was no attempt to create a level playing field in terms of rents. Although new rents were pegged to LBWF rents, they were not phased in and there was a sharp increase in rent from £39 per week to £62 per week in 1996 (NAO, 1997, p.44), which could, for example, create a poverty trap for those in a position to seek employment.³⁰

6.3.8 COMMENTARY

A TBM (WFHAT 16, 1997) stated that the response to the new houses had been 'overwhelmingly positive' with only minor complaints about snagging. Tenants were also aware that the new houses being built on the Avenues estate near to Cathall Road, funded under the SRBCF and managed by LBWF, were of a much lower standard than those for the HAT; the project was also less well-funded than the HAT. Furthermore, a HAT participation officer (WFHAT 14, 1997) pointed to a nearby private sector development, which, by comparison with the HAT properties, was poor quality. Although the HAT properties were high quality, there was criticism that this was an inappropriately high quality. During 1996, the HAT was the subject of an NAO inspection, which was published in January 1997 (NAO, 1997) and attracted headlines in national newspapers, including: 'Watchdog counts £122,000 per family cost of homes facelift for tenants' (*The Guardian*, 29 January, 1997) and '£120,000 a family to re-house inner city council tenants' (*Daily Telegraph*, 29 January 1997). The newspapers, however, selectively reported and were more critical of the HAT than the Government's failure to exercise budgetary control.³¹

Although it was at the HAT's discretion (subject to consent or veto from above) to determine the appropriate quality level for its development work, there was no incentive (or necessity) on the HAT's part to balance cost against quality, which indicates a lack of hierarchical control over implementation. The NAO report (1997, p.2) was especially critical of the Government's financial management and argued that the balance between cost and quality should have been determined at the outset with budgets based on targets for unit costs and bench-marked to those of other public

³⁰ Furthermore, in the new homes utility charges are billed directly to the occupants. The old estates had a district heating system where heating and water charges were based on the average consumption and included in the rent. The HAT had, however, endeavoured to minimise utility costs in the new properties by designing the dwellings to high energy efficiency standards.

³¹ The HAT's chief executive responded to the criticism in detail in an article in *Inside Housing* (6 February, 1997, p.15).

sector bodies undertaking similar work.

6.4 THE EXIT OPTIONS

As HATs were expressly intended to be limited-life agencies, at some point in their life, tenants would be required to make landlord choices. Tenure/landlord diversification was a statutory objective. Given the estates had been almost 100% council tenancies, tenure diversification would inevitably involve as many as possible tenants not returning to the local authority. With the first new build houses being occupied from March 1995, the exit issues became real. As stated in the TED (sG1), the original intention was for tenants to make a landlord choice after each phase of development. As at the other HATs, the precise timing of this choice was significant. If tenants transferred before the HAT had completed its work, the HAT would not receive the rent from those properties – although it would receive a capital receipt from the sale. If tenants transferred at the end of the HAT's life, the HAT would receive the rent for the interim period.³² The opportunity for Phase One tenants to make their landlord choice decision had been due in 1995/6 but was postponed. In December 1994, the HAT decided the landlord choice for Phase One and Two tenants would be combined and would occur in mid-1998; tenants would also be able to remain with the HAT until the end of its operational life. The landlord choice for those in the later phases would be 2001. The main reasons were, first, that LBWF would have to operate under CCT by 1997 and the effect of this would be known; second, that waiting until mid-1998 would give Phase One and Phase Two tenants more time to look at options for future landlords; third, as more tenants would have moved into their new homes, it would be more practical for tenants to make their choices in larger groups and tenants could also have stronger representation; and, fourth, that waiting until 1998 would give tenants in all phases more time to set up TMOs (from Cathall News, February 1995, p.3).

6.4.1 EARLY EXITS

In contrast to the North Hull HAT, Waltham Forest HAT had more secure tenants than planned homes. Given the shortfall, there was a range of schemes to find alternate ways of re-housing tenants other than building new houses. These schemes gave tenants additional choice, the possibility of improving the quality of their housing at an earlier date and may also have suited tenants' aspirations and preferences (i.e., to move closer to work or family). Each of the schemes involved secure tenants exiting from the public sector, becoming either an owner-occupier or an assured tenant with an HA. There were two main schemes. A Cash Incentive Scheme (CIS), introduced in February 1994, through which secure tenants

³² Unlike in Hull, LBWF had not, in fact, planned on any tenants returning until the end of the HAT (WFHAT 19, 1998). It was also pursuing the CCT of its housing service and preferred to delay tenants returning to them until the details of this had been resolved (WFHAT 12, 1996).

could be given a cash incentive towards the purchase of a property. To be eligible for the incentive, tenants had to be able to obtain a mortgage, have a clear rent account, be a secure tenant for at least two years and agree to give up their tenancy as soon as they had bought the new home. By March 1998, the scheme had re-housed 147 households at an average cost of £19,367 per unit (WFHAT, Annual Report 1997/98, p.10). The second scheme was a Tenant Home Finder scheme designed to help tenants find a home of their own choice, which – subject to certain conditions – an HA would buy and rent to them. The HAT made agreements with three HAs – Waltham Forest Community-Based Housing Association (WFCBHA), London & Quadrant and East Thames HA – to act as partners on this scheme. By late 1998, it had reached verbal agreement with the Government Office for London and about 200 tenants had registered interest in the scheme (WFHAT, Annual Report 1997/98).³³

6.4.2 THE EXIT STRATEGY

Although there was a complex phasing of the demolition and redevelopment cycle, the HAT's development task was relatively straightforward: existing flats would be progressively demolished and new low-rise housing built. Tenants would transfer from a collectivised to an individual form of housing and could, therefore, make individual decisions about their future tenure. In the case of flats and sheltered housing units, it would be on the basis of a majority vote. The development of the HAT's exit strategy was tenant-initiated and the working party (ESWP) was a tenant-led committee. While there would be a standard exit package, including a return to the local authority, transfers to HAs and RTB, the ESWP wanted to expand choice. The HAT also wanted to offer a tenant-led option. Funding was provided for consultants to investigate tenant management strategies and various exit options, including:-- a return to the local authority; disposal to existing HAs; disposal to a new CBHA; disposal to a new non-community-based HA; disposal to a new housing company; and establishing TMOs. The ESWP argued that a TMO would give HAT tenants greater control over day-to-day management of their homes and surrounding environment (Cathall News, February 1995, p.3.). It further argued that if tenants set up effective TMOs, future landlords would be required to negotiate with tenants over housing management decisions (*ibid*, p.3.). A more ambitious development on TMOs, however, was to develop a fully-fledged CBHA, registered with the Housing Corporation. The idea was long-standing, going back to the tenant-led company schemes of the late 1980s.

In 1993, the ESWP and the HAT board agreed that the working party should investigate setting up a CBHA, with a tenant majority on the management committee, to run alongside the HAT. Various

³³ A Do-It-Yourself Shared Ownership (DIYSO) scheme was also established but failed to attract interest. During Phase I to address the housing shortfall, the HAT purchased 22 street properties, which were refurbished and managed by the HAT. These tenants had similar exit options to the other tenants. The HAT did not continue this option as the costs outweighed the benefits.

reports were produced on the issues raised. As the essence of a CBHA was that it would be tenant-controlled and identified with a local community, a key issue was whether there should be one for each estate, one covering a group of estates or a single CBHA covering all four estates. Alternatively a single umbrella CBHA could be set up, which might later separate into estate-based organisations. As at Hull, a fundamental issue was the minimum critical mass needed for a viable CBHA. The consultants (HACAS, 1993) considered a minimum of 250 properties was needed. Given the phased redevelopment programme, the report also recognised the necessity of phasing in CBHAs as the first phases on each estate might not produce the minimum numbers required for viable CBHAs.

In March 1995, the HAT decided to set up a single CBHA to cover all four estates, intended to be a separate organisation from the HAT, with a board consisting of fourteen members, ten of whom were tenants, including the chair and vice-chair; Chingford Hall and Cathall Road had three members each, Boundary Road and Oliver Close two members each. The other four members were non-residents and included a local councillor who was also a serving member of the HAT board. Another non-resident HAT board member served initially but later stood down. Although board members were initially nominated by the ESGs, it was agreed they would subsequently be elected. All of the tenant members had been involved in various estate-based community groups and organisations and three were serving HAT TBMs.

During 1995, it was proposed to contract out the HAT's housing management. Although a number of parties (mainly HAs) expressed an interest, these were not taken up because of a subsequent decision to incorporate the housing management contract within a development agreement for the provision of an additional 150 homes to help meet the housing shortfall (NAO, 1997, p.29). Apart from the CBHA (backed by the Peabody Trust), the other HAs were reluctant to provide these homes with the level of risk transfer involved (ibid, p.29). Thus, a proposal for the new CBHA to run the HAT's housing management services was approved in February 1996 and, in May, it became the HAT's managing agent. The HAT remained the landlord and there were no major changes for tenants on a day-to-day basis. As client to the CBHA, the HAT would also continue to monitor performance and would be accountable to tenant representatives. Housing management staff directly employed by the HAT also transferred to the CBHA. The arrangement also meant tenants would have the opportunity to experience the CBHA before they made their landlord choice.

6.4.3 THE PRIVATE FINANCE DEAL

The integration of the housing management contract with a development agreement meant the development of a TMO/CBHA became integrated with other developments, which were responses to

the HAT's interrelated problems of housing and financial shortfalls. In early 1996, the HAT agreed a private finance deal with the Peabody Trust. One of London's largest charitable HAs and managing nearly 14,000 homes, Peabody agreed to finance additional housing through a subsidiary HA and to enable this, the fledgling CBHA became that subsidiary. The additional housing would consist of 150 new homes to be built on the Langthorne Hospital site, close to Cathall Road Estate. In addition, Peabody's loan would increase the cash flow and enable the HAT to speed up its redevelopment programme, thereby, shortening the HAT's life and saving an estimated £50 million in grant funding (WFHAT Press Release, March 1996).³⁴

At that time the Housing Corporation was unwilling to register a tenant-controlled HA and, hence, it was necessary that the CBHA become a subsidiary of another HA to enable it to register. Tenants sought assurances that the parent HA would safeguard a tenant majority and tenant control (Chingford Hall News, February 1996). ESGs took an active role in the negotiations and also took independent advice from consultants (CHA). As noted above, the negotiations resulted in the CBHA becoming a subsidiary of Peabody, which also indicated its willingness "*... to grant the tenant majority on the CBHA management board maximum responsibility and control.*" (WFHAT Press Release, 28 March 1996). The CBHA board was expanded to include a Peabody nominee, who would also have a veto to be used only in exceptional circumstances (e.g., financial mismanagement) (Zitron, 1997, p.45). As the Labour Government elected in May 1997 was more willing to permit tenant-led social landlords, the CBHA subsequently became an RSL in November 1997.

Once it had built the additional homes, the CBHA would make them available to the HAT to rent to its secure tenants. The HAT would pay rent to the CBHA for the lease and the CBHA, in turn,

³⁴ At this time the expected completion date was 2005 and its expected cost was £300 million. Another scheme involving private finance had been proposed earlier in the HAT's life. In September 1993, a board paper (WFHAT, September 1993) had been presented outlining an option to speed up and, thereby, reduce the project's cost. The proposal involved the establishment of a parallel company, with a board membership consisting of four HAT board members, four tenant members and four independent representatives. Unlike the HAT, the company would be able to borrow money without it counting as public expenditure. The security for the money borrowed would be a twenty-one year lease on the HAT property. The company would undertake the redevelopment and would be paid back by using a mix of capital receipts and rental income. Transfers to HAs would pay back the loan; transfers to local authorities would not and the company would therefore have to be repaid by rental income, surpluses from sales to HAs and any other income earned by the HAT. The major implication for tenants was that there would be a delay in any return to the local authority because the company's financial obligations would have to be discharged first. Consultation with ESGs showed tenants were wholly opposed to the scheme and consequently the HAT board rejected it. It is, nevertheless, very curious that the DoE allowed the HAT the latitude to make a decision of this nature, particularly when HATs had been proposed as a means of encouraging private sector investment. What is also significant is that the scheme is not dissimilar to the subsequent arrangement for the temporary transfer to the CBHA. That the Peabody proposal was more acceptable to tenants may have been because – in the interim – the HAT had won tenants' trust and was trusted to act in tenants' interests (WFHAT 12, 1996).

would pay Peabody. After five years, Peabody would have recouped 50% of its investment. The other 50% was structured on risk/reward terms based on a ratchet formula linked to tenants' landlord choices and capital receipts generated. In this respect, the Peabody Trust was taking a calculated risk. Once the tenants' landlord choice had been completed, the HAT would use the capital receipts from transfers to HAs to repay the Peabody Trust. The consequences for the Peabody Trust were as follows:--

- If fewer than 30% of tenants chose HAs, the HAT would not have sufficient funds and Peabody would lose money.
- If between 30% and 60% of tenants decided to transfer to the CBHA (or another HA), then Peabody would recoup all of its money.
- If more than 60% of tenants voted to transfer to the CBHA, then Peabody would get back more money than it had lent. Peabody, however, had stated that it did not want to make a profit and would be prepared to plough the money back to the CBHA or a local development trust (Chingford Hall News, February 1996, p.3).³⁵

It was therefore in Peabody's interest to gain tenants' trust, since the more confidence tenants had in the CBHA, the greater the probability they would choose it as their future landlord. Similarly, the CBHA would have to ensure it provided a good housing management service.

6.4.4 THE TEMPORARY TRANSFER

Although the PFI deal with Peabody had been brokered before the outcome of the lifetime costs exercise had been announced, the funds made available became unnecessary as a different option was pursued, involving a temporary transfer of completed properties from the HAT to the CBHA. This transfer was another means to overcome the funding shortfall by bringing forward capital receipts from the disposal of the properties so that they could be used within the development programme. In confronting the funding shortfall following the lifetime costs exercise, five options had been considered. First, seeking more money from the Government, but the Government had already set an upper limit on the funds available. Second, transferring the later phases of the housing to another HA, who would then complete the redevelopment.³⁶ This was rejected because tenants would lose their landlord choice, probably have higher rents and a lower standard of redevelopment. Third, to cut costs in the remainder of the redevelopment. The HAT, however, considered that it inequitable for tenants in later Phases to have a lower standard of redevelopment than in Phases One and Two. Fourth, to carry on with the original plan to give all those in Phases One and Two the right to choose their new landlord in 1998. This was considered too risky. If too many tenants voted to return to the council, the HAT would not have enough funds to continue the development. It was also felt this would be putting undue pressure on tenants when

³⁵ The terms of this risk were amended later.

³⁶ The HAT's intention was to complete the redevelopment work itself, rather than to work in partnership with other providers of social housing.

making their landlord choices. Fifth, to temporarily transfer all the new homes to the CBHA, thereby yielding a capital receipt for the HAT, which could be used to offset its projected shortfall in terms of finance. By transferring the new homes at an average estimated TMV of around £30,000, the HAT would raise in the region of £45 million over its remaining life-time. The decision date for the landlord choice would be put back from mid-1998 for Phases One and Two to 2001 for all phases and the HAT would repurchase the homes of those voting to return to LBWF in 2001 for onward transfer. It would also mean that the HAT would not need to utilise any of the £15 million private finance facility arranged through Peabody (WFHAT, Annual Report 1996/97, p.18). The transfer of risk continued for Peabody continued: if the HAT did not earn enough capital receipts then Peabody would lose money because the HAT would not be able to buy the properties back. The HAT would only purchase those it had budgeted for and any extra would transfer at zero cost.³⁷ Apart from the first, all the options – including the temporary transfer – broke or challenged agreements made in the TED. Although the TED stated there would be a phase-by-phase ballot for landlords, temporary transfer meant delaying the ballot until the end of the programme.

Although the HAT board's preferred solution was to negotiate a temporary transfer (WFHAT Annual Report 1996/97, p.5), the final decision was put to a referendum of tenants. While a referendum was not required, the HAT considered it wrong to proceed without tenants' clear support. To prepare for the referendum, the HAT undertook research to identify and address tenants' key concerns. Tenants also had a Tenants' Friend (Paddington Churches HA) to help them understand the implications. The CBHA made two guarantees to tenants:— rent increases would be restricted to the level of inflation until 2001 and, although they would become assured tenants, many of the rights of secure tenancies would be restored on a contractual basis. The initial idea was to inform tenants and not to recommend how to vote, but after a board discussion, the HAT decided to recommend a Yes vote (WFHAT 17, 1997). A tenant representative (WFHAT 15, 1997) noted that everyone had been positively in favour of it, including the HAT chair, the CBHA chair and even the local authority; hence, the message was: 'You're not voting for the temporary transfer, you're voting for the redevelopment to continue.'. Similarly, a TBM/CBHA chair (WFHAT 16, 1997) stated that: *"It was presented as a choice, but in reality there was no choice. The vote was to legitimise the course of action."* Importance was, however, attached to the scale of voting to indicate popular support for the transfer. All tenants had a vote, although, in principle, the transfer would only materially affect tenants in later phases, who – in the event of a No vote – could have poorer quality

³⁷ The terms of the HAT's private finance arrangement with Peabody Trust were that the Peabody would reduce the HAT's financial risk if the vast majority of tenants returned to the local authority. The HAT would also share the financial surpluses with Peabody if the vast majority of tenants chose an HA as their landlord. If all tenants chose to return to the local authority, Peabody would pay the HAT a sum of £7.5 million that would mitigate the loss of capital receipts to the HAT. If, on the other hand, 90% or more tenants chose an HA, Peabody would be paid a £7.5 million 'bonus', of which it had promised to invest up to £5 million in LB Waltham Forest for community benefit. (WFHAT, 1998, p.18).

housing. The result was a 92% Yes vote on a 55% turnout and, in January 1998, the first tranche of 673 new homes was transferred to the CBHA.

6.4.5 EXIT OPTIONS

The options for tenants in the landlord choice are likely to be:— returning to the local authority; transferring to the CBHA; (possibly) the option of transferring to another HA; and RTB.

— return to the local authority

The 1996 planning figure of 60% returning to the local authority was cautious (WFHAT 14, 1997).

A 1993 poll of tenants conducted by MORI (1993a) showed 49% (with 20% as don't knows) expected to return to the local authority (Table 5.5). Tenants' attitudes were changing, however: *"... the main aim in the early days was to get re-housed and to go back to the council. The change has been due to the HAT experience and all the opportunities that tenants have had, training and the new facilities."* (WFHAT 13, 1998). The same tenant felt the local authority had not moved on: *"Going back to the local authority means going back to being told what to do and having to accept it. With the HAT we've been able to negotiate and make suggestions."* (WFHAT 13, 1997). Similarly and more colourfully, a tenant representative (WFHAT 15, 1997) said that: *"Anyone going back to the local authority needs their head tested. They'd be a complete moron. People have short memories of how bad it was. The majority would stay with the HAT if that was an option."* Surveys in 1998 indicated that only 22% (albeit with 46% don't knows) were likely to return to LBWF and in the 1998 Corporate Plan (WFHAT, 1998) the planning figure for tenants returning to the local authority had been reduced to 40%.

— housing associations

The main alternative to the local authority was the CBHA. As a result of the temporary transfer, properties had already transferred to an organisation that was a potential landlord. Transfers at the end of the HAT would, therefore, be transfers *away* from the CBHA rather than *away* from a limited-life body and, hence, a 'no-change' option would be available for tenants. At Hull, a similar option was not available except for those tenants who had opted for the trial management period with HAs. The CBHA had therefore become the premier exit option -- the 'known', while the local authority and the other options were 'the unknown'. In addition, the local authority may be changed to an unknown extent by such factors as CCT and ERCF. Furthermore, if and when tenants return to the local authority in 2001, they would have been under other landlords for nearly ten years (under HAT management for three years and the CBHA for seven years). The use of the CBHA as a managing agent and then the temporary transfer was therefore equivalent to the trial management periods at Hull with the important exception that all tenants were experiencing it. The temporary

transfer also placed an onus on the CBHA to consolidate its position as the premier exit option for tenants.

	1993 MORI	1997	1998
% Aware of Landlord Choice in 2001/2002	n/a	n/a	72
% Likely to buy new home in new home or future home	n/a	29	26
% Who would most like their future landlord to be:--			
• WF CBHA (HA controlled by tenants)	14	25	29
• WF council	49	26	22
• Another HA (existing HAs)	12	15	3
• (Tenants' co-operative)	4	n/a	n/a
• (Private landlord)	1	n/a	n/a
• Don't know (Don't know/ opinion)	20	32	46
% Intending to stay in the area	n/a	75	83
<p align="center">TABLE 6.5 – OPTIONS FOR THE FUTURE (Sources: Mori (1993a); WFHAT 1998, Annual Report 1997/98, p.19) NB n/a = not asked; responses in brackets refer to MORI questions.</p>			

Apart from the CBHA, other HAs have yet to play a major role in the HAT, although the landlord choice is still three years away. The opportunity for other HAs would be to offer an alternative to the CBHA and their prospects would be enhanced if the CBHA faltered in any way (provided the reasons were not inherent failings of HAs). Unlike at Hull, however, tenants are unlikely to have a trial management period with other HAs. As it would be important for tenants to have stability and continuity of service, the HAT would need to vet prospective HAs. It would therefore be likely that transfers will be to well-established HAs with substantial housing stocks (i.e., more than 2000 properties). A 1998 survey, however, indicated that only 18% wanted a third choice and that most tenants would be happy with a choice between the council and the CBHA (WFHAT, 1998, p.19).

– right-to-buy

The temporary transfer also had consequences with regard to RTB. For the period of the temporary transfer, the cost floor was no longer the property's construction cost (i.e., £70,000) but the transfer cost (i.e., approximately £30,000). Tenants wishing to buy could therefore receive their full discount entitlement. Tenants (WFHAT 13, 1997; WFHAT 16, 1997) felt there would be 'strong interest' in and

a large take-up of RTB: *"People are now in employment or have been through training. The right-to-buy is a genuine option; people have a choice and it's a real choice."* The HAT's 1998 Corporate Plan reported interest in the RTB was 'growing quite significantly' and predicted twenty RTBs per year for the next three years, with a 'more likely scenario' being around 10% of tenants purchasing their properties through RTB over the next five years.

6.4.6 COMMENTARY

Due to the postponement of the landlord choice ballots, by the end of 1998, Waltham Forest HAT was not as advanced in terms of its individual tenant exits as either North Hull or Liverpool HAT. The HAT's exit strategy had, however, been progressed in other ways. Its main operating divisions had all been transferred to organisations that, in principle, were permanent rather than limited life, while all the new build properties had been transferred to the CBHA (who in addition managed all the properties). Any transfers at the end of the HAT's life would, therefore, be transfers *away* from the CBHA rather than *away* from a limited life body – and, hence, the CBHA was the premier exit option for tenants. Nevertheless, if -- as is possible -- the final landlord choice is between the CBHA and the local authority, then tenants will not have much choice. Should either be obviously weaker or superior to the other, then there will not be any effective competition and tenants will not be empowered as consumers. A HAT participation officer (WFHAT 18, 1998) noted that tenants were reluctant to predict their future landlord choice and understood the power of not making a choice until the last minute. A further factor that may be particularly important in the landlord choice decisions is the shorter period of arrears before eviction for assured tenants compared to secure tenants. In a low income area, the arrears are a form of credit and a third of the HAT's tenants had more than thirteen weeks of rent arrears (WFHAT, 1997/98 Annual Report, p.20).³⁸

6.5 THE HAT'S WIDER ROLE

Although this thesis concentrates on housing (tenure) issues, regeneration issues are an important part of the totality of HATs, making it a (neighbourhood) 'regeneration' project rather than simply a housing 'redevelopment' project. To indicate the range of the HAT's regeneration activity, an overview of the HAT's economic development activity and the succession arrangements is presented below.

Economic development

In the HAT's 1993/94 Annual Report (WFHAT, 1994, p.2) the HAT chair, John Chumrow, argued

³⁸ An important consideration in the pre-HAT negotiations, for example, was to ensure that the local authority could not refuse to accept back those tenants with high outstanding arrears.

it would be through the Community Development Programme “... *that the majority of tenants will be empowered to control their own future.*”. More specifically he stated that it was training and jobs, which tenants had specified as a priority in the TED, and “... *through access to a higher income that tenants will be really free to make choices and the HAT will know the investment in new homes has been safeguarded.*”. The HAT aimed to strengthen the economic health of the estates and the surrounding area and to raise income levels by getting tenants into jobs. Although the HAT had some leverage through its own employment, including administration, housing management and repairs & maintenance, its main leverage was through the development programme. The HAT had policies for local procurement and local employment and set contractors targets for employing tenants as part of their contractual obligations. Local employment clauses were, however, difficult to enforce. For Phase One, contractors met the HAT’s employment targets for trainees to account for 10% of their workforce (16% achieved) but failed to meet the 20% target of skilled workers to be recruited locally (18% achieved) and the 20% target of the contract price to be procured locally (18% achieved) (NAO, 1997, p.44). Following changes to the procurement strategy and the introduction of work packages from Phase Two onwards, the employment of local people increased and during 1997-98, an average of 25% to 30% of the site workforce were residents (Annual Review 1997/98, p.7). The principal mechanism for connecting tenants with employment and training opportunities was the Careers Advice & Placement Project (CAPP), launched during 1993/94, which provided a focus both for tenants seeking employment or training and for contractors recruiting their workforce. CAPP set up a variety of programmes, worked closely with contractors and local employers to produce tailor-made recruitment packages and to establish longer term links. During 1993/94, to develop training opportunities and enhance tenants’ employment prospects, two training centres were set up in partnership with other agents:-- the Trinity Business Skills Centre and the Langthorne Constructions Skills Centre. Trinity Business Skills Centre, near Chingford Hall, provided training in business administration and information technology. The second training centre was at Langthorne Road, near Cathall Road, which delivered training on construction skills with direct links to the HAT contractors. The Langthorne Training Centre was funded by LBWF, the HAT and the local TEC, and operated by Bovis. It was closed in July 1997, however, when its site was needed for new housing. Following its closure, a second dedicated training base, Colchester Training Centre, offered training opportunities to tenants. There was also an economic empowerment through the provision of childcare, which enabled HAT tenants, particularly lone parents, to take advantage of HAT-sponsored training courses and employment opportunities. (Annual Report 1993/94). The HAT also sought to encourage unregistered childminders to register and supported them with advice and training. Support was also provided support for tenants to establish their own businesses.

Successor organisations

By 1998, the HAT had substantially completed a programme of externalising its major functions, such that it was increasingly becoming a 'residual' body functioning primarily as a monitoring and quality assurance agency and as a funding conduit. The strategy was an explicit response to the HAT's status as a limited-life organisation and, in principle, meant it could withdraw with minimal impact on the local area. Each of the HAT's major operating divisions had been transferred to a separate organisation:-- the development department became a part of the consultants Dearle & Henderson Regeneration; housing management had transferred to the CBHA, while the community development department had transferred to a new CDT, the Orient Regeneration Trust (known as O-Regen). Constituted in March 1997, O-Regen became responsible not only for the HAT's community and economic development programmes, but also to extend similar community-based regeneration initiatives to other priority neighbourhoods within LB Waltham Forest (WFHAT, Annual Report 1996/97, p.23). Its board consisted of three from LBWF; three from the HAT; one from the CBHA; one from voluntary action; one from the Tenants' Federation; two from the private sector and four co-opted members. The number of HAT members would decrease in the run-up to the HAT's exit in 2002; by which time, the CBHA would have an additional member. The HAT's intention was to provide O-Regen with a £5 million endowment to provide it with financial stability.

The capital itself would not be spent but would generate interest to offset revenue costs. In March 1997, the Government Office for London had a £2 million underspend from the SRBCF, which it transferred to the HAT as an initial endowment for O-Regen (WFHAT 17, 1997).³⁹

6.6 CONCLUSION

Although established in 1991, the Waltham Forest HAT's origins go back to the mid- to late 1980s when a significant amount of development work had been undertaken. It therefore pre-dates HAT policy. Once a HAT was offered, both tenants and the local authority were quick to appreciate the opportunity and, given the Government's willingness to negotiate, there was significant bottom-up influence in determining the detail of the proposed HAT. Rather than seeking a HAT specifically, at the time, LBWF and its tenants had been seeking a means of funding the redevelopment of their estates. The HAT can, therefore,

³⁹ In late 1998, there was some debate regarding whether O-Regen would actually get the remainder of the endowment. The HAT's original plan was for an endowment of £5 million for the CDT. This was intended to come from Peabody's bonus of £7.5 million, which was dependent on the outcome of the landlord choice ballots. The HAT's had agreed with Peabody that up to £5 million would be made available for the benefit of residents in LBWF in consultation with WFCBHA. The DETR's £2 million endowment to O-Regen was subject to the condition that if it received monies up to that amount arising from the landlord choice process then the DETR might require O-Regen to repay the money. In discussion with Peabody and the CBHA, the HAT had concluded that there was some reluctance to pay the money to O-Regen if it would in effect be paid to the DETR. (WFHAT, 1998, p.19).

be interpreted as a continuation of a local initiative. While there had been some debate whether the conditions on North Hull estate warranted a HAT approach, this was less contentious at Waltham Forest. This was also apparent to those tenants who visited other areas: *"HATs are not appropriate in all areas. Hull was not appropriate for a HAT. The housing conditions there are nowhere near as desperate as Waltham Forest."* (WFHAT 11, 1994).

The HAT also had the advantage of well-established and well-organised tenant groups, who had been centrally involved in determining the nature of the HAT to be established. Tenants had also been closely involved in the decision to explore the possibility of a HAT for their estates, and their expectations were given a high degree of certainty by the existence of the TED. These factors helped create a strong sense of identity with the HAT among tenants, who felt they had earned the right to have their estates redeveloped.

A tenant representative (WFHAT 2, 1994), for example, stated that there was *"... a strong sense of ownership because the HAT had been created by the tenants."* The HAT was also strongly committed to continuing tenant input into decision-making. Furthermore and in contrast to Hull city council, LBWF largely took a back-seat once the HAT had been established.

Although initially delayed, by late 1998 the development programme was substantially underway and about a third of tenants had moved into their new homes. The HAT had also largely resolved its related problems of funding and housing shortfalls through the acquisition of additional building sites and re-housing options for tenants (i.e., the early exits) and through the temporary transfer of its completed properties to the CBHA. It still, however, faced a continual juggling act to balance the number of secure tenants to be re-housed, the number of houses built and the take-up of re-housing options, while staying within its life-time costs cap. The CBHA had become the premier exit option in the landlord choice. The HAT had worked hard to develop the CBHA and in some respects had privileged it over other options. It is, nevertheless, both a tenant-controlled organisation and independent of the HAT. Although the landlord choice was delayed until the end of the HAT's operational life, the HAT had engaged in a significant amount of planning for its own exit and in creating new organisations to make its impact more sustainable. Furthermore, the simple fact of the estate's redevelopment would also result in a significant physical change. The new housing would also have certain social impacts. One of the objectives of the masterplan, for example, was to re-integrate the estates into the surrounding area, so that they were no longer perceived as isolated and stigmatised estates (i.e., to convert the estates into integral parts of the local neighbourhood). The physical transformation was also breaking down the stigma attached to the estates. Hence, as a result of the whole HAT process, tenants are likely to have experienced more fundamental change and the HAT period will be regarded as significant watershed.

Chapter Seven

CASE STUDY III:

THE LIVERPOOL HAT

7.0 INTRODUCTION

This Chapter is a case study of the Liverpool HAT, the third to be established. It is in five main parts. The first discusses the choice to establish a HAT. The second discusses tenant involvement. The third discusses the uncertainty regarding the development programme. The fourth discusses the resulting development programme and the landlord choice. The fifth indicates the wider activities of the HAT. Table 7.1 is a chronology of the HAT. Appendix E is a summary of the Joint Statement.

7.1 THE ESTABLISHMENT OF A HAT IN LIVERPOOL

7.1.1 THE HAT OFFER

The emergence of a HAT in Liverpool in 1992 must be placed in the context of the city's local politics in the 1970s and 1980s. The 1970s were characterised by constantly hung councils, minority and coalition administrations (Parkinson, 1988, p.112). The Liberals (supported by the Conservatives), however, held the balance of power between 1973 and 1983 and had two major policy goals. The first was to dismantle the large municipal housing stock built up during the 1950s and 1960s and, anticipating 1980s Conservative housing policies, they encouraged the private and voluntary sector in housing and largely abandoned council house building (Parkinson, 1985, p.130). Housing co-operatives were also vigorously supported; as Clapham & Kintrea (1992, p.92) argue, although quite small (about 2000 dwellings in total), these were widely regarded as a 'significant departure' from traditional forms of housing provision.¹ The Liberal's second policy goal was to restrict council expenditure and reduce local rates. Hence, in contrast to most authorities of the 1970s, Liverpool was a low-spending local authority and its services and expenditure did not grow as much as many other cities during the period. The city also acquired high levels of long-term capital debt. As part of its macroeconomic strategy, the 1979 Conservative Government was determined to reduce the size of the local state and local authority expenditure and, despite Liverpool having limited its expenditure during the 1970s, it was asked to further reduce its

¹ HAs that developed during this period would also subsequently benefit from the HAT's establishment.

April 1991	Harry Rimmer, leader of Liverpool city council, agrees to discussions about the possibility of a HAT in Liverpool
June 1991	City council recommends that a <u>Feasibility Study</u> be carried out on the possibility of a HAT for its high-rise housing stock. High-rise tenants asked their views on the possibility of a HAT
July-October 1991	<u>Feasibility Study.</u>
October 1991 – April 1992	Discussion & negotiation of <u>Joint Statement.</u>
May 1992	General election victory for Conservatives.
July 1992	City council recommends that tenants vote Yes.
August 1992	83% Yes vote on 78.7% turnout in HAT ballot
February 1993	Designation Order to set up Liverpool HAT is laid before Parliament.
October 1993	Transfer of the properties from Liverpool city council to the HAT. Start of housing managing agents' contracts.
January 1994	Start of catch-up repair programme
March 1994	Three board members resign (one private sector member, one city councillor & one RBM)
June 1994	Draft development strategy produced
October 1994	Following consultation, final Development Strategy sent to DoE for approval.
October 1995	DoE rejects 100% HAT funded development project. First new build housing scheme opened (Tuffins Corner)
April 1996	Managing agents contracts extended for additional 12-months
December 1996	DoE's decision on life-time grant-in-aid (£260 million) & wind-up date of 2004-05.
April 1997	New housing management contracts start; creation of North & South Liverpool Advisory Groups.
May 1997	General election victory by Labour
June 1997	RBM elections (Jack Bowers returned)
Nov 1997	RBM election (Joe Power elected)
2004-5	Winding up date

TABLE 7.1 – CHRONOLOGY OF LIVERPOOL HAT

expenditure. Liverpool's particular problem -- so the council argued -- was to reduce its expenditure from a much lower base than other cities.

In 1983, and under an increasing influence from Militant Tendency,² Labour took control of the council. Housing was at the heart of the new council's plans. Furthermore, since Labour might only be in power for a short time, the programme had to be rapidly implemented and, because resources were limited, they were concentrated in public sector housing (Parkinson, 1985, p.131). Council house building would also be a potent symbol of the council's opposition to -- and contrast with -- the Government's housing policy. Concentrating on seventeen designated areas (later increased to twenty-two), and with the aid of creative accounting, extensive borrowing and receipts from the sale of the council-owned property, the council undertook an Urban Regeneration Strategy (URS) intended to last five years. Between 1983 and 1986, it built more than 4000 dwellings and refurbished another 8000 (Parkinson, 1990, p.250). The programme was controversial and critics argued that it had several weaknesses:-- the pace of the change was too dramatic; too many recoverable properties were demolished; community and residential preferences were neglected; too much low-rise family housing in the inner city was provided despite a need for more diverse provision; the strategy was also highly centralised and could not be properly managed by the housing department (Parkinson, 1985, p.131). As the URS concentrated resources upon a limited area of the city, other areas deteriorated. Furthermore, as the bulk of resources was allocated to capital works, existing tenants received a poor maintenance service (Parkinson, 1990, p.250).³ Objections were also made to the council's housing philosophy. The strategy rejected alternative forms of tenure (such as HAs), involved extensive municipalisation, and fiercely opposed the sale of council houses.⁴ The council was particularly opposed to the use of public funds to support housing co-ops, which were seen as 'elitist, exclusive and discriminatory' (Couch, 1990, p.172). Despite manifesto pledges to support them, the new council immediately municipalised six co-ops which were to be council-funded. It also refused planning permission to all HAG-funded schemes on the grounds of planning standards, and blocked all land release to housing co-ops and HAs (Clapham & Kintrea, 1992, p.96).⁵

Under Militant's influence, the council also embarked on a policy of opposition to central

² Militant Tendency was a Trotskyist faction, which, despite being a minority in the Liverpool Labour party, exploited its organisational superiority to take control of the party leadership and shape its policies (Parkinson, 1990, p.248).

³ See Mars (1987) for a more positive account of the achievements of the URS.

⁴ As well as cutting the funding to Liverpool city council for housing, to redress the balance and to bypass the council, the Government increased allocations to Merseyside through the Housing Corporation.

⁵ Many of those HAs refused planning permission were subsequently granted permission on appeal.

Government. By refusing to cut its expenditure, the council used its financial problems to confront the Government. During the mid-1980s, the city went through a series of financial and fiscal crises.

In the financial years 1984/85 and 1985/86, the council threatened to bankrupt the city if the Government did not give it more money. In both years, the council eventually abandoned its threat after elaborate 'creative' accounting. In each case, it delayed setting its rate until several months into the financial year during which the city teetered on the brink of bankruptcy. For the financial year 1984/85, the Government provided some additional funding but the local and national Labour parties' triumphalism stiffened the Government's resolve for the following year. In September 1985, the council was forced to issue redundancy notices to its 31,000 employees; they would lose their jobs in December 1985 and be reinstated in the new financial year (1986/87) four months later (Parkinson, 1988, p.120). Since the city had spent beyond its 1985/86 target, for the following financial year it was rate-capped by the Government at £274 million (ibid, p.121). Although the Labour council set a rate on time, it fixed its expenditure £37 million higher than its income. For several months, the city again hovered on the brink of financial collapse. In July 1986 the council revealed a deferred payment arrangement with a Japanese bank, which allowed the fiscal crisis to be postponed for another year (ibid, p.111).

The council had been hoping for the return of a Labour Government. Before then, it had become clear its campaign had failed. In June 1985, forty-seven Labour councillors -- many of whom were associated with Militant -- were surcharged and disqualified from office for failing to set a legal rate (although they remained in office pending appeal). Furthermore, the Labour Party's national executive committee suspended the Liverpool party in 1985 and, in 1986, several leading members were expelled for membership of the by-now proscribed Militant Tendency (Parkinson, 1988, p.111). In 1987, the House of Lords confirmed the district auditor's judgement that the councillors had failed to protect the council's financial interests and disqualified them from office.

Following a brief period of Liberal control, Labour was returned to office in 1987 with an increased majority. The elections to replace the disqualified councillors also provided the opportunity for other groups to emerge within the party and a new era of local politics commenced. In May 1989, Harry Rimmer became leader and continued the changes in the council's approach. At the 1990 Labour group AGM, he told the council's Labour group: *"We must use our political skills to get the best possible deal for the city from this Conservative Government."* (LHAT 15, 1998). With significance for the subsequent HAT, Rimmer was a high-rise tenant.

By the late 1980s, the quality of housing and the housing service within Liverpool was very poor;

Rimmer (LHAT 15, 1998) described the position:

*"The tenants said that the city was probably the worst landlord in the North of England -- and I suppose I'd have to agree with that. It wasn't all the council's fault, however. The city was heavily over-staffed. The district offices weren't easily accessed. There was a district management system that was remote from the tenants. It wasn't something to be desired. There were economic difficulties for the city and for tenants and there were very heavy arrears -- some people have argued that the city was encouraging people to run up arrears. Then there was the Thatcher Government's squeeze on the budget. This meant that we quickly had rundown stock and a mounting repairs backlog. All this explained the title of the 'worst landlord'. There was also a constant build up of properties which, when they became vacant, quickly became vandalised and uninhabitable. Then, there were also defects. The city council did not have the resources to remedy these. There were 5000 properties that the city council couldn't let. That's why we went for the HAT -- in desperation."*⁶

The possibility of a HAT in Liverpool was first discussed at a meeting between Rimmer (as leader of the city council) and Michael Heseltine early in 1991. In December 1990, Heseltine had become Secretary of State for the Environment for a second time. During his first term in 1980-81, he had been dubbed the 'Minister for Merseyside' and "... seemed to develop an affection for the city." (LHAT 15, 1998).⁷ Shortly after Heseltine's appointment, Rimmer invited him to re-visit Liverpool. At the ensuing meeting, Heseltine sounded out a variety of ideas, including a HAT: "*He knew it wouldn't be well received but he said there was a lot of money there*" (LHAT 15, 1998). Rimmer replied that the council would look at it but -- in the then model of HATs -- there did not seem much of a role for local authorities. The council was aware, however, that Hull was in negotiations about a HAT and the two councils met.⁸ At about the same time, the council carried out a condition survey of its housing stock, which estimated the cost of renovating the stock to minimum standards to be £1 billion. Rimmer (LHAT 15, 1998) felt it was a 'totally impossible situation' and told the Labour group that the Government was not going to give Liverpool any special grants, that they would have to negotiate on what it offered and that he wanted to explore the possibility of a HAT. Having discussed HATs with Hull, the council had a further meeting with Heseltine: "*We said that if we could negotiate with you and modify it a bit, then we can probably do business.*" (LHAT 15, 1998). The council's willingness to countenance a HAT symbolised the change in its political culture; it had asked for a HAT "... to show it was a new 'moderate' Labour local authority and to make a symbolic distinction from the Militant past." (LHAT 1, 1994).

⁶ One of the Labour council's policies had been to keep council rents low and not increasing rents had become a political totem for the council. Council rents were eventually increased by 45% in August 1990 - the first rent increase for eight years -- followed by another substantial rise the following year.

⁷ One of the projects had been the Stockbridge Village initiative (see Appendix B).

⁸ Hull had announced the possibility of a HAT in November 1990. At this time, it was preparing for the ballot.

7.1.2 THE HAT AREA

Following a second meeting with Heseltine, the city's housing department undertook an initial assessment of its housing stock to identify a possible HAT area. Rimmer (LHAT 15, 1998) felt the Government wanted a 'different kind of HAT': *"By the time that Liverpool came around, it was known that there wouldn't be a HAT in every town and city; it was realised that it was just an experiment. ... They had a single estate-type HAT in Hull and they wanted something different in Liverpool."* Rimmer therefore suggested the high-rise blocks to see what the reaction would be: *"The beauty of it was that -- if the tenants agreed -- then there would be HAT activities all over the city."* (LHAT 15, 1998). Due to the council's housing policies during the 1980s, high-rise housing had been neglected. In June 1991, the council agreed that a Feasibility Study be undertaken on all its high-rise stock to determine whether a HAT was appropriate. Later that month, the council set up a dedicated team to provide an information/consultation service for high-rise tenants. The Feasibility Study (LCC, 1991, p.12) reported that officers had been briefed to *"... provide a balanced view of the role of a HAT and its implications using the Hull model."* In late June, high-rise tenants received letters from the council asking their views on the possibility of a HAT. Although the initial liaison process showed much interest in the HAT concept, it also noted a number of worries, including:-- concerns about a 'backdoor privatisation'; rent levels; time-scale; and membership of the HAT board (LCC, 1991, p.3).

Undertaken between July and October 1991, the Feasibility Study focused on 71 high-rise housing blocks, consisting of nearly 5,500 dwellings of which approximately 88% were occupied and 37 (0.7%) were owner-occupied (LCC, 1991, p.2). There was some debate over whether to exclude the better blocks from the proposed HAT; Inside Housing (28 June, 1991, p.1), for example, reported that twenty blocks had 'reasonable letting potential' and could have been excluded from the proposed HAT. The Feasibility Study (LCC, 1991, p.3) confirmed that a major programme of improvements to all blocks was urgently required and estimated that £128 million was required to put them into a reasonable condition. It concluded that, because of financial restrictions on the council, a HAT was the only 'practical mechanism' (ibid, p.4).

The Feasibility Study also found the proposed HAT area had a high degree of social deprivation, including:-- a population older than the city average, with over 60% of residents being retired; a very high proportion of lone pensioners; a very low proportion of households with children and very few lone parent households; an ageing population; 60% of tenants who had lived in the blocks for 10 years or more and only 6% for less than a year; had 61% of tenants claiming housing benefit; and

86% of households with no economically active members (LCC, 1991, p.4). The demographic, social and economic context of the proposed HAT was the result of letting policies that had skewed the population structure. As the council recognised the difficulties faced by families with children living in flats, multi-storey accommodation was not offered to young childless couples or families with children under the age of 15 years. The council also had a no letting policy to those under 25. If tenants did subsequently have children, there was a policy of transferring them out of the tower blocks.

A later MORI (1993b) survey found the HAT's population to be slightly different from that recorded in the Feasibility Study (LHAT 7, 1994). The population was about 45% under 60, mostly in the 25-55 years age group, and also overwhelmingly male because women were offered alternative housing options. The other 55% were over 60 years. The HAT also found a lot of single men and divorced men had their children at weekends and, in some cases, there was a significant weekend child population requiring facilities and play space. Furthermore, for the ten years or so prior to the HAT, the council had had a policy of putting people from the homeless register -- including people fresh out of prison and mental institutions -- into the high-rise blocks. As a HAT officer (LHAT 7, 1994) commented, alongside the elderly, this produced a stark contrast of populations: *"It's a bizarre community mix -- almost all tenants are very vulnerable individuals."*

The Feasibility Study (LCC, 1991, p.13) also identified some of the consequences of the letting policy:

"Many tenants complained about the council's letting policy which allowed 'undesirables', 'scum', 'low-life' etc., to live in the blocks alongside tenants, many of whom are elderly, who take a pride in their homes. There is a suggestion in some blocks, of tenants living in abject misery and feeling persecuted by the activities of some of their neighbours. Many complaints referred to the presence of drug addicts and 'nocturnal' tenants partying and being rowdy in the early hours. In some cases tenants said they would only vote to return to the council if there was greater control over future lettings."

7.1.3 THE PRE-HAT NEGOTIATIONS

In promoting the possibility of a HAT, the council had to change tenants' attitudes to HATs. As at Hull, 'voluntary' was appended to the term HAT to emphasise the council had asked for a HAT and it was not being imposed on the council. Nevertheless, as a high-rise tenant, Bill McWilliams (from Black, 1993, p.20) commented, the Labour party had repeatedly told them *"... not to trust the Tories with our education, or the economy, or our hospitals, but now the party in Liverpool is telling us to trust the Tories with our homes. It makes no sense."*

In the wake of the 1988 Act, the council had set up and supported tenant bodies, including a Tenants' Forum, a Tenants' Federation and various TAs. Set up in 1990, the Tenants' Federation focused on city-wide issues, while the Tenants' Forum focused on local issues. To fund tenant involvement and organisations, there was a 10p levy on council rents: 30% of which was retained centrally, the remainder being returned to tenant organisations, for staff and premises. The most important tenant organisation in the run-up to the ballot was the High-Rise Tenants' Group (HRTG), which grew out of a special interest group within the Tenants' Forum. The HRTG became established as an independent organisation in 1991 with its own written constitution and became better organised in the run up to the ballot. Prior to the ballot, the council made funds available for the HRTG to employ independent tenants' advisors (Tenants' Friends). One consultant -- Priority Estates Project (PEP) -- and three HAs -- Merseyside Improved Housing (MIH); Co-operative Development Services (CDS) and the Liverpool Housing Trust (LHT) -- were chosen. Each was allocated an area with LHT becoming team leaders.

As at Hull and Waltham Forest, a shadow HAT board was established to present the case for a HAT to tenants and answer questions. As at Waltham Forest, an agreement about the future HAT's policies and procedures was agreed by the shadow HAT board, the council, the HRTG and the DoE.

A HAT consultation document described the resulting Joint Statement⁹ as the 'social contract' between the HAT and its tenants and noted that it had been the HAT's 'manifesto' for the ballot. Echoing similar comments at Waltham Forest, a HAT officer (LHAT 2, 1994) argued that its credibility was more important than its legal standing and the HAT would run into 'credibility problems' if it went back on it. Unlike the Waltham Forest TED, which was a series of separate statements by three parties, the Liverpool document was a *joint* statement. Its negotiation delayed the ballot. Inside Housing (28 June, 1991, p.1) reported that the council was anxious to move quickly towards a ballot in the hope of securing any remaining funds in the HAT budget; while the city's director of housing, Mike Maunder, was quoted as stating that a lot of authorities were "... *chasing the same pot of gold*".¹⁰

In November, Inside Housing (1 November, 1991, p.3) reported that the council was preparing to ask the Government for a ballot in January 1992. Although originally scheduled for January, it was put back to April and then finally to August 1992; an RBM (LHAT 4, 1994) felt that "... *we couldn't defer any further because then we would have lost all credibility*".¹¹

⁹ Appendix E is a summary of the Joint Statement.

¹⁰ The statement is itself indicative of the change from local authorities fending off the imposition of HATs to local authorities chasing pots of gold. The possibility of HATs in Birmingham (Castle Vale), Tower Hamlets and Brent (Stonebridge Park) had been announced in December 1991 and, at the time, a ballot in Tower Hamlets was anticipated in January/February of 1992.

¹¹ At Hull, the council was very keen to have a quick ballot, while at Waltham Forest the negotiation of the TED delayed the ballot.

7.1.4 THE BALLOT

At the simplest level, the ballot terms were that -- if established -- a HAT would take over housing management; refurbish each tenant's flat and the blocks they were in; rents would be frozen until their homes were refurbished; following refurbishment, new rents would be pegged to equivalent council rents; and on completion, tenants would have a choice of landlord that would include the local authority. Each of the groups involved in the pre-HAT negotiation -- the council, the shadow HAT board, and the HRTG -- recommended tenants to vote Yes. During the pre-HAT negotiations the council had been agnostic and it was only just before the ballot, that it recommended a Yes vote.

This can be seen as brinkmanship tactic: had it done so earlier, for example, it would have reduced its negotiating power. On 24 June 1992, the council's housing & community services committee agreed to recommend a Yes vote in the ballot and on 1 July, the council itself decided to recommend a Yes vote. The HRTG also recommended a Yes vote, although a tenant representative (LHAT 3, 1994) described how, in the run-up to the ballot, *"... some people were pushing to get a vote -- others were pushing to getting an informed electorate. The tenant representatives tried to be neutral."* Tenant representatives were also advised by Tenants' Friends to remain neutral, with the warning: *"Don't let the people point the finger at you afterwards and hold you to blame for the HAT."* (LHAT 4, 1994). As at Waltham Forest, this suggested a desire for tenants to take responsibility for the way they voted and -- in aggregate -- for the outcome of the ballot.

The turnout for the ballot was high (nearly 80%), with 82% voting Yes. The ballot was on a site-by-site basis rather than a simple majority of all blocks and sites. Hence, those blocks/sites in which a majority of tenants voted No would not be included in the HAT. Sixty-seven blocks voted Yes. The fact that some blocks voted No suggests a real choice for tenants and those blocks -- Willowdene, Millview, Marwood Tower & Baden House -- were not included in the HAT. The Feasibility Study (LCC, 1991, p.55 & p.79) had noted that in two of the blocks (Millview & Baden House), there was strong opposition to the HAT proposal. An RBM (LHAT 16, 1998) also noted that Marwood had been very anti-HAT. Tenant representatives (LHAT 3, 1994) also felt there were problems of caretakers not passing material on, 'politically militant' caretakers and the threat posed by the possibility of a HAT to caretakers, many of whom had second jobs. In Millview (a sheltered housing block) for example, a caretaker may have persuaded residents to vote against the proposal, because he was against 'anything not to do with the council' (LHAT 4, 1994; LHAT 16, 1998). At Willowdene, another sheltered housing block, the No vote won by just two votes and it was felt that many tenants -- thinking that it would be a foregone conclusion -- had not bothered to

vote (LHAT 16, 1998).¹²

7.1.5 COMMENTARY

The establishment of a HAT in Liverpool can be considered in terms of a choice by the local authority and subsequently by tenants. The council's decision to pursue a HAT was pragmatic. While it could not – or did not want to – admit it, it would benefit from transferring the housing to a HAT. The stock was all high-rise blocks that were difficult-to-let, in poor condition (that was likely to get worse), made a net loss on the HRA and had to be subsidised from low-rise stock. Nevertheless, as a HAT officer (LHAT 13, 1998) argued, there were other less issues: *"It's like cutting Samson's hair taking away Liverpool's housing stock. Housing mattered to the politicians. However practical and logical it might be to give away the responsibility of housing provision ... there's still a loss of patronage and – I suppose – power."* An RBM (LHAT 16, 1998) stated that, just after the ballot, a city councillor had told tenants that there would not have been a HAT *"... if we'd have wanted to keep the blocks, but we didn't want them."* Nevertheless, the council was keen to emphasise that it had been a Hobson's choice. The director of housing, Mike Maunder (from Black, 1992, p.20), stated that a HAT was *"... purely a mechanism for bringing money into the city. I don't think anyone supports the actual concept of HATs."* Similarly, the chair of housing, Margaret Clarke (ibid, p.20) declared: *"It's called desperation. The whole thing pains me greatly, but we have to be honest with the tenants. We have to live in the real world and swallow our ideological principles if we want to get the work done."*

The council's support for a HAT was, however, an important factor in the Yes vote. An RBM (LHAT 4, 1994), for example, felt the 'final push towards the HAT' came with the council's admission that tenants would be better off in a HAT. A HAT officer (LHAT 13, 1998) felt tenants had a loyalty to the council and speculated how many would have voted for the HAT if the council had opposed it: *"The council did say vote for it, but without that it might have been seen as 'disloyal' to the council – no matter how much it was in their self-interest to vote for the HAT. I don't know what would have happened had the city council opposed it and fought it tooth-and-nail."* Nevertheless, a HAT participation officer (LHAT 9, 1998), who had worked in both areas, compared Hull with Liverpool: *"In Hull, when they voted for the HAT it was a case of loyalty – the city council said: 'We'll look after you'. In Liverpool, it was a case of neglect. The council had so neglected the tenants, they were glad for a way out."*

¹² The council later offered to transfer the block to the HAT but – because it would not have gained any additional funds to deal with it – the HAT declined to take it.

In principle, the decision for tenants was the balance between two considerations:-- the prospect of the improvement and repair of their homes and the strength of assurances they could return to the local authority once their home had been improved. In respect of the latter, the Joint Statement's existence as a formal document created greater certainty. Nevertheless, an RBM (LHAT 4, 1994) stated that there was concern about leaving the council: *"A feeling that this was the thin end of a wedge of enforced privatisation. Although the Joint Statement said that tenants could return to the council, at the time it was not guaranteed by legislation. People did not trust the Government."* He also doubted that the right to return had been such a 'big factor' in the ballot, leaving the council was less important because it was considered to be a very poor landlord. Of more significance was the fact that *"... here was an organisation backed by the Government that would refurbish the blocks."* (LHAT 16, 1998). Hence, the more important and positive factor in favour of a HAT was the poor conditions and the possibility of refurbishment. In that respect, tenants had had a Hobson's choice: a tenant representative (LHAT 11, 1998) felt tenants knew *"... they had no choice but to go to the HAT. They knew in what conditions they were living. If we'd stayed with the city council, the blocks would have simply fallen down. Harry Rimmer went to central Government and asked for a HAT and then said: 'Vote for it'. It's probably the only time that the council has been honest with people."*¹³

The incentives for tenants to vote in favour of a HAT in Liverpool are more closely related to the Government's original thinking (i.e., tenants in poor housing conditions with poor quality housing management, desperate for a way out) than either of the situations at Hull or Waltham Forest. The ability to return to the local authority was, nevertheless, an important safety net; tenants would be able to return to the local authority unless a better alternative presented itself. Given the council's previous housing management performance, the safety net was much less attractive than at Hull.

7.2 TENANT INVOLVEMENT

This section discusses the various formal channels of communication between tenants and the HAT.

The channels of communication could arise in several different ways:-- the HAT could simply inherit the channels that had previously existed between tenants and the local authority; the HAT could create new channels, such as the HAT board including tenant/resident membership of that board (these can be thought of as top-down); or tenants could propose and lobby for certain channels of communication; these actions can be thought of as 'bottom-up'. As at Waltham Forest

¹³ This statement reflects another made in Hull where a resident (NHHAT 2, 1994) stated: *"The ballot was a straight issue of whether you wanted your house done up in five years or twenty years."*

and in contrast to Hull, the Liverpool HAT had the benefit of established tenants organisations and structures. Before discussing tenant involvement further, housing management will be discussed because this assists the chronological narrative.

7.2.1 HOUSING MANAGEMENT

The Joint Statement (s6.1) recognised that the HAT would face a housing management challenge 'unique' among social landlords in this country: "... *71 tower blocks, widely dispersed, many of them standing alone and all requiring intensive, responsive management.*". Both the HRTG and the HAT were aware of the potential problems of a landlord remote both from tenants and the dwellings it managed. To this end, the HAT's management arrangements were devised with regard to the advantages of local management offices; delegated authority to those local management offices; a central office that co-ordinated and supported local managers but was as small as possible and did not unduly interfere with day-to-day management; local arrangements for ordering repairs and inspections and for dealing with empty dwellings; convenient rent collection facilities and money advice; resident caretaking; 24-hour concierge/ security services; adequate staff/tenant ratios; and a commitment to customer care.

One of the HAT's first major decisions was to tender out its housing management.¹⁴ There were a number of interrelated reasons for this, including, the timetable for transfer of the housing (housing management teams had to be in post by the October 4th transfer); the HAT having just begun its work and having a skeleton staff; and the poor quality of the council's housing management, which might otherwise have been the only alternative. The decision was controversial. It was a change from the ballot and affected tenants' expectations and aspirations; tenants had voted to have their flats managed and refurbished by the HAT, and suspected it was "... *the thin end of the privatisation wedge.*" (LHAT 4, 1994). A HAT officer (LHAT 5, 1994) acknowledged the 'negative symbolism' of bringing in the private sector but argued this was tempered by their performance. Rather than using a tightly-drawn specification, the HAT chose an open tender process. This was a pragmatic decision because of the limited information available to tenderers and a policy framework still being developed (LHAT, 1993/94 Annual Report, p.7). More positively, it permitted a 'cross-fertilisation' between tenants' expectations, tenderers' proposals and the eventual specification of services and standards (ibid, p.7). At a late hour, the managing agents were also asked to manage a programme of catch-up repairs (discussed below).

¹⁴ In the other two case study HAT areas, local authorities continued to manage the housing for the HAT on an agency basis for the first twelve months.

The thirty-five HAT sites were divided into nine areas, eight of which would be managed by managing agents and the ninth by an in-house team. To encourage a wider range of managers, it was agreed that no agent would have more than two areas. Areas ranged in size from 300-800 properties, with an initial contract period of two and a half years. Competition was more intense in some areas than in others. In Sefton Park and Woolton, for example, there were several bidders (fourteen in Woolton and nine in Sefton Park), but in Everton only two – the council and one other (LHAT 16, 1998). A HAT officer (LHAT 5, 1994) considered it useful for the HAT to try a range of agents to test out different approaches, in which there could be local responses to local contexts, and for agents to devise local solutions. A further benefit for tenants was the experience of different housing managers; although, because the HAT would still be responsible for ensuring managing agents met certain standards, it would not be a full trial management. Monitoring was through Area Panels, which met every six weeks and consisted of block representatives, designated staff (wardens or caretakers from the area), the managing agent, a HAT board member, the HAT housing services officer, plus consultants as appropriate.

In addition to the in-house team, there were five HAs (MIH had two areas) and two private sector managing agents. Some of the HAs had acted as Tenants' Friends and, to be eligible to be managing agents, had had to withdraw from the role. Despite tendering for all areas, the council failed to get any, which damaged its relationship with the HAT (LHAT 5, 1994). The HAT's chief executive (*Inside Housing*, 9 July, 1993, p.3) argued that the 'history of the HAT' made it important to break away from the council: *"The conditions were partly caused by under-resourcing, but also by poor management and neglect from the council."* In response, the council's chair of housing, Margaret Clarke -- at that time a HAT board member -- argued it had been *"... prejudged on its record, not on its bid ... We cannot get away from our past, but this bid was a fully-developed business plan based on our excellent recent work in Estate Action areas. I am devastated, and will be asking my colleagues to reconsider the council's membership of the HAT."* (ibid, p.3).¹⁵ As tenants had experienced the council's management and a panel including tenants had interviewed all tenderers, tenants were influential in the decision not to award contracts to the council. Although the council was proposing to set up a special organisation to manage the HAT housing, *"... there was no way that tenants could believe that."* (LHAT 16, 1998).

One of the HAT's management problems was vacant flats. Vacancy levels when the HAT took over averaged about 14% with much higher levels in some blocks. Vacant units were a problem because they tended to become burnt out or abused in other ways, prompting tenants either side to want to

¹⁵ Margaret Clarke resigned from the HAT board in March 1994.

move, thereby, spreading and concentrating the problem. The HAT's population was also declining by between 5 and 11% per year (LHAT 1994b, s3.3), which meant that over its life – and in the absence of new lettings – the level of vacancy would increase. The distribution of vacancies also had implications for the development programme. The optimum distribution would be for some blocks to be vacant and for the remainder to be fully occupied. Concentrating voids would, nevertheless, involve decanting and emptying or 'mothballing' certain blocks for subsequent sale, demolition or refurbishment. All of which was controversial and unsettling for those tenants who thought it might involve their block. Given these problems, the HAT would mainly have to work around the existing distribution of tenants with tenants only moving voluntarily or where necessary for the purposes of the development programme. As tenants had suffered from the council's letting policies, new lettings were a particularly sensitive issue.¹⁶ The HAT initially had a moratorium on new lettings; the only re-lettings were internal transfer between blocks. Once the HAT had determined its development strategy, however, it was keen to reduce the problems caused by voids and to increase its rental income through increasing lettings, which would reduce its lifetime costs.¹⁷

Although rents for new lettings would be higher than frozen rents, the HAT's new rents were pegged to the equivalent in the council's stock. As properties were needed for decanting to facilitate the development programme, new lettings were limited.

7.2.2 TENANT INVOLVEMENT

As noted previously, the Liverpool HAT had the benefit of established tenant organisations and structures.

The main structures for tenant involvement in the HAT were the HRTG, the HRTG Steering Committee (HRSC), the HAT board, the HAT/HRTG Advisory Groups and Area Panels, and, at a later date, the North Strategy Group and the South Advisory Group and the Neighbourhood Panels.

The HRTG

The HRTG consisted of the block representatives of each block within the HAT. Membership had initially been one representative per block plus a deputy, which was later changed to two per block.¹⁸ Each HRTG member (i.e., block representative) served a two-year term with phased elections so that for each block the terms overlapped. Although there were formal elections, tenant

¹⁶ Under the council, for example, tenants felt they had got the 'dregs of society' coming to live next to them (LHAT 13, 1998).

¹⁷ As in the other HAT areas, rent levels were frozen until the tenants' homes were refurbished or they moved into new properties. As a consequence of the rent freeze, the HAT made what was described as a 'crashing loss' on rents (LHAT 13, 1998). In 1996, for example, the deficit was more than £3 million per year (LHAT, *Annual Report* 1995/96, p.1).

¹⁸ A tenant representative (LHAT 10, 1998) was critical of the HRTG's democratic credentials: *"It's two reps per block no matter how many people there are actually in the block. You might have only two people in a block and it still gets two block reps. ... that's not fair – it should be on the basis of occupied units."*

representatives (LHAT 3, 1994) stated that there was little competition for the positions and turnouts were generally quite low. An RBM (LHAT 4, 1994) stated that members were disheartened by the apathy of those in the block, although he also suggested that the apathy could be *"... a backhanded compliment -- if the representatives were really doing a bad job then other people would be motivated to get involved and to do it better."*¹⁹ There were also issues of block representatives not being representative of the blocks' population. Representatives tended to come from a 'narrow and predictable sector of tenants' and predominantly from those who had lived in the blocks from new, who chose to live in the blocks and remembered the 'good old days' (LHAT 3, 1994; LHAT 7, 1994). By contrast, the young male population rarely attended meetings and, in part, were 'frozen out' by the dominance of the elderly.

The HRSC met fortnightly to propose and develop policy, although the decision-making body remained the HRTG itself (which meet monthly). The HRSC consisted of two representatives for each of the housing management areas elected by that area's block representatives with annual elections. There were also a series of Advisory Groups related to the HAT's main areas of operation:-- a development advisory group (DAG); a community & economic development group (CAEG); and a housing management advisory group (HMAG). Each Advisory Group consisted of two HAT board members and nine tenant representatives together with HAT staff, consultants and tenant advisors plus any co-opted members. RBMs could not serve on the Advisory Groups except as co-optees.

The HAT board

The council was assigned five positions for its nominees on the HAT board and initially proposed to give two to tenants. It eventually gave tenants three and subsequently -- when it did not take up its second position -- a fourth position.²⁰ The first council member was Harry Rimmer, leader of the council, who was also deputy chair and a high-rise tenant. Rimmer, however, resigned early in the HAT's life and was replaced by the council's chair of housing, Margaret Clark. She subsequently resigned in March 1994 and another councillor (Joe Devaney) took over. The subsequent lack of high-profile local politicians (i.e., the leader of the council or a committee chair) is also indicative of the council's apparent loss of interest in the HAT. By contrast, the council representative on the MDC board -- once the council had taken up the position -- had always the leader of the council.²¹ A

¹⁹ His statement reiterates and supports the argument made about collective involvement and free-riders in Chapter One.

²⁰ At the time, there was a hung council and the two seats would have meant members coming from two different parties. It was therefore agreed that, as it was the largest party, a Labour councillor would take up one of the seats and the other would be offered to the tenants. (LHAT 14, 1998).

²¹ Rimmer (LHAT 15, 1998) felt Sir George Young had been keen for the leader of the council to be seen to

private sector member, Mike Appleton, became deputy chair. He resigned in March 1994 and subsequently another private sector member, Rodney Dykes, became deputy chair.

Board members had three-year terms, with RBMs having to stand for re-election. The HRTG were the electorate for RBMs because, given the size of the HAT, block representatives were more likely to know candidates than tenants (LHAT 16, 1998). All tenants and leaseholders were eligible to stand. Each candidate was required to prepare a written statement, make a presentation and answer questions from block representatives. Although candidates did not have to be block representatives, as an RBM (LHAT 16, 1998) noted, the first question would be: 'Why not?'. The first RBM elections were held in October 1992 just after the HAT ballot. There was no geographical basis for representation and -- in theory -- they could all come from the same area; an RBM (LHAT 4, 1994) recognised the need for members to "... *consciously avoid any parochialism.*"²² Until 1994, the RBMs came from just two areas (two each from Areas E and F). An RBM from Area E resigned in 1994 and the new member came from Area H. An RBM (LHAT 4, 1994) felt the HRTG were conscious of the 'turf' issue. Despite elections, there has been relatively little turnover of RBMs; three of the original four board members having served continuously. The fourth resigned in 1994 on the grounds of ill-health; Jack Bowers -- at that time HRTG chair -- was elected and subsequently re-elected in 1997. Bowers unfortunately died in office and Joe Power was subsequently elected.²³

Initially board meetings were held monthly, but, from 1994, the HAT changed to a six-week cycle of board meetings. To liaise between the HRTG and the HAT, meetings were held between RBMs and HAT officers on the Tuesday prior to the board meeting on the Friday. Papers for the forthcoming board meeting were also circulated for this meeting. The HRSC also discussed board papers with RBMs prior to the meetings and, following the board meeting, RBMs reported back to the HRSC. The meetings were open but the number of observers limited. Board members have a primary duty of care to the interests of the HAT and, while they may be nominated or elected by an organisation or constituency, they cannot be mandated to act against the interests of the organisation on whose board they sit. Some tenants did not appreciate this; a tenant representative (LHAT 10, 1998), for example, stated that the HAT chair had "... *said they're board members. The tenant bit is just tacked on to pacify tenants. They're salary-paid members of the board.*". The issue of RBMs being leaseholders -- as one was -- was a more difficult one: "*It's obnoxious and amoral for*

be part of the HAT.

²² This is similar to Hull but a contrast with Waltham Forest where each TBM comes from is elected by and, therefore, represents an estate.

²³ With the change to North and South Management Areas, three of the RBMs came from the South area.

[leaseholders] *to represent tenants. I question their legitimacy to make decisions.*" (LHAT 10, 1998).²⁴

In strict terms, RBMs were council nominees and, in 1994, a tenant representative (LHAT 3, 1994) had presciently warned that the council could "... *still put its foot down and demand its power of nomination.*". In early 1997, one of the RBM places was due for re-election and the council wanted to reclaim the place it had originally given up. In retrospect, a city councillor (LHAT 14, 1998) stated that the council had been 'disappointed' with the performance of its member and had decided to take its second seat back. The council tried to nominate its own candidate and went straight to the DoE, bypassing the HRTG and the HAT. The move was just prior to the May 1997 general election and it was felt that, anticipating a change of Government, the council expected a major review of HATs and, as they had been created by a Conservative Government, for a new Labour Government to disband them. Nevertheless, tenants "... *rose with one voice against them – even those who had previously been pro-city council.*" (LHAT 13, 1998). The HRTG sought backing from the HAT board for the position to be confirmed as a resident member. The HAT board, however, was perceived as 'not wholeheartedly' backing tenants: "... *they didn't want to upset the council – because there were a lot of land and property deals in the offing and other issues surrounding the landlord choice.*" (LHAT 9, 1998). The HRTG wrote to the housing minister, Angela Eagle, arguing the council's action was out of order and, while it did not object to more council representation, it should be through enlarging the board. The minister supported the tenants. In the ensuing election, the RBM (Jack Bowers) was re-elected. He died later in the year and there was another election. Despite concerns the council would try to get involved again, it did not. When their existing member's position came up for renewal in August 1997, the council took the opportunity to change its board member (from Joe Devaney to Bill Craig, deputy chair of housing).

Support for tenant involvement

As the HAT was spread across thirty-five separate sites, the main tenant resource centre was the HAT Chat Shop, located in the city centre (and in the same building as Age Concern), which served as the focus for information, advice, support and training for tenants. The HAT had its offices in the Cunard Building on the Pierhead. There had been some debate regarding the Chat Shop's

²⁴ At Hull, the owner-occupiers did not get a vote in the HAT ballot. At Liverpool, owner-occupiers did get a vote and there were sections on owner-occupiers in the Joint Statement (s6.35-6.41). At Liverpool, the development programme would materially and financially affect the owner-occupiers; at Hull, they would be affected more indirectly. Although there were only about 40 leaseholders at Liverpool, very particular issues concerned them. Where demolition was proposed, leaseholders would receive the market value of their property or an equivalent financial stake in the new development. Where refurbishment was proposed, leaseholders would have the option of having works carried out to the interior of their flats at an agreed price. Works necessary for the whole block would be free of charge. (LHAT, June 1994, s6.19).

location. As the Cunard Building was off all the main bus routes, it was less accessible than the city centre. While it might have been more efficient to have the tenant resource centre in the Cunard Building, as tenant representatives and Tenants' Friends could have ready access to HAT officers, the HRTG wanted it to remain separate and distinct from the HAT. Its location, therefore, enhanced the 'symbolic separation' from the HAT.

After the ballot, it was intended Tenants' Friends would be replaced by the HAT's community services department. The creation of the latter was delayed and posts were not advertised until early August 1994.²⁵ Prior to its establishment, its functions were covered in other ways. With funding from the HAT, the HRTG appointed DOME as its independent adviser. DOME appointed three consultants and, subsequently, the HRTG employed them directly. A HAT officer (LHAT 5, 1994) considered this arrangement had created an 'us-and-them' situation, while another HAT officer (LHAT 7, 1994) felt the Tenants' Friends tended to do things for rather than with tenants and had 'inadvertently' created a culture of dependency. Once the HAT's community services department was fully established, the funding of Tenants' Friends was stopped and their function carried out by a HAT employee. As at Waltham Forest, a small budget (£5,000 per year) was retained for tenants to seek independent advice on particular issues as and when necessary. Tenants did not have ultimate control over how the money was spent as the HAT retained a veto.²⁶

New structures for resident involvement

After a few years of the initial structures for tenant involvement, a new set of structures evolved primarily in response to the development programme. While tenant consultation had initially been for 'pan HAT' issues, the development strategy had more individual and personal implications and consultation needed to be carried through to individual block and sites. As a result, Project Advisory Groups (PAGs) were introduced. The development programme also set new housing management challenges. At the start of 1996, with managing agents' contracts expiring in April, the HAT reviewed its housing management arrangements. The service was re-tendered in 1996/97 in two contract packages, North and South Liverpool. To allow for re-tendering, the first set of contracts was extended to March 1997. In January 1997, the contract for North Liverpool was awarded to CDS Housing and the South Liverpool contract to Anchor Trust. The new service started in April 1997. In parallel with the switch to two new housing contracts and the increasing momentum of the development programme, there was a review of tenant consultation arrangements at the local level,

²⁵ Tenant representatives (LHAT 3, 1994) suggested the delay was because the DoE tried to impose lower salaries than elsewhere because the Liverpool area is one of high unemployment.

²⁶ Just prior to the second set of interviews, the budget was stopped (LHAT 9, 1998; LHAT 10, 1998). A tenant representative (LHAT 10, 1998) argued that tenants still needed this budget because they would not know whether it was needed until it was needed.

which led to the nine Area Panels being replaced by thirteen Neighbourhood Panels, based on the development project areas. The Neighbourhood Panels would deal not only with housing management issues, but also with community and physical development issues. At the same time, two area-based Strategy Groups – one for the North and one for the South contract area – were set up, replacing the Advisory Groups and involving tenants and board members, and serviced by HAT staff. These reported directly to the board, and received minutes and issues from the Neighbourhood Panels in their areas. Concurrently, the HRTG changed its internal structures in response to these other changes. A Central Executive was established, which was similar to -- and replaced -- the HRSC. In addition, the Central Executive became the decision-making body, although the full membership was still consulted for major decisions. The Central Executive included two block representatives from each of the Neighbourhood Areas. The HRTG also split into a North and a South group to complement the new housing management areas.

7.2.3 COMMENTARY

While tenants had been involved in the pre-ballot negotiations, they had not developed the sense of ownership that was apparent at Waltham Forest. A HAT officer (LHAT 7, 1994) felt tenants were used to a culture of conflict -- of 'them-and-us' -- rather than one of collaboration. The tenant attitude, however, was to test authority rather than to passively accept it or actively undermine it. An RBM (LHAT 4, 1994), for example, argued that the 'Liverpool attitude' was always to challenge authority, but once that authority had *"... won its spurs, then people will go through brick walls for it."* Similarly, another tenant (LHAT 15, 1998) argued that: *"Scousers are a bolshie lot but once they're fully informed -- once they know there's no hidden agendas -- then they'll go along with things."* While not necessarily being unco-operative, tenants wanted to retain their independence, resist co-optation and maintain a clear distinction from the HAT. The Chat Shop not being in same building as the HAT offices was indicative of this attitude. More generally, however, a HAT officer (LHAT 5, 1994) argued that, due to the difference in the age structure, tenants might not want to be as empowered or as involved as those at, for example, Waltham Forest. Similarly, given that two-thirds of tenants were pensioners, an RBM (LHAT 2, 1994) questioned where *"... the energy came from for accepting the potential for making a choice?"*.

7.3 UNCERTAINTY

The HAT's initial years were cloaked in uncertainty with regard to both its development programme and the amount of Government funds available. The two issues were inter-linked: the development programme would determine the funding required, while funds available would determine the

development programme. Some of the uncertainty stemmed from the council's Feasibility Study, which can be considered a politically expedient document – its purpose being to justify a HAT without raising too many unpalatable problems at that stage – and the Government's response to it. This part discusses those areas of uncertainty. Before discussing these, it is necessary to briefly review the Feasibility Study.²⁷

7.3.1 THE FEASIBILITY STUDY

The Feasibility Study (LCC, July-October 1991, s3.6) included an appraisal identifying four development options and their comparative costs.

Option One: Repairs & maintenance only by the city council

This option considered the situation if only a repairs and maintenance programme could be undertaken. It concluded that the block's problems would increase as their condition deteriorated, blocks would become unpopular and difficult to manage with social problems (drugs, crime, vandalism, etc.) likely to increase. Levels of vacant flats would increase and tenants' quality of life would deteriorate further. Although there would be little or no capital costs involved, the revenue costs of managing and maintaining the flats would continue to rise (s3.6.3). Hence, the option would lead to a serious decline.

Option Two: Comprehensive improvement

This option provided for all blocks and associated low-rise dwellings to be fully improved, enabling all 5, the dwellings to become available for letting. The improvements to be undertaken would include:-- renewal of all lifts; replacement of all windows providing UPVC double glazing; rewiring; cladding repairs & installation; renewal & improvement of heating systems; improved energy efficiency measures; renewal of bathroom & kitchen fittings; upgrading of environmental facilities; increased security provision; and upgrading of communal area. Assuming there would not be any re-housing implications during the period of improvement (i.e., it would be an in-situ refurbishment), the option was costed at approximately £128 million (an average unit cost of £22,988). The report anticipated an eight to ten year phased programme would be required. On completion, the option would provide the maximum number of dwellings, while future maintenance and improvement costs would also be substantially reduced.

Option Three: Re-housing & redevelopment

This option examined re-housing tenants through the demolition of all blocks and the provision of new

²⁷ The Feasibility Study lacked credibility among tenants. An RBM (LHAT 4, 1994), for example, stated that it had been "... done with a pair of binoculars from a car.". Tenant representatives (LHAT 3, 1994) described it as having been "... done inside two weeks from within a car. It was a very superficial inspection using outdated information. The Feasibility Study even had the wrong number of floors on some blocks."

housing. The option was costed at £216.7 million, consisting of £15 million for demolition, £191.7 million for new build and £10 million for home loss and removal expenses (based on an allowance of £2,000 per tenant). The figure for new build was based on providing accommodation that reflected the high level of elderly tenants living in the blocks:— 25 sheltered blocks providing a total of 1,000 units; 1,700 two-bedroom bungalows; 2,000 two-bedroom houses; and 100 three-bedroom houses, making a total provision of 4,800 units. The time-scale was estimated to be ten to fifteen years depending on the availability of land and progress in meeting a very large demand for re-housing. Other difficulties with this option were recognised. As sites made available through demolition would only make a limited contribution in redevelopment, there would be problems due to the shortage of housing land available locally, while many tenants wished to remain in their blocks and would not be happy to be re-housed.

Option Four: Mixed development

The fourth option provided for a mixture of selective demolition, new build and full improvements. For assessment purposes nine blocks were selected for demolition on the basis of their unpopularity with new build units to be built on the sites. The remaining high-rise blocks were considered for full improvement as set out in Option Two. The option would yield 5,201 units on completion. The estimated time-scale of eight to ten years and the estimated total costs at £128 million were both similar to Option Two (£128.4 million), although, because fewer dwellings would be available for letting on completion, the average unit cost would be higher (£24,610 compared to £22,988 for Option Two).²⁸

In conclusion, the report rejected Option One because the blocks' condition and tenants' quality of life would continue to decline. Option Three would be very difficult and expensive to achieve, but "*... more importantly, it would not meet the needs of many of the tenants who prefer to live in high-rise accommodation.*" (s3.6.14).²⁹ The report therefore concluded that Options Two and Four could be recommended for further consideration. It noted, however, that "*... further consideration of these options must be based on full consultation with the residents.*" (s3.6.15). The report noted that if the council was to undertake Option Two or Four and if annual capital allocations continued at their present rate, it would take thirty years to complete the strategy (s3.6.17). It therefore suggested that a HAT could attract the resources necessary to enable the work to be undertaken within an eight- to ten-year period.

²⁸ It is curious that the proportion of refurbishment to new build was skewed heavily towards refurbishment. A greater proportion of new build would, however, have made the comparison between Options Two and Four more unfavourable to Option Four.

²⁹ This applied to most areas but had particular resonance in the more 'up market' areas, such as Sefton Park and Woolton. From the research interviews, three principal attractions to high-rise housing could be identified:— first, the high-rise blocks were tenants' homes and it was, therefore, an allegiance to that home; second, an allegiance to the blocks because of the nature of high-rise housing in terms of, for example, providing views and/or a sense of safety and security; and third, an allegiance to the area — if the block was demolished, there might be no guarantee that the tenants would be able to stay in that area.

7.3.2 UNCERTAINTY ABOUT THE DEVELOPMENT PROGRAMME

The Feasibility Study had emphasised tenants' views in its apparent recommendation of an in-situ refurbishment without undue attention being given to the potential problems of that development programme. As the HAT set about its task, however, the cost, value and merits of refurbishing the blocks were increasingly questioned. At the time of the review and reappraisal of the development programme, a HAT officer (LHAT 5, 1994) stated that the new findings were likely to be very different from those tenants had signed up and key parts of the Joint Statement were 'challenged by reality': *"We are now trying to get people to think more broadly in their choice of housing. ... many of the tenants can only see the option to go back to the council, even though the council gave such a poor housing service."* It was also evident that the Feasibility Study was a highly – and, perhaps, necessarily given limitations of time – simplistic exercise and ignored a number of crucial issues which the HAT had to confront. Three key issues were:-- in-situ refurbishment & decanting; costs; and strategic considerations.

-- in-situ refurbishment & decanting

The Feasibility Study had proposed an in-situ refurbishment. Although there was practical experience of such refurbishment from other locations – which *inter alia* showed it was possible – that experience also served to highlight problems and emphasised the distinct advantage of vacated blocks. The alternative to an in-situ refurbishment was for tenants temporarily decanting to another property, for their flat/block to be refurbished and for them to move back to their original flat (i.e., a double decant). Tenants had not, however, contemplated decanting and had real fears about it: *"The stress could kill some older people, but, equally, living through a refurbishment could do the same."* (LHAT 2, 1994). Decanting also raised doubts about whether tenants would be able to get back into their old flats. Moreover, however, once the prospect of moving was raised and appeared inevitable, tenants were more willing to consider alternatives that would not involve a double decant.

– costs

At the time of the ballot, tenants had been informed a HAT would manage and refurbish the blocks. The Feasibility Study estimated a cost of about £23,000 per unit to refurbish the blocks, giving an overall cost of about £130 million.³⁰ Surveys and preliminary studies, however, indicated an average unit cost of just under £90,000.³¹ The revised costs raised issues regarding whether there

³⁰ It was also suggested that the estimate was "... just a guess as to what the DoE would swallow. The council employees were trying to figure out what amount would be acceptable." (LHAT 3, 1994).

³¹ Tenants suggested that the HAT had hiked up costs of refurbishment either to 'gild lily' in favour of new build argument or because the HAT was bidding for resources from the Government, wanted to get as large a budget as possible and "... didn't expect to get it all." (LHAT 16, 1998).

would be in-situ refurbishment (i.e., whether there would be decanting) and whether there would be new build instead of refurbishment. It also put other options on the agenda, such as reduced specification refurbishment and demolition and redevelopment. Tenants were also concerned about whether the Government would actually be prepared to fund what had been promised. During the pre-HAT negotiations, they had asked whether the initial budget figure was set in stone. The housing minister, Sir George Young, had replied that enough money would be made available to refurbish the flats to a liveable standard; a HAT officer (LHAT 13, 1998) also noted that some tenants regarded the minister's statement as a blank cheque. Young's statement in the Joint Statement (s7.5) was quite careful; the Government promising only that "... *sufficient funding will be made available to make the HAT a success.*". The HAT rapidly concluded that to do the job as originally defined would be very expensive and -- under whatever Government -- that level of funding would not be available (LHAT 7, 1994). The situation had, however, been anticipated in the Joint Statement (s7.5), which noted that "... *following further feasibility studies, structural studies and consultation, the improvement proposals for individual sites and blocks may be different to those outlined in the city council's Feasibility Study.*".

-- strategic considerations

As fundamental as the short-term considerations were longer-term considerations of the type of (social) housing Liverpool would need, which would require a balance to be struck between the existing group of tenants' needs and those of future tenants. A particular consideration was the value of refurbished high-rise housing once the current cohort of tenants had passed away. As high-rise housing was regarded as unsuitable for families, low-rise housing would offer more options in terms of possible occupants. Emphasising the need to consider the strategic issues, a HAT officer (LHAT 5, 1994) outlined a series of questions regarding the city's long-term interests: "*Does the HAT leave fifty part-refurbished blocks or more low-rise accommodation, which is cheaper to run, and more flexible? How much public sector housing does a city with a declining population need? Should the blocks actually become sheltered housing units? Who will live in the tower blocks in the future?*". To compound matters, the HAT was also operating in a strategic vacuum due to a lack of planning/policy by those responsible for strategic policy making.³²

Realisation of the Feasibility Study's shortcomings radically altered the premise upon which the HAT had been designated and upon which tenants had voted. A tenant representative (LHAT 3, 1994) felt that in the Joint Statement tenants had got a 'reasonably sound deal', but expectations were "...

³² At a later date, for example, the HAT funded a city-wide housing needs survey because it needed it to develop its own programme.

slipping because they weren't feasible." The HAT was also intrinsically more complex and involved than tenants had initially imagined. An RBM (LHAT 16, 1998), for example, stated that: *"Tenants looked at their own blocks – they didn't look at 71 blocks – and expected it to be done in two years – not ten years. No one imagined a phased programme of works. ... Tenants had no concept of the sheer scale or what the options would be – or that the blocks might be demolished."*

7.3.3 THE CATCH-UP REPAIRS PROGRAMME

Before the HAT could really reappraise its development programme, it was realised that the blocks' condition was worse than previously thought. In December 1992, problems were identified that could not be left for the main development works (LHAT, June 1994, s2.8) and a major programme of priority or 'catch-up' repairs -- costing approximately £20 million -- was planned to be implemented before the main development programme. The legacy of repairs resulted from poor construction but also from poor maintenance. The HAT, however, had a legal obligation to undertake the required works because as landlord it could be liable in the event of accident or fire. Furthermore, until repairs were started, it was not realised how bad the problems were; a risk assessment study, for example, found the blocks to be uninsurable and the Treasury had to underwrite the repair works (LHAT 7, 1994).

The repairs programme also had to be brought in at the last moment so that the money could be spent within the financial year. Hence, at the eleventh hour, and although they had not tendered for it, managing agents were asked to manage the programme.³³ For symbolic purposes (i.e., as a contrast to the previous regime), it was also important for the catch-up repairs programmes to start promptly. Although most of the repairs were for health and safety reasons and did not directly affect tenants' homes, they generated hostility from tenants. The repairs also created other problems, including fires, floods and power cuts, and were very disruptive, while the programme's scale and concentrated nature overheated the local construction industry, resulting in poor standards of work. It was also undertaken in a compressed time-scale with poor information and without the HAT being able to properly vet the quality of the work. A HAT officer (LHAT 7, 1994) observed that there had been uproar over the works and the HAT would have to 'rebuild its credibility' in the development programme.

7.3.4 RE-THINKING THE DEVELOPMENT PROGRAMME

The initial result of the reappraisal of the development programme was a discussion document, Addressing the Problems: A Framework for Development issued in June 1994, based on surveys,

³³ The managing agents also had a planned maintenance programme, which was prepared in consultation with tenants to derive the priorities. In terms of tenant appreciation and in contrast to the catch-up repairs programme, the day-to-day repairs were more successful and, in particular, were a marked contrast to the council's DLO (LHAT 2, 1994).

inspections and meetings with tenants of every block. It also set out the approach to consultation about the development programme to be undertaken over the summer of 1994. The report (LHAT, June 1994, s9.2.7) stated that a central tenet of the development strategy would be a range of physical options, which would involve tenants and other interested parties working up appropriate options with consultants, evaluating them, and determining which options would best meet “... *the HAT’s objectives, the needs of the city and the neighbourhood, and best provide long-term value for money for Government, future landlords and, not least, the tenants.*”. The physical options for each block were (varying levels of) refurbishment or demolition and new build (s9.3.1). To explore the implications, a detailed pilot study had been carried out at Winterburn Heights, which exhibited a range of physical characteristics and problems typical of other HAT sites (s9.3.5-9.3.6). To explore options, a Project Advisory Group (PAG) was established, with tenant representatives from the blocks and elsewhere in the HAT, consultants and HAT officers, together with caretakers and staff from the managing agents (s9.3.7). In addition, two ‘mini-pilot studies’ involving detailed option studies of the two other most common block types were carried out (s9.3.9). Four key physical options were evaluated:—

- refurbishment to provide a thirty-year life (i.e., full refurbishment);
- refurbishment to a lower specification;
- partial refurbishment, where some major elements would be left for replacement at a later stage by the new landlord; and
- demolition & new build (s9.5.1).

The report was also informed by a survey of tenants undertaken by MORI (MORI, 1993b). Based on a review of experience elsewhere, the report expressed reservations about refurbishing the blocks, especially with respect to in-situ refurbishment (s9.3.2). In addition to physical problems, there were also problems related to the blocks’ future as cost-efficient housing provision.

The development programme can be viewed in terms of three principal interest groups:— the Government, future landlords and tenants. While the interests of each group would overlap, they would also differ. The Government’s preference would be for the least cost solution offering the best value for public money and, although mindful of the long-term, its focus would be on short-term cost. Due to tenants’ right to return, the HAT’s challenge was to find and encourage a range of alternative landlords, who would — in turn — be concerned about whether the housing would be a viable business proposition. In the short-term, tenants would be concerned about disruption and the possibility of decanting (i.e., the ability to stay in and/or return to their own flat) and, in the longer term, about the quality of the accommodation relative to rent and services charges. Hence, as a necessary part of undertaking its development programme, the HAT would be involved in decisions that would trade-off short-term savings (which would benefit the

Government) against long-term costs (which would impact on future landlords and on tenants). There were therefore four intersecting areas of concern:— cost; viable business proposition; disruption & decanting; and rents & service charges.

— cost

In terms of construction costs, new build was found to be cheaper than full refurbishment: an average inclusive cost of £65,500 per unit (range £56,000 – £86,000) compared to an average of £90,000 per unit for full refurbishment (range £76,000 – £123,000) (LHAT 1994b, s7.5).³⁴ The report (s5.3) noted that these costs could be reduced if rather than carrying out development itself, the HAT was able to pursue — or sponsor through HAs — purchases of existing houses and flats from the private sector or if, second, lower standard or partial refurbishment was undertaken.

— viable business proposition

The HAT placed a strong emphasis on the need for tenants to have a meaningful choice of future landlords. For tenants to have a choice, the housing had to be an attractive business proposition to a range of landlords. The report (s11.1.1-11.1.8) outlined the aim and the challenge for the HAT's development programme to provide for tenants to choose from the 'optimum range' of landlords and ownership options. The HAT therefore had to produce a product "*... which will be sought after by both tenants and future landlords.*". It also stated that: "*In principle to create a fair choice, a 'level playing field' should be created between landlords.*" (s11.1.8). The attractiveness to future landlords would be dependent in the short-term on the acquisition cost (i.e., the selling price) and, in the longer term, costs in use (i.e., management and maintenance costs) that would determine future rent levels.³⁵ The report (s9.5.4) found that new build would be cheaper to manage and maintain than either full or partial refurbishment. It also noted that 'reduced specification' refurbishment options would mean maintenance costs would be higher and, as a result, the accommodation less attractive and harder to let than full refurbishment (s9.5.9).

Regarding tenure diversity, the report argued both new build and refurbishment might attract a variety of landlords for tenants to choose from, but choice was unlikely for partial refurbishment. If blocks were partially refurbished, tenants could expect continuous disruption, nuisance, damage to property and potential health risks, as elements not replaced or refurbished deteriorated and services

³⁴ Not only was refurbishment found to be more expensive than new build but also the expectations of recouping some of that cost in the form of capital receipts was lower. Due to lower market rents and higher maintenance and service costs, the TMV of refurbished flats, based on the DoE's Guidelines for Voluntary Stock Transfers was "*... around one quarter of the value of new build dwellings.*" (LHAT 1994b, s7.6).

³⁵ There was an inherent imbalance among landlords because the local authority would acquire the properties at zero cost.

broke down. Furthermore, as future landlords would find partially refurbished blocks harder to let, they would be less interested in acquiring them (s9.5.8).³⁶ As tenants had a legal right to return to the council (and the council would have to accept them), the council could be the only taker for partially refurbished blocks and, unless the DoE was prepared to provide a dowry to offset negative values, future landlords could be restricted to the local authority (s9.5.6). By contrast, new build provided greater scope for other tenure options, such as owner-occupation and shared ownership. With respect to RTB, the report (s9.5.7) noted that while new build was likely to attract mortgages, neither refurbishment option was particularly mortgageable.

– disruption & decanting

The report recognised tenants' desires to remain in their own flats and, if not, to return to their flat once it had been refurbished.³⁷ With respect to refurbishment, however, the report (s9.6.2) concluded that decanting was inevitable as the work needed was "... *so extensive that temporary or permanent re-housing [was] almost the only practical option for all tenants.*". The consultants' considered view was that, whichever development option was chosen (including new build), temporary or permanent re-housing would be extremely desirable and in most cases essential. The key reasons being:--

- cost – where tenants did not move, the additional cost of disruption per unit would be in the region of £7-10,000;
- time – delays of 4-6 weeks per unit and 4-6 months per block; and
- disruption and claims due to the physical implications and difficulties of working around tenants (e.g., services might be disconnected for long periods) while – in any case – removal of asbestos and other contaminants could make 'staying put' legally impossible.

Furthermore, due to the likely disruption, individual tenants with a reasonable grievance regarding noise, dust, disturbance, etc., would be able to bring work to a halt, through environmental health legislation, causing 'huge and almost insuperable' programming problems. Scope for claims against the HAT or its contractors by tenants would also be considerable (s9.6.5).³⁸ A further issue was tenants' age-profile. The report recognised that to live-in through a refurbishment would be 'difficult enough' for a young and healthy household but the HAT's population was largely elderly, with many disabled people and people

³⁶ At this time, the assumption was that landlords would become involved after the development programme. The report was therefore anticipating future landlords' views. If, as subsequently happened, landlords were involved at an earlier stage, they could have a valuable input and specify more precisely the terms on which they would be prepared to accept partially refurbished blocks.

³⁷ At Hull, there was an individual refurbishment, where – for the most part – the refurbishment works would only affect the dwelling itself. At Liverpool, the refurbishment works in any particular flat could also materially affect the whole block (for example, to replace the windows in any one flat would necessitate scaffolding surround the whole block, obstructing daylight and creating security problems). This would mean that tenants would be disrupted not just while their flat was being refurbished but also – to a lesser extent – while each flat in the block was refurbished.

³⁸ Although in practice, tenants might be willing to put up with certain amount of disruption to stay in their own home, the HAT would have to avoid exposing itself to legal claims.

suffering long-term illness. Nevertheless, it also argued that this had to be weighed against "... *the prospect of up to eighteen months of continuous noise, dust, curtailed services, inoperative lifts, and several weeks of having to move from room to room within a flat.*" (s9.6.6). Furthermore, while the catch-up repairs programme had been very disruptive for some tenants, it was minimal work compared to full refurbishment.

– rents & service charges

Future rent was a key issue for tenants and would have an important bearing on landlord choices. For HAs, rents would be a function of acquisition and ongoing management and maintenance costs.

An additional issue for high-rise blocks was service charges. Although local authorities often choose to cross-subsidise between high-rise and low-rise housing to minimise differences in rents, HAs generally charge high-rise tenants directly for services used. Thus, while HAs would seek to offer 'affordable' rents, high-rise blocks would be expensive for them and, consequently, overall rent levels would be high. Furthermore, non-high rise tenants would be unlikely to be attracted to HAs that subsidised high-rise rents by higher low-rise rents. As a result, HAs would be unlikely to buy high-rise housing. In addition, service charges in partially refurbished blocks were likely to be higher than for fully refurbished blocks. Hence, the development strategy's executive summary (LHAT 1994, s7.12) concluded that, in terms of revenue costs, new build was likely to be the most cost effective option for most blocks.

The report concluded that, in general, demolition and new build provided better value for money (s9.1.2). Nevertheless, it also recognised that this option was "... *likely to be least preferred by many of the HAT's existing tenants.*" (s9.1.3). The report's overall conclusion was that, although many tenants were opposed to demolition and redevelopment, partial and minimal specification refurbishment would – in practice – be of limited use. In addition, they would not provide long-term solutions, and would either limit the choice of future landlord to the local authority, or require stock transfer to be accompanied by a dowry to offset a negative value. On the other hand, wholesale demolition would require the HAT to acquire an additional 254 acres of residential land, while re-housing people close to their preferred location would produce unachievable demands for land in certain areas (e.g., Sefton Park and Woolton). Thus, although the HAT might be able to re-house a number of its residents and tenants by enabling purchase of private stock, shortage of development land was likely to mean that refurbishment would be the only tenable option for a number of blocks (s9.7.1-9.7.9). The re-appraisal had therefore revealed a series of practical and financial problems concerning the HAT's task. Revised costings suggested comprehensive refurbishment would greatly exceed the Feasibility Study's estimates and there were serious concerns about the practical issues of managing large-scale in-situ refurbishments. Hence,

the original option – on which tenants thought they had voted – was challenged for a number of reasons and the HAT had the task of initiating a dialogue about alternatives. Although mentioned in the Joint Statement, tenants had not regarded demolition and redevelopment as the likely option. Nevertheless, as a result of the development reappraisal, the emphasis seemed to be on new build where possible, with refurbishment only where new build was not possible. In itself, this exposed inherent tensions between the HAT's willingness to meet tenants' expectations and aspirations and its need to achieve its statutory objects within its funding limits..

7.3.5 UNCERTAINTY ABOUT GOVERNMENT FUNDING LEVELS

The second area of uncertainty concerned the level of Government funding. The Feasibility Study had estimated £23,000 per unit to refurbish the tower blocks, giving an overall cost of about £130 million. Closer examination of the blocks revealed many of the blocks supposedly in a good condition were not.³⁹ The HAT's initial estimate was about £90,000 per flat, which translated into an overall figure between £300 and £400 million. At Hull and Waltham Forest, there had been uncertainty about the precise funding levels. At Liverpool, it was the magnitude of the discrepancy between estimates of funding deemed necessary and the amount the Government had (tacitly) agreed to as a result of the Feasibility Study. Another factor that would change over time and affect the project's cost was the HAT's declining population, which created additional uncertainty regarding how many units would need to be build. As at Waltham Forest, the HAT's remit was to refurbish the existing housing or provide new housing for each secure tenant at the time of the ballot rather than to provide the same amount (and type) of housing.⁴⁰ Due to the proportion of elderly in the HAT's population, there was some uncertainty about the type of housing required.

A further issue was whether the HAT would be fully public funded -- or rather the degree to which it would need to secure private sector contributions. Although HATs were not permitted to use private finance directly, they could use private finance through joint ventures. The HAT anticipated Government funds would be limited and was aware that a way of increasing funds was through private finance. A HAT officer (LHAT 5, 1994), for example, argued that there would inevitably be a cost limit on refurbishment imposed by the Treasury. If tenants made a landlord choice to transfer to a particular HA then the funds available for that block's refurbishment would be the Government cost limit (paid as a grant from the HAT to the HA) plus the HA's own contribution. Private finance would, however, have certain strings attached and tenants affected might not have a final landlord choice because

³⁹ None of the blocks, however, needed to be demolished because of a physical fault that could not be overcome. In all cases, albeit at considerable cost, a 30 year life was possible (LHAT 1994b, s4.4).

⁴⁰ The HAT would also need to plan for an element of under-occupation of the new build units initially because a high proportion of its tenancies (93%) was one or two person households (LHAT 1994b, s3.8). Once that generation had died off, the housing units needed to be capable of accommodating a wider range of households.

it would be determined by the joint venture. The HAT would also need to present this option to tenants suspicious of a 'back-door' privatisation.

The HAT's deliberations were overtaken by the implications of the Private Finance Initiative (PFI) introduced in Autumn 1994, which required private finance to be used in all major public sector projects. The implications for the HAT became apparent when, having completed its development strategy consultation, the HAT sought approval for its first major project in August 1995 -- an £8 million scheme for 131 homes in Everton; described as a 'symbol of the HAT's promises to tenants' by the HAT chair, Paula Ridley (LHAT, Annual Report 1995/96, p.1). In a major surprise to the HAT and its tenants, the Government refused approval for the scheme to be 100% HAT-financed and required a private sector contribution.⁴¹ As a consequence of the PFI, the funding arrangement for the Liverpool HAT (and those following it) would fundamentally differ from those in Hull and Waltham Forest. As an immediate consequence, the project in Everton had to be re-considered in terms of what was affordable under the new funding regime. The situation had damaged the HTA's relationship with tenants: the project was delayed by nine months as the HAT developed a new scheme that both included private finance and was acceptable to the tenants (LHAT 13, 1998).

A more fundamental consequence was that the HAT's approach to its development programme had to be radically re-thought. The HAT could not undertake development on its own and would need development partners who could contribute private funding. If the development partner was to be a future landlord, then it would have to be a social landlord. Regarding development partners, the HAT chair wrote in the Annual Report 1995/96 (LHAT, 1996, p.1) that the 'only likely' partners would be HAs, which would combine the roles of developer and future landlord. A partnership arrangement with HAs would work out cheaper for the Government because HAs would be funded at a rate lower than 100%, with private finance providing the remainder of the project costs. The new development approach also changed the status of tenants' right to return. The right to return established by the 1993 Act applied only to properties let under secure tenancies. Due to the procurement process, at no point would the new housing be either owned by the HAT or let under secure tenancies. It would have been built by HAs using HAT grant, on land owned by the HAs (having been sold it by the HAT) and would be owned by the HAs.⁴² Tenants moving into them would do so as assured tenants and would not, therefore, have a legal right to return because Section

⁴¹ More precisely, it refused to fund the scheme to the extent of 100% *in advance*. Even prior to the PFI, HATs would not be 100% funded because capital receipts from transfers (except those to the local authority) would -- in principle -- recoup some of the public funding.

⁴² This is the same as the HAT-sponsored developments at Hull. At Waltham Forest, the HAT built the properties and let them under secure tenancies until the temporary transfer to the WFCBHA, whereby tenants' rights to return were protected by contractual agreement between the HAT and the WFCBHA.

84A of the 1988 Act would not apply.⁴³ The HAT, however, felt it had a moral obligation to preserve tenants' ability to return to the local authority and decided that -- while it could afford to do so -- it would allow tenants to return and, furthermore, properties would continue to transfer to the local authority at zero cost. Due to the need to increase certainty for the HAT and because HAs "... *and their lenders are unwilling to take the risk of significant numbers of tenants returning to the council*" (LHAT, *Annual Report 1995/96*, p.1), the choice of landlord would have to be decided at the beginning rather than at the end of the process; a change contrary to the Joint Statement.

Tenants' landlord choices would still affect the project's funding. If a tenant opted to return to the council, the HAT would pay 100% of the cost of refurbishing or building that unit. If a tenant chose to transfer to an HA, then the HAT would pay a negotiated percentage of the total cost in the form of HAT grant, with the HA making up the remainder. In aggregate, this would affect the overall cost to the HAT (and the Government). If 100% of tenants opted to return to the local authority, then there would be no private finance contribution; the issue, therefore, was the point at which the proportion opting to return to the local authority jeopardised the project's -- and/or the HAT's overall -- funding.⁴⁴

As part of the HAT's financial planning, its programme was costed on basis that the overall landlord choice would be X% transfers to HAs and Y% transfers to the council (where $X + Y = 100$).⁴⁵ The figures varied over time and the HAT had to perform a constant juggling act to stay within its funding cap. If ultimately more than Y% of tenants -- or if it appeared likely that more than Y% -- returned to the local authority, the HAT would either exceed its life-time costs figure or would need to make cuts or changes (i.e., to reduce quality) in its later phases. Each project was also costed on the basis of X% to HAs and Y% to the council. If, for example, more than Y% plus voted to return to the council, the scheme would have to be reconsidered because the HAT would not -- in principle -- be able to fund the rest of the programme. A tenant representative (LHAT 10, 1998) suspected that "... *if 30% or more of tenants vote to go back to the local authority, then the scheme would be rejected by the DoE as too expensive.*". Hence, if too many tenants chose to return to the local authority, the project could be ruled out on costs grounds.

⁴³ The complication arises because HAT legislation was designed primarily for housing refurbishment (where tenants would stay in -- or at least return to -- their original properties) rather than for new build and, second, because it did not envisage HATs sponsoring HAs to build houses for its tenants.

⁴⁴ At Waltham Forest, one of the justifications for the temporary transfer was to avoid putting inappropriate pressure on tenants in their landlord choice. Without a temporary transfer, landlord choices in earlier phases could have repercussions in terms of quality for those tenants in later phases.

⁴⁵ This tends to favour the exit from the public sector, since, if too many tenants elected to return to the city council, the programme would not be affordable.

Uncertainty also remained regarding the HAT's overall budget. As discussed in Chapter Five, in March 1996, the Government asked each HAT to determine its lifetime costs. When announced in December 1996, the HAT appreciated the end to the uncertainty; the HAT chair, Paul Ridley (LHAT, *Annual Report 1996/97*, p.2) wrote: "... *our life-time costs allocation was to be £260 million, roughly twice what we started out with. Though we can argue (and we did) that to do the job as we would really like would cost more than that, we are nevertheless relieved that we are now within shouting distance of a sensible figure with which to work and plan.*"

7.3.6 COMMENTARY

Due to the impact of the PFI in particular, the later HATs (i.e., Liverpool onwards) differ from the earlier HATs (i.e., Hull and Waltham Forest). At Hull and Waltham Forest, the impact of the PFI was felt after the detail of the development programme had been determined and agreed. In each case, the development programme was known (and with greater certainty regarding costs) at the time of the ballot. The Liverpool HAT, however, was caught between the two groups because it had made "... *all the same sorts of promises that the first two HATs had made and yet it suddenly became subject to the implications of the PFI. The latter HATs were subject to the PFI but at least they knew about it at an earlier stage.*" (LHAT 13, 1998). The PFI also affected the way in which the HAT had to manage its business. Although HATs had been created as hands-on agencies, which would bypass local authorities, as a result of the PFI the later HATs had become 'hands-off' agencies with executive responsibility falling to their development partners (in most cases HAs). The HAT had therefore incurred its own implementation problems and control deficits; a HAT officer (LHAT 13, 1998), for example, considered that it had to operate like a 'puppet-master'.

7.4 THE DEVELOPMENT PROGRAMME & EXIT OPTIONS

One consequence of the PFI was to link development choices with landlord choices, which, at the other case study locations, could be progressed separately. As HATs were limited-life agencies, at some point, tenants would be required to make landlord choices. The development reappraisal report (LHAT, June 1994, s11.3.1) proposed the following principles for the HAT's exit strategy:--

- the optimum range of alternative landlords and ownership options should be made available to tenants;
- disposals of improved or redeveloped homes should not damage the service given to the remaining tenants or the options available to them;
- disposal should not be detrimental to the HAT's ability to achieve its objects;
- as far as possible there should be a 'level playing field' for alternative landlords, particularly as far as rents and service changes were concerned;
- tenants should be given the fullest possible information, and adequate time for consultation,

before deciding their future landlord;

- RTB for tenants transferring from the HAT should be retained;
- tenants should be able to choose a landlord at the start of the refurbishment or redevelopment process, if they so wish, and where this was of benefit to them;⁴⁶
- future landlords should provide an undertaking to support and facilitate tenant involvement in management, such as EMBs or TMCs, and potentially collective ownership by tenants of transferred properties; and
- exit routes should ensure appropriate and sustainable, long-term arrangements are made for non-housing facilities (e.g., community centres and communal facilities).

7.4.1 CONSULTATION ON DEVELOPMENT OPTIONS

The development reappraisal report recognised that the discussion of development options would create a shift in the way each tenant saw their immediate future and would mean different things to different tenants. It noted, however, that a 'successful process' would result in tenants "... *interested and looking forward to decisions about their future*", while failure would result in "... *resentful and fearful tenants, reluctant to take part and unwilling to co-operate.*" (LHAT, June 1994, s14.1.2.6-2.7). The report pledged that no development decision would be made "... *without the affected tenants having been consulted, their opinions sought and their wishes considered.*" (s14.1.1-14.1.8). A fifteen-week consultation programme, titled 'Going Local', started in July 1994 and continued throughout the summer, with HAT staff visiting every site to explain in detail the HAT's draft approach to development.

Prior to the development programme, tenant involvement structures were primarily for local management and for pan-HAT issues. With the development programme, there was a need to get site specific with individual consultation. At the collective level, Project Advisory Groups (PAGs) were set up to create a framework to enable tenant consultation and participation in the development programme. Tenants would have the opportunity to influence and be consulted about the options chosen for evaluation and, once the basic option had been chosen, the detailed proposals and plans for their block or site (s14.1.1-14.1.8). The HAT also sought to involve tenants individually and, in particular, stressed that collective housing did not mean collective choices and that there could be individual choices. There was also an implicit recognition that assumptions about collective preferences may not accurately reflect or be congruent with individual choices and that tenant representatives could not represent all the individual preferences. As a result, it was a judgement call when to involve tenants collectively via their representatives and when to involve them individually (LHAT 5, 1994). In particular, once the prospect of moving to enable refurbishment or redevelopment had been contemplated, a series of individual exit options was available:—

- moving to low-rise accommodation on the site;
- moving to accommodation on another site;
- a Tenant Home Finder scheme, where subject to size and price restrictions the tenant could find a property with an HA or another landlord willing to take them and the HAT would pay for them to

⁴⁶ The report was produced prior to the PFI.

transfer;

- a Mobility Incentive Scheme (MIS) (similar to the CIS at Waltham Forest HAT), under which secure tenants required to move permanently from their homes would have the option of receiving an incentive payment to help purchase a new home; and
- a Do-It-Yourself Home Ownership (DIYSO) scheme, which enabled HAT tenants to purchase a share in the ownership of a property, provided it fell within eligible price limits, and for an HA to purchase the remainder. Tenants would pay rent on the proportion of the property owned by the HA.

Although development options and tenants' exit options are inter-linked, they can be seen as a series of choices, some of which are individual and some collective. The main choices were as follows:-- the choice of development option; detailed design choices; and the choice of landlord.

7.4.2 THE CHOICE OF DEVELOPMENT OPTION

The first choice was that of the development option for the site and, in essence, was between (varying levels of) refurbishment and new build. This was a collective choice and the HAT's approach was to work with the collective body of tenants until a preferred option was known. The development reappraisal report had proposed that the HAT would provide tenants with details for comparable and affordable rents, and service charges, for each physical option, to enable them to make an informed choice of development option and future landlord (LHAT, June 1994, s11.1.1-11.1.8). As noted previously, tenants could also make an individual choice to move from the block, which would involve forsaking their loyalty/commitment to the site or immediate neighbourhood. The HAT was careful to spell out the tenants' permitted discretion in terms of the decision on the development option for their site or block. The development reappraisal report (s14.5.1), for example, emphasised that the HAT would have to "*... take a broader and longer term view than the wishes of the existing tenants of a particular block. ... and that, although tenants' views on options will be canvassed, this will be only one factor -- important though it is -- which will be taken into account.*". Hence, while tenants' views and preferences would be taken into account, the HAT board – and, in respect of financial approvals, the Government – would be the decision-maker. The report also stressed that a final decision would be made on the basis of 'best value for money', which would "*... not necessarily result in the option preferred by the existing tenants.*" (s14.1.1-14.1.8). The report therefore emphasised that – if tenants were not to be misled and become disillusioned – the extent to which they could participate in decision-making had to be made explicit (s14.5.1 -14.5.6).

Refurbishment or demolition & redevelopment

The choice between refurbishment and demolition and new build would be constrained by different physical factors in each location. Tenants' preferences and, where necessary, costs associated with decanting had also to be considered. Scope for demolition and redevelopment varied because the level of occupancy of each block and the degree of each tenant's allegiance to that site or neighbourhood would

determine how many low-rise units needed to be built on each site. If the number required could not be built on the land available following demolition, then additional land would be needed. Further considerations would include the demolition costs and the loss of units. The HAT argued that it would be socially irresponsible to reduce the amount of social housing in areas where demand was high. Although there were areas of the city with high demand for social housing, demand was falling in the North of England. By the late 1990s, Liverpool city council had stopped nominating to HAs. The HAT therefore had to identify those areas of the city that had sustainable housing demand, once the current cohort of tenants had passed away.⁴⁷ There were also issues as to whether there could be a rolling programme of demolition and redevelopment whereby tenants could stay on the site and move directly in their new homes; if this was not possible then some form of decanting would be required, either within the site or temporarily (and perhaps permanently) off the site. To a limited extent, tenants might be willing to trade-off disturbance and upheaval: for example, a more limited refurbishment involving a few weeks of intense disturbance might be preferred to a full refurbishment entailing a twelve-month decant. At Rydecroft Tower – the first block to be refurbished – tenants were putting up with a lot of noise and disruption: *“People will put up with a certain amount to stay in their own homes. People can go out for the day and then come back once the working day is finished and that’s how they manage. They don’t want to decant because that means a double decant – once out of their flat and then a second time back into their flat.”* (LHAT 16, 1998).

As many of the physical constraints on refurbishment could be overcome by more funding, the major constraint on refurbishment as a development option was funding. Detailed financial appraisals were made of each development option. The HAT had to take into account such factors as:-- project costs, projected rental streams, capital costs, future rents, service charges, local population characteristics and projections, the likely housing need/demand in the future, etc., while the actual choice had to be within the Government’s funding limits and with the knowledge that it would tend to favour the least cost option offering the best value (LHAT 12, 1998). The availability of funding would itself be considered with respect to the subsequent value of the development. Thus, if the preferred option was refurbishment, this could either be ruled out due to excessive cost or the level of refurbishment reduced in respect of the available funding. In this respect, there was potential for a conflict of interest between tenants’ and the Government’s aims and aspirations, with the HAT caught between the two. The HAT therefore attempted to inform tenants of the implications of refurbishment (e.g., the problems of in-situ refurbishment, the problems of – possibly double – decanting, cost implications that may entail a reduced specification,

⁴⁷ At Altbridge Park, for example, the HAT had a moratorium on redevelopment because there was no sustainable demand for social housing in that part of the city.

implications in terms of rent and service charge levels, etc.) and to get them either to make a better informed choice of refurbishment or to choose an alternative development option. The HAT's concern was to ensure tenants understood why a particular option was not possible/viable rather than simply being informed it was not possible/viable. A HAT officer (LHAT 5, 1994) argued that although the DoE may want all tenants to make individual choices to move out to low-rise or redevelopment low-rise, the HAT wanted tenants to "*... come to that decision – if indeed they do come to that decision – for themselves.*". Similarly, a tenant representative (LHAT 10, 1998) felt that "*... if people know all the facts then they'd make a reasonably sensible decision. But if they didn't know, well then it's manipulative.*".

– demolition & redevelopment

Where demolition was possible, most of the PAGs resulted in recommendations for demolition and redevelopment.⁴⁸ The HAT's first development projects all involved demolition and redevelopment. Its first major scheme at Everton, for example, involved demolishing seven blocks and building 130 units, while a second phase involved demolishing five blocks and the development of 162 low-rise dwellings; each of which consisted of a set of small developments across a series of sites. In early 1998, work started on two major flagship developments at Childwall and Storrington Heys.⁴⁹ Each scheme was designed with special emphasis on provision for frail and vulnerable old people (LHAT, 1997, p.2). At Childwall, more than 50% of tenants were over 70 years and a quarter over 80 years, while at Storrington Heys, 45% were over 70 years and 17% over 80 years. The schemes therefore included special provision for the elderly, including housing with care (HWC) schemes, where the aim was to provide an alternative to residential care for frailer residents (p.12), and 'independent housing for old people' schemes where less frail residents could choose from a wider range of accommodation (LHAT, Annual Report 1997/98, p.12). The Childwall scheme involved demolishing six blocks and replacing them with 172 low-rise units, planned so that tenants would only move once and for the frailest tenants to move first. The scheme would be undertaken in three phases with the first phase programmed for completion by September 1999 and the third by December 2002. The Storrington Heys scheme involved the demolition of five blocks and their replacement with 220 low-rise units, also planned so that tenants would only move once. The scheme was in three phases with the first programmed for completion by March 1999 and the third by March 2001.

⁴⁸ In some blocks, there remained opposition to this. In Seacombe Tower in Everton, for example, an action group was formed to oppose the demolition (HAT News North, August 1997, p.1). In August 1998, the HAT was also reviewing the proposed demolition of Bisham House and Aldington House in Vauxhall.

⁴⁹ Detailed design work was also underway at Sheil Park, where three blocks (Linosa Close, Kenley Close and Pendine Close) were to be demolished and 220 new dwelling built.

For each contract, the HAT set out a series of expectations of the landlord/ developer. Regarding housing management, for example, it stated that as an 'integral part of the HAT's philosophy' was to manage its stock in partnership with its tenants, there was a 'clear expectation' of the new landlord (LHAT, 1997, p.4). Regarding employment and training, it expected the successful tenderer to "... *demonstrate a clear commitment to the HAT's programme of securing employment and training on the construction site for HAT tenants.*" (ibid, p.4). The HAT would, however, provide wage subsidies and on-site training costs to ensure a minimum number of HAT-nominated trainee placements on the sites.

The tender documents also gave estimates of the development costs so that landlords/developers could calculate the grant required from the HAT. Due to their size and the additional obligations placed on them, there was concern that HAs might not be interested in tendering. One of Liverpool's largest HAs felt unable to bid for either contract, while another would only tender for one. The projects, nevertheless, represented a major opportunity for HAs. Following landlord choice ballots, the development contract for Storrington Heys was awarded to the Liverpool Housing Trust (LHT) and that for Childwall to Anchor Trust. Each HA would also work with the HAT to finalise – on its respective sites – the detailed management and funding of the HWC scheme and for the funding of community centres via dowries from the HAT.

– refurbishment

As the cost implications would seem to rule out refurbishment, some tenants felt discussion of refurbishment was raising expectations that could not be met. In Sefton Park, for example, a tenant (LHAT 10, 1998) argued that, despite being costed at £101,000 per unit for refurbishment, the HAT was "... *letting people think there's a chance of refurbishment there. No Government in its right mind is going to let them do that [refurbish the block]. It's crazy not to knock them down.*". Nevertheless, the HAT's 1995/96 Annual Report (LHAT, 1996, p.10) reported 'optimistic results' from a detailed study of Brompton House in Sefton Park, by three HAs (MIH, LHT and CDS). The study showed that HAs would be prepared to refurbish some blocks -- to a 'good standard' – and, thereby, opened up the possibility of partial refurbishments, which the HAT had previously ruled out. Partial refurbishments were subsequently included in option appraisals at Sefton Park and Woolton.⁵⁰ In these locations, the HAT also involved prospective landlords at an earlier stage. Social landlords/developers would be asked to bid in terms of grant required on the basis that there were X blocks; Y properties were needed to re-house secure tenants; and the HA would be free to do

⁵⁰ Sefton Park and Woolton had also been identified as areas where refurbishment was likely/possible in the conclusion to the development reappraisal report.

as it wished with any surplus properties (LHAT 12, 1998). For the option appraisal at Brompton House, for example, there were six options on the list ranging from doing nothing to demolition. As it was a conservation area and there was no land available for building, demolition and new build would produce fewer units than secure tenants. As tenants wanted to stay in the area, the preferred option was full refurbishment. Tenants accepted that a full refurbishment would not be possible, however, and that there would be a partial refurbishment encompassing the items requested in the Joint Statement.⁵¹

At both Woolton and Sefton Park, blocks would be retained and refurbished. By August 1998, six of the eight blocks at Sefton Park had been approved for refurbishment and decisions on the other two blocks (Belem Tower and Merebank) deferred pending further studies. At Belem Tower, the HAT's project managers' preferred option was for the block to be demolished and for a four-storey block of flats built. Tenants, however, were opposed to this. At Merebank, the HAT was in discussion with an HA to take over the block. The HAT had also wanted to demolish Valeview in Woolton but, as there was opposition, it was exploring the possibility and implications of undertaking a refurbishment.

The outcome of the development options choice

The HAT's development strategy (LHAT 1994b, s10.2) had predicted the ratio of refurbishment to new build at between 1:2 and 2:1. This was a cautious estimate and it is likely that fewer than a third of blocks will be refurbished. By August 1998, thirteen had been demolished or were in the process of being demolished. A further twenty-seven had been approved for demolition. Eleven were to be refurbished. For three blocks, the HAT was in the process of seeking landlord/developers with the possibility of the blocks being refurbished – tenants having opposed demolition. For the other thirteen blocks no decisions had been made (see Tables 7.2 & 7.3).⁵²

7.4.3 DESIGN CHOICES

The second set of choices was in terms of the detailed design of the refurbishment or the new development. Once the development option had been chosen, within the context of the agreed mix, overall HAT policies and standards and project budgets, tenants would be encouraged to exercise as much control over design decisions as was practical (LHAT, June 1994, s14.5.1-6). While at Hull it was

⁵¹ The Joint Statement (s7.2) had listed the following as 'of the highest priority':-- roof repair/ replacement; window replacement; security enhancement; heating replacement to affordable standards; lift replacement/ refurbishment; and upgrading of communal areas. The following were listed as 'secondary but still important':-- replacement of kitchen and bathroom fittings; re-wiring; insulation; plumbing modifications (communal); and environmental enhancement (s7.3) (see Appendix G).

⁵² In all the outstanding decisions, the issues surrounding the integration of the HAT's proposals with wider regeneration concerns were 'unusually complex' (LHAT, Annual Report 1997/98, p.3).

SOUTH	BLOCKS	DEVELOPMENT
Woolton	Linkview Tower Lymecroft Tower Rydecroft Dealcroft Dovercroft Valeview Tower	Decision not yet made Refurbishment Refurbishment Refurbishment Refurbishment Proposal sought
Olive Mount	Olive Mount Heights (3 blocks)	Refurbish one block; demolition two blocks
Childwall Valley	Childwall (3 blocks) Hartsbourne (3 blocks)	Demolish all three blocks Demolish all three blocks (1 demolished)
Ash Grange	Ash Grange (2 blocks)	Decision not yet made
Sefton Park	Mere Bank Buckingham House Rutland House York House Sydenham House Brompton House Belem Tower Heysmoor Heights	Proposal sought Refurbishment Refurbishment Refurbishment Refurbishment Refurbishment Proposal sought Refurbishment
Riverview	Riverview Heights (2 blocks)	Decision not yet made

TABLE 7.2 – DEVELOPMENT PROGRAMME AT LIVERPOOL HAT (SOUTH)

NORTH	BLOCKS	DEVELOPMENT
Croxteth	Storrington Heys (5 blocks) Sceptre Tower	Demolish all blocks Demolition (demolished)
Sheil Park	Linosa Close Kenley Close Pendine Close	Demolition Demolition Demolition (demolished)
Norris Green/ Fazakerley	Joe Morgan Heights (European) Langholme Heights (European) Altridge Park (3 blocks)	Demolition (demolished) Decision not yet made Decision not yet made
Vauxhall/City	Adlington House Bispham House John F Kennedy Heights (3 blocks)	Demolition (under review) Demolition (under review) Decision not yet made
Walton	Heathcliffe House Hetherlow Towers (2 blocks)	Demolition One block to be demolished 1 block to be refurbished
Winterburn (West Derby)	Winterburn Heights (3 blocks)	Demolish all three blocks (all demolished)
Everton	Rockview Corinth Tower Seacombe Tower * Edinburgh Tower Ellison Tower St Georges Heights Brockmoor Tower * Action Group in this block to resist demolition	Demolition Demolition Demolition Demolition Demolition Demolition Demolition
TABLE 7.3 – DEVELOPMENT PROGRAMME AT LIVERPOOL HAT (NORTH)		

largely the same development task carried out to all dwellings and, at Waltham Forest, a similar development task carried out on four estates, at Liverpool, there were at least twelve or thirteen different development projects. The PAGs also operated in a similar manner to the tenant development groups at Waltham Forest and the neighbourhood groups at North Hull. Design choices would be made individually and collectively. The layout of any new housing would, for example, necessarily be a collective choice, while the choice of internal fixtures and fittings would generally be an individual choice. As in the other HAT areas, tenants would get a choice of a range of internal fittings, finishes and colours. There were also extras which tenants could pay for, such as extra telephone points and extra wall lights. This was similar to the approach employed at Waltham Forest, although it was not as sophisticated as the menu-based system at Hull. For refurbishments, the detail of communal areas and facilities and the standard (quality) of refurbishment would generally be collective choices, while the choice of internal fixtures and fittings within the flat will generally be an individual choice. Tenants' choices in both instances would be constrained, first, by the willingness of the HAT and its consultants to involve tenants and, second, by the project's budget constraints.⁵³

7.4.4 THE CHOICE OF LANDLORD

The third set of choices was the choice of landlord. There were separate landlord choices for each development project. For low-rise properties, it was an individual choice and tenants would get the landlord they voted for. For refurbished high-rise blocks, it would be a majority vote, with the block's ownership transferring to the landlord the majority of tenants voted for. The Secretary of State, however, had discretion to permit the transfer of any individual flat to the local authority.

Winterburn Heights, one of the first development projects, provides an illustrative example of the landlord choice process. On this site, there were three tower blocks (Winterburn Heights), nineteen maisonettes (Deyburn Walk) and six one-bed, low-rise flats (Winterburn Crescent). The low-rise flats were refurbished with all six tenants voting to return to the council. The maisonettes were demolished with tenants all choosing to transfer to some nearby former MoD property purchased by an HA -- the Liverpool Housing Trust (LHT) -- with a grant from the HAT. Although the high-rise tenants had originally wanted a refurbishment, the development option agreed was for the blocks to be demolished and low-rise dwellings built. Tenants were keen to remain on the site: "... *the HAT wanted to move us down the road, but we fought and got our way.*" (LHAT 11, 1998). To facilitate redevelopment, tenants from two of the blocks were decanted into the third; these were

⁵³ One of the consequences of a partial refurbishment was that, although the flats would be re-wired, the new wiring would be surface-mounted. Tenants would not be expecting this and an RBM (LHAT 16, 1998) recognised the partial refurbishment could ultimately be a great disappointment.

demolished and low-rise housing built. The new houses would re-house the existing tenants and provide a small number of additional units, which would become the HA's. The HAT would retain nomination rights, but any HAT tenant moving in would lose their landlord choice and become an HA tenant. Once built, tenants would move into the new housing, the remaining block would be demolished and its site redeveloped. For tenants from the first two blocks this would involve double decants. Double decanting, however, made other options more attractive. As a result (and despite each block containing 74 flats), the third block had only thirty-one tenancies during the redevelopment period.⁵⁴ A HAT participation officer (LHAT 9, 1998) argued that, although decanting was going to be a big issue, once tenants considered the reality of developments, they had accepted the need for decanting.⁵⁵ At Winterburn Heights, for example, tenants had raised no strong objections to decanting.

A panel including tenants interviewed interested landlords. Although the process involved the identification of a preferred HA from among those competing, the final landlord choice, was between the council and the preferred HA; the HAT having pledged that the city council would always be one of the choices for tenants, thereby preserving their right to return.⁵⁶ A Tenants' Expectations Charter was produced in 1996, prepared under the HAT's budget for tenants to obtain independent advice, which outlined the issues and was intended to protect tenants' rights. Tenants were also provided with guidance in terms of questions to ask prospective landlords (such as rent levels; service delivery; commitment to tenant support; tenant involvement and their long term commitments to the housing) and the kind of answers they should expect. Once Riverside (formerly MIH) had been selected as the preferred HA, tenants had a choice between it and the council.⁵⁷ The tenant (LHAT 11, 1998) noted that the council had "... *offered very low rents (such as £20 per week) to get people to go back to them.*". Of fifty tenants, nine voted to go back to the council. Tenants had not been that worried about not going back to the local authority: "*The reality is that people didn't want to go back anyway. They just wanted it as an option.*" (LHAT 11, 1998). The tenant also suspected those tenants who had voted to return to the council had done so as a protest vote: they had also thought that as the majority vote would be binding on all voters, they could vote for a return to the council as a means of showing loyalty to the council and opposition to the move to private landlords, while not actually being required to go back to the council. Instead, however, it

⁵⁴ The blocks also had a high incidence of vacancy prior to the redevelopment programme.

⁵⁵ On the next development site, tenants objected and the HAT introduced a policy of paying tenants £500 in compensation. The policy was not made retrospective and tenants at Winterburn Heights would not get it (LHAT 11, 1998). Tenants were also compensated for their loss of home (£1500).

⁵⁶ The council subsequently withdrew from landlord choice in 1998.

⁵⁷ A tenant (LHAT 11, 1998) felt the final decision was a Hobson's choice: "*We really ended up with the least worst housing association. ... They'd been the managing agents for the site and -- to be honest -- we hadn't liked them at all. There were two others we could have chosen from but they were worse really.*".

was an individual vote and tenants got the landlord they voted for. She also argued that those tenants “... *regret their decision already but there's no going back.*”

Rents & bench-marking

After the first five sets of landlord choices, the HAT introduced a policy of bench-mark rents. This policy had two main objectives. First, to phase in rent increases: although the Joint Statement (s5.17) suggested phased rent increases to soften the impact of rent increases, there was no explicit commitment to this. The gap between the frozen rents and council or HA rents was steadily increasing, presenting tenants with problems. By 1997, for example, rent levels of HAT tenants were on average £14 per week lower than their counterparts in blocks retained by the council (LHAT, September 1997). The key commitment in the Joint Statement (s5.17) was ‘comparability’: after work had been carried out rents would rise to a “... *level equivalent to the average of those rents charged by local authorities in the Merseyside region.*”. This assurance would only apply while properties were held by the HAT, after which rents would be determined by the new landlord. The HAT was also committed to ensuring rents remained affordable. Second, the bench-marking proposal was an attempt to create a ‘level playing field’ between possible landlords by addressing problems created by the combination of different funding regimes for local authorities and HAs, the increasing need to use private finance in HAT development projects, and the ‘rules’ that permitted refurbished or new properties to be transferred to the council at zero cost (LHAT, September 1997). These factors had ‘distorted’ rent offers made in landlord choice ballots, including the council exploiting its power to cross-subsidise among its housing stock and offering “... *ridiculous rents and guaranteeing them for the next five years.*” (LHAT 10, 1998).⁵⁸ For Brockmore Tower, for example, the council had offered initial rents of £21 per week – £7 less than the frozen rents dating from 1993 – rising to about £40 after five years; a figure lower than the current equivalent rents for council properties (LHAT 12, 1998). This raised various issues of equity between tenants; a tenant representative (LHAT 10, 1998) considered it ‘immoral’ because the council was “... *subsidising good quality housing with poor quality housing.*”

Benchmark rents were proposed as a way of overcoming some of these problems. Prospective landlords would be required to offer rents matching a series of ‘benchmarks’ set by the HAT. Tenants would therefore be able to decide between landlords “... *on the basis of the quality of housing services offered and any ‘value added’ elements including extra services and community development initiatives.*” (LHAT September 1997). The HAT could use the data from previous

⁵⁸ As discussed in Chapter Five, North Hull HAT had tried to avoid this by introducing a ‘level playing field’ for landlords, whereby the rents at the time of exit were the same regardless of the landlord.

landlord choice ballots to determine appropriate standards. In particular, the benchmark rent proposal had to take account of rent levels charged by HAs, which in turn reflected the rate of grant available and the cost of repaying any private loan. As noted in Chapter Three, when competing for HAG, HAs could trade off HAG levels against rent levels. To address this issue for new projects in 1998/99, the Housing Corporation had produced its own 'benchmark rents' for each local authority area that would be used as guidelines against which to judge HA bids for corporation funding (LHAT September 1997). These were also fed into the bench-marking setting exercise.⁵⁹ The system comprised the following elements:-- prospective landlords would offer initial Year One and final Year Five rents matching the benchmarks and the phasing of rents in the intervening years to be for the landlord to decide. Year One rents would be set at levels slightly below existing council rents, while Year Five rents would match Housing Corporation benchmark rents for 1998/99 (LHAT September 1997). During the Autumn of 1997, the system was piloted at Childwall and Storrington Heys.

The scheme described above applied to new build only. The setting of benchmark rents for refurbishment was more complex due to service charges and, in particular, the differences between local authorities and HAs. As noted previously, HAs would be unlikely to subsidise high-rise service charges by increasing rents on low-rise properties. As the council did not impose service charges, it placed them at an advantage in any landlord choice ballot. The key elements of the system for high-rise blocks were:-- first, that rents for full refurbishment would be based on rent levels for new build properties, but would be between £3 and £4 per week lower as new build properties would generally be higher standard; and second, landlords would be limited to a maximum service charge of £15 per week in Year One (excluding any heating charge), which would be adjusted for inflation (RPI+1%) each year for the duration of the five-year benchmark rent period.⁶⁰ The minimum level at which benchmark rents would apply was refurbishment to the standards outlined in the Joint Statement. The HAT's benchmark rent would only operate for a five-year period, after which rents would normally be adjusted in line with the landlord's own rent setting system (LHAT, February 1998).

The outcome of Landlord Choice

A 1993 survey of tenants (MORI, 1993b) showed only 30% of tenants expected to return to the council, although -- as 42% of tenants were 'don't knows' -- this was just over half of those

⁵⁹ An additional benefit was that, once rent levels were fixed, HAs would compete on grant rates (rather than a combination of rents and grant levels) which could help to reduce development costs (LHAT September 1997).

⁶⁰ In this respect, the council still had an advantage over other landlords due to its significantly larger stock and its willingness -- or its necessity -- to cross-subsidise among that stock.

indicating a definite preference (see Table 7.4). The first landlord choice ballots resulted in very few tenants voting to return to the local authority (Table 7.5). The potential problem of too many tenants voting to return to the local authority and, thereby, jeopardising the development programme's funding had therefore not arisen.

TENURE	%
Liverpool city council	30%
An existing housing association	14%
A new community housing association controlled by tenants	9%
Tenants co-operative	5%
Private landlord	1%
Don't know	42%

TABLE 7.4 – LANDLORD CHOICES IN MORI POLL
(Source: MORI, 1993b, p.76)

The significance of tenants actually having a choice was stressed: *"People want to have a choice. They need to have the choice to go back to the city council, even if they don't want to use. If it's removed then all hell would break loose."* (LHAT 13, 1998). The importance of the choice being the power to *threaten* to go to a different landlord (i.e., in the sense that competition between producers empowers the consumer) and, second – and at least in principle – the local authority being a safety net where certain minimum expectations would be met and, if not, then there would be a mechanism for redress through local councillors. The latter was challenged – as, indeed, the New Right had argued – on at least two grounds:– first, the accountability of councils to their electorate through ward councillors had proven to be an imperfect mechanism: *"At least with the council, you have a councillor who can take up the cudgels on your behalf – but tenants have had thirty years of experience and know that that's not true."* (LHAT 16, 1998). Second, the council's housing management performance had shown it was a very low safety net. Thus, although the 'right-to-return' to the local authority was a key factor in the establishment of HATs, the exercise of that right by tenants appeared to be less controversial. An RBM's statement (LHAT 16, 1998) was revealing in terms of tenants' ambivalence to exiting from the public sector: *"People had said 'No' to private landlords and that they'd prefer to be under the council umbrella, but it's an umbrella that's full of holes."* The RBM (LHAT 16, 1998) also felt that tenants did not want to go back to the council: *"People say they want to be with the council. They see housing associations as private landlords and private landlords are not to be trusted. ... The council can say this and that, and dress things up in this and that garb – but we don't trust them."*

SITE (landlord)	HAs	City council
Pre-benchmark rents		
Winterburn Crescent	0	6
Everton sites	117	14
Winterburn Heights	41	9
Brockmoor Tower*	8	5
Joseph Morgan Heights	12	0
Post-benchmark rents		
Ternhall Way	12	0
Childwall	157	1
Storrington	220	0
TOTAL	567	35
* At this site, the council offered very low projected rents.		
<p align="center">TABLE 7.5 – OUTCOME OF LANDLORD CHOICE</p> <p align="center">Figures are for properties & include some instances of collective housing where transfer is on the basis of a majority vote. (Source: LHAT, 1998)</p>		

An additional factor that would tend to work against the council in the landlord choice decisions was uncertainty about the council's continuing role as a landlord. By the late 1990s, as well as some estates sales to HAs, the Labour council was exploring the possibility of a local housing company (LHC) (Bright, 1997, p.3). The council had calculated that it needed to spend £250 million on catch-up repairs and £500 million on modernisation and an LHC would enable such funds to be raised. The plans envisaged a whole-stock transfer (45,000 units) to a 'parent' holding company, in which the council retained a minority interest. Although the proposed transfer conflicted with rules restricting the size of transfers, the council argued that only through a single whole-stock transfer (rather than a break-up into partial transfers) could positive value stock in one area be used as security for loans to fund the refurbishment of poor value stock elsewhere (Social Housing, 1997, p.1). The housing minister (Hillary Armstrong) expressed reservations that it was not suitably distant from the council. In the May 1998 local elections, the Lib-Dems took control of the council and subsequently announced its intention by 2003 to have no stock under local authority management or ownership, which – in principle – would hasten plans to transfer the housing stock. It would therefore no longer accept HAT tenants and withdrew from the commitments made under the Joint Statement, including the landlord choice.⁶¹ The Lib-Dems argued that the council had

⁶¹ Given the pattern of the landlord choice ballots and prior to the council withdrawing from the landlord choice, the HAT had been considering whether the local authority should automatically be one of the

invested resources into the landlord choice but the number of tenants returning had not made it worthwhile. As the new ruling group, the Lib-Dems also wanted a representative on the HAT board, which was expanded to accommodate a new member; the existing Labour councillor would serve the rest of his term but his contract would not be renewed and the board will return to eleven members.

Other exit options

By March 1998, 342 tenants had taken advantage of HAT-sponsored initiatives to move from the high-rise blocks, such as the MIS and the Tenant Homefinder Scheme. RTB was also an option for all tenants; tenant's RTB would also continue once they had transferred to the HAs.⁶² If tenants transferred back to the local authority, the purchase price would be based on the cost floor – the value of improvements undertaken to the dwelling in the previous eight years. Tenants would not be able to discount the purchase price below the actual cost of those improvements. The cost floor would, therefore, tend to inhibit RTBs. If, however, tenants transferred to an HA and sought to exercise their RTB, the cost floor would be the price the landlord paid for the property (normally TMV).

The necessity for the HAT to use HAs as development partners required HAs to be well-established and financially secure, which militated against the development of either tenants' co-operatives or a CBHA. A small co-operative was, however, developed with tenants from Storrington Heys and Sceptre Tower. Continuing Liverpool's tradition of co-operative development, twenty low-rise dwellings would be constructed by the co-operative on a site near Sceptre Tower (HAT News North, August, 1997, p.2).

7.4.5 COMMENTARY

In terms of progressing its landlord choice, by 1998 the Liverpool HAT was more advanced than the Waltham Forest HAT, although not as advanced as the North Hull HAT. In principle, a choice by significant tenants to return to the council would have created a crisis in the HAT's funding. That this had not happened can – in part – be attributed to the council's failure to present a credible alternative, which, in turn, was attributed to its past performance in managing the high-rise housing; tenants had had a bad experience of the local authority, did not want to return to it and were therefore more willing to consider other alternatives. In part, this suggests that the Thatcher

landlord choice for new build properties and, in addition, whether it should receive new build properties at zero cost (LHAT 16, 1998). Furthermore as the Joint Statement was not a legally-binding document, the council was also able to withdraw from it.

⁶² The HAT negotiated this as a contractual right for tenants.

Government's assumptions and assertions about local authority housing management were not entirely misconceived.⁶³ Following the local authority's withdrawal from the landlord choice, the Liverpool HAT will be the most efficient exit mechanisms of the first three HATs.

7.5 THE HAT'S WIDER ROLE

As noted in the previous two Chapters, HATs are regeneration agencies. For the purpose of indicating the wider activities of HATs, an indicative overview of the HAT's economic development and successor organisations is given below.

Economic development

The HAT recognised that it had an important economic role to play in the city in various ways:— as a direct employer of staff; as a purchaser of services; and as a development agency. One of its objectives was to ensure that its investment secured long-term strengthening of the local economy (LHAT, Annual Report 1993/94, p.10). The HAT's own population was also deprived: in 1994, for example, only 10% of the HAT population was in full or part-time permanent employment. A MORI (MORI, 1993b) survey also identified nearly 1400 tenants who would benefit from training and/or access to employment opportunities. During its first year, in partnership with three other development agencies – the council, the City Challenge and the MDC – the HAT, with Merseyside TEC, funded a new Local Labour in Construction scheme to provide quality jobs and training opportunities for local people. The HAT also inserted training and employment clauses into construction contracts and targeted placements to its own tenants. It also opened discussions with the Employment Service, the Community College and the council's Economic Initiatives Unit to explore how it could support and promote opportunities for tenants seeking work or training (LHAT, Annual Report 1993/94, p.10). The resulting projects were focused in three areas. First, maximising the take-up of benefits to which tenants were entitled. A Welfare Benefits Outreach Team, for example, was set up in 1995 and, subsequently, a credit union was also established. Second, training and access to employment opportunities, where an Adult Guidance Project – the GROW project – was established in partnership with the council to provide careers and training advice, provide job application and interview support training, establish and maintain a skills register, and refer tenants to training courses and job opportunities. Third, to provide support for

⁶³ In this respect, it can be speculated what might have happened in Liverpool if tenants had a more positive view of the local authority's housing management (i.e., similar to that at Hull). Or, indeed, what might have happened in North Hull had similar funding arrangements applied from a much earlier date. In each case, the project would have been likely to breach its lifetime costs budgets forcing the budgets to be renegotiated upwards, standards and quality to be cut severely or the project to be abandoned.

the establishment of tenant businesses and self-employment opportunities.

Given the age profile of its tenants, however, there was less need for access to employment and training schemes than at the other two case study HATs and arrangements and initiatives were less extensive. As well as containing 55% elderly people, the HAT's population also contained a significantly higher proportion of long-term sick and disabled (45%) than for the city as a whole (16%) (LHAT 1994b, s2.2). Given the vulnerability of so many of its tenants, the HAT held discussions with a range of care service providers and anti-poverty initiatives to assess the scope for improving and extending existing services into the HAT's blocks. Partnerships were also developed with the major voluntary sector agencies, such as Age Concern, Liverpool Personal Social Services and statutory providers of health and social services (LHAT, Annual Report 1993/94, p.10).

Successor organisations

As limited-life agencies, at some point HATs will be wound up. Due to the need for significant amounts of private funding, the Liverpool HAT had to achieve its objects by working through HAs.

As an 'enabling' HAT, however, it could more easily become, first, a 'residual' HAT with a monitoring and funding role, and subsequently withdraw altogether without jeopardising its achievement. Once it had put in place the remainder of its development programme, the HAT would have a monitoring and quality assurance role prior to winding up in 2004-2005. HAs were, therefore, the HAT's *de facto* successor organisations. Nevertheless, while HATs are intrinsically (housing-led) regeneration agencies, HAs are more purely housing agencies. In its development projects, the HAT required HAs to embrace a wider role rather than simply providing and managing housing, which -- in effect -- was a Housing Plus (HP) approach. In the Storrington Heys and Childwall development briefs, for example, it set out certain expectations regarding training and employment, care for the elderly, tenant involvement generally, and tenant involvement in management.

7.6 CONCLUSION

Given the city's recent political history, the Government was particularly keen to establish a HAT in Liverpool. In contrast to Hull, which had actively sought a HAT, Liverpool city council was more reluctant to embrace a HAT and subsequently tolerated it as a necessary evil. The objection to HATs was at an ideological and symbolic level: the council saw public sector housing as a necessary response to housing need and did not want to publicly admit to its own shortcomings. The Government was not too particular about where in the city a HAT was located and, furthermore, the

inclusion of all the city's high-rise housing (including the better quality stock) was not controversial.

Due to its multi-sited nature, the subsequent HAT was intimately concerned with city-wide strategic policies and plans and the HAT inherently had a more strategic role than the HATs at either Hull or Waltham Forest. The relationship between the HAT and the local authority was therefore more important both to the HAT and to the local authority than at either of the other case study locations.

The local authority's relationship with the HAT and the local authority fluctuated between active engagement and disengagement. Initially the HAT had prominent local politicians on its board (the council leader and then the chair of housing) but following the resignations of Harry Rimmer and, subsequently, the chair of housing, it became a 'back bench' councillor. A HAT officer (LHAT 13, 1998), for example, felt the council had managed to 'get shot' of 5,000 of its properties in the very worst condition to the HAT "... *and after that it wasn't really bothered about them.*". Prior to the 1997 general election, however, the council tried to assert itself by increasing its membership of the HAT board, but its efforts were rebuffed. Prior to this, however, and in contrast to Hull, the council resigned itself to not getting the stock back. It was speculated, however, that had the HAT covered three or four low-rise estates, the council might have been keener to have the properties back (LHAT 13, 1998). With control of the council changing to the Lib-Dems in mid-1998, the council withdrew from commitments made in the Joint Statement and from the landlord choice.⁶⁴ The city council would therefore no longer have a direct interest in being a future landlord for any of the HAT tenants. It would, however, continue to have an interest in the HAT's activities as a consequence of its role as an enabler of housing provision and, more generally, due to the HAT's major role in the regeneration of the city.

Tenants in the Liverpool HAT had the most traumatic and uncertain period of any of the three case study HATs; nevertheless, it would appear that they have kept faith with the HAT; although, equally, they would appear to have few other choices. Due to the uncertainty regarding the development programme and funding issues, including the necessity for private funding, the HAT's relation with its tenants was severely tested. Tenants had voted – or thought they had voted – to stay in their own homes and have their flats refurbished with the likelihood of returning to the council afterwards. For most tenants, however, the probability is they will become HA tenants in low-rise dwellings. The changes came about gradually and both the HAT and tenants had been compelled to respond to forces and factors beyond their control or influence. Although the Joint Statement was based on the Feasibility Study, the HAT had to re-negotiate the development proposals almost from first principles. Tenants were initially unsure and felt this was the start of a

⁶⁴ As this happened very late in the research period, it was not possible to explore its implications through the research interviews.

series of broken promises. Had the HAT appeared to be secretive, then there would have been greater mistrust and suspicion of hidden agendas. Providing information, consulting and involving tenants therefore reduced that sense of suspicion and helped build and retain support. Tenants seemed to have a fatalistic attitude and considered that whatever the HAT did, it was still better than the city council.

Although the landlord choice ballots that had happened were strongly in favour of HAs rather than the local authority, that choice will no longer be available for future ballots. Furthermore, as only tenants of refurbished high-rise have a legal right to return to the local authority, the volume of new build effectively means that most tenants will have to accept a HA as their landlord; for those tenants, the HAT has become a *de facto* privatisation. It also means that the HAT will be the most effective exit mechanism of the case study HATs. There had always been some doubt about the ability to return; a tenant (LHAT 10, 1998), for example, stated: "*The 'right-to-return'? Well, everyone thought it was bit of a con anyway.*". This contrasts with Hull where a tenant (NHHAT 12, 1998) commented that the 'any other landlord business' was a 'con'. More positively, the Liverpool HAT has also had greater competition between prospective landlords than the other case study areas. In part, this was a function of the number of existing and well-established HAs in the city due to encouragement of HAs and tenant co-operatives by the Liberal councils of the 1970s and the Government channelling funding through the Housing Corporation during the 1980s.

Chapter Eight

CONCLUSIONS

8.0 INTRODUCTION

This thesis has presented a chronological narrative and commentary on the background, development and implementation of HAT policy, including three case studies. There were two research questions. The first focused on the implementation of HAT policy and, in particular, on understanding why HAT policy failed to be implemented in the pilot areas and how it subsequently came to be implemented in other areas. The second focused on the concept of choice and how it informed the development and implementation of HAT policy. This Chapter is in four parts. Each of the first two parts concentrates on one of the research questions. The third part discusses the legacy of HAT policy, while the final part provides an overall summary.

8.1 THE IMPLEMENTATION OF HAT POLICY

This part addresses the first research question: 'Why did HAT policy fail to be implemented in the pilot HAT areas and how and why was it subsequently implemented in other areas?'. Chapter Four discussed HAT policy and the failure of its implementation in the pilot HAT areas. Chapters Five, Six and Seven discussed the establishment of HATs in three case study areas. As HATs failed to be established in the first seven areas proposed, it is necessary both to consider the factors that led to their establishment in the three case study areas and to analyse the implementation of HAT policy as a whole. This will be undertaken using Sabatier & Mazmanian's framework outlined in Chapter One and related to HAT policy in Chapter Four. Table 8.1 gives a summary of the key elements of the analysis.

8.1.1 CLEAR & CONSISTENT OBJECTIVES

Sabatier & Mazmanian (1979) argued that clear and consistent legal objectives provided both a standard of evaluation and an important legal resource to implementing officials. For methodological reasons, they emphasised the importance of distinguishing the objectives contained in the legal documents (i.e., the statute) from both the political rhetoric surrounding policy formulation and what critics or evaluators might (mistakenly) perceive to be its objectives. In discussing the implementation of HAT policy, it is also necessary to be cognisant of the distinction between HAT policy as a whole (i.e., the HAT programme) and the features of the HATs established.

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

<p>CONDITION ONE Clear & consistent objectives</p>	<p>For HAT policy, the lack of specific aims regarding, in particular, the size & scale of HAT programme meant it was difficult to evaluate its success.</p> <p>For HATs four clear objectives set out in statute which set out broad framework for HATs. Objectives broadly consistent, mutually supportive and could be progressed independently. HAT performance was monitored under each objective but no targets set by central Government. In all case study areas, the objectives were achieved (Broadness of objectives, however, means technically difficult to actually fail).</p>
<p>CONDITION TWO Adequate causal theory</p>	<p>Theory was clear. Theory was partially undermined by permitting return to local authority. Difficult to test in short-term and the test will be whether (or how quickly) estates revert to former state once HAT period ends.</p>
<p>CONDITION THREE Appropriate policy tools</p> <p>Assignment to a sympathetic agency</p> <p>Hierarchically-integrated system with few veto points & adequate incentives/ sanctions for compliance</p> <p>Implementers' decision rules</p> <p>Sufficient resources</p>	<p>As a vehicle for improving rundown estates, it was a very powerful and flexible instrument. Broad set of powers to take over, manage and improve local authority housing and then to release it to a variety of tenures and landlords.</p> <p>Specific delivery agencies were created which would inherently give the objectives high priority.</p> <p>Policy reduced links & veto points in the implementation structure by bypassing local authorities & creating arm's length quango, single-purpose agencies. Incentives were funding for improvement & rent freeze, while sanctions were no funds for improvement & continuation of existing living conditions. Under this condition, the provision of a formal veto point for tenants was the Achilles heel of the implementation strategy.</p> <p>Although SofS had power to provide very specific guidance to implementers, but no s72 guidance was issued. Implementers given significant discretion to operate within their statutory objectives and subject to SofS's veto. Primary constraint was financial.</p> <p>Resources dependent on political support. HATs were flagship central Government projects and were relatively well-resourced. Certain weaknesses in central control over resources which created implementation problems at the local level.</p>
<p>CONDITION FOUR Commitment & skill of implementing officials</p>	<p>Single-purpose, hierarchically integrated agency accountable to Secretary of State. Managing board appointed but Secretary of State subject to limited qualifications. Commitment and skill of implementers important in overcoming implementation difficulties while maintaining support of target groups.</p>
<p>CONDITION FIVE</p> <p>Prior to establishment Support of – or compliance from – interest groups/agencies</p> <p>Support of sovereigns</p> <p>Subsequent to establishment Support of – or compliance from – interest groups/agencies</p> <p>Support of sovereigns</p>	<p>Uncertainty due to flexibility militates against tenant/ interest group support. Although intended to bypass local authorities, realisation that local authority support or benign neutrality was essential. Existence of a formal veto point for tenants meant proposals had to appeal to tenants and obtain their explicit support.</p> <p>Significant change of policy sovereigns between tenant veto in 6th pilot HAT area and first Yes vote. New sovereigns generally supportive of policy but speculation that Treasury seeking to abandon HAT policy on grounds of cost.</p> <p>Existence of a formal veto point for tenants was a strength because popular support was necessary for the establishment of the HAT and HATs had initial benefit of target and interest groups. Although tenants were thereafter committed to the HAT for better or worse, the HATs had to maintain support of target and interest groups through consultation and involvement.</p> <p>Scale of HAT programme limited on grounds of cost.</p>
<p>CONDITION SIX Stable socio-economic contexts</p>	<p>PFI significantly affected funding of HAT projects, especially in Liverpool. Also changed the nature of the implementation process by lengthening the implementation chain and introducing new veto/ clearance points.</p>

TABLE 8.1 – THE IMPLEMENTATION OF HAT POLICY (SUMMARY)

The HAT programme

The 1988 Act created enabling legislation with the designation of specific HATs under subordinate legislation. While HATs had specific legal objectives, the objectives of HAT policy were never set down in legislation, remain somewhat vague and can therefore only be discussed in terms of the general policy statements (e.g., the White Paper and the HAT discussion paper). Three general points can be made about the 'success' (or otherwise) of HAT policy. First, although no precise statements were made about the proposed scale of the HAT programme, it is clear that it was not implemented on the scale originally implied. As only six HATs were ever established – the three case studies plus Castle Vale, Tower Hamlets and Stonebridge HATs – HAT policy failed to be both Ridley's 'cutting edge' of the Government's urban regeneration drive and the 'vital element' of the Government's housing policies envisaged by the 1987 White Paper. In practice, therefore, HATs were marginal to the mainstream development of housing policy. Second, although conceived as a means of privatising local authority housing stock, during the legislative stage it changed from its original formulation (i.e., it permitted a return to local authority landlordship) in ways which reduced its effectiveness as an exit mechanism. Third, HATs were originally intended to be an exceptional response to conditions on the very worst estates. Despite consultants in the pilot HAT areas arguing that the programme would be 'more coherent and logical' if confined to situations that were 'an exceptional response to an exceptional situation' (PIC/PMM, 1993, p.58), the location of the HATs established owed more to a combination of local and political factors than to housing conditions. The Secretary of State had powers to permit a ballot of tenants in areas as he thought fit and more precise criteria, which might have limited his discretion, were never set out. In this respect, Hull undoubtedly benefited from being the first area to be established as a HAT. While there is less doubt about the areas in Waltham Forest and Liverpool meriting HAT status, HAT policy did not target the worst estates and the final HAT locations indicate the bottom-up influence on its implementation.

The HATs established

HATs had four legal objectives:-- housing improvement; housing management; encouraging diversity of tenure and landlords; and improvement of the area's living and social conditions and its general environment. While broadly consistent and mutually supportive, the objectives could also be progressed independently. In the legislative stage, the relation between improvement and privatisation (i.e., exit) had been controversial and it had been speculated that improvement was simply a means to enable privatisation. For reasons noted below, however, exit and improvement became uncoupled. As the Government did not turn the legal objectives into precise targets, any

judgement of each HAT's success must be related to the local context and circumstances.¹ Chapters Five, Six and Seven indicate that the case study HATs largely succeeded in achieving their legal objectives. Each HAT had effected significant change in its designated areas both in terms of managing and improving the housing and area. The objective of tenure and landlord diversification is more complex and requires further comment. Although established within an overall policy framework of demunicipalising local authority housing stock, rather than to privatise local authority housing, the legal objective was to introduce tenure diversity and 'diversity in the identity of landlords of rented accommodation'. The distinction between HATs as an exit mechanism (i.e., as a means to privatise local authority housing stock) and HATs as a means of diversifying tenure/landlords in a given locality must therefore be recognised. Demunicipalisation of council housing would be achieved whether or not a greater variety of landlords operated. As noted previously, permitting tenants to return to the local authority undermined HATs efficiency as exit mechanisms. Before the possibility of tenants returning to the local authority had been conceded, any HATs established would have resulted in a complete demunicipalisation of that housing stock. The ability to return to the local authority therefore opened up the possibility that there would be degrees of demunicipalisation rather than a total demunicipalisation. LSVTs and ERCF transfers, by contrast, typically involve a collective transfer to a single exit destination (i.e., they simply transfer an estate from one landlord to another) and result in demunicipalisation but not necessarily in a greater diversity of landlords. Furthermore, the choice both to exit and of the exit destination is a collective rather than an individual choice. By contrast, HATs offered a range – albeit a limited range – of exit destinations. As in most cases it is an individual choice, it also enhanced the possibility of achieving a greater diversity of landlords. Table 8.2 is a comparison of the various exit mechanisms.

In 1997 a fifth objective was added relating to the sustainability of the HAT's work. HATs were expressly limited-life agencies and at some point would be wound up. As well as the physical changes, the sustainability of the HATs' impact would be dependent upon the capacity – both economic and political – built in local people and the institutional capacity generated in the area. In September 1998, the North Hull HAT came to the end of its operational life and was wound up in

¹ Each HAT's performance was separately monitored against the statutory objects. During 1996, however, it was agreed that all HATs should report in the same way on 27 core performance measures. From 1997/98 onwards, all HATs reported their progress against these measures in their annual reports. HATs have, however, been careful to point out that care should be taken in comparing data between different trusts and that "... even where the data is collected on the same basis, demographic and other local factors mean that it can be difficult to make direct, meaningful comparisons between different organisations." (NHHAT, 1997/98 Annual Report, p.49). For a number of reasons, it is extremely difficult to meaningfully compare the HATs against one another using these performance measures. Under the indicator of tenant involvement, for example, the Waltham Forest HAT gave a figure of 6% (approximately 100 tenants), North Hull HAT gave a figure of 619 tenants (approximately 30%), while Liverpool gave a figure of 1676 tenants (approximately 70%). The difference is more likely to be explained by different methods of calculation than by performance. Appendix A lists the performance measures.

	Initiation	Individual or collective exit	Tenant ballot	Creates diversity	Demunicipalisation
RTB	Individual tenant	Individual	Not necessary	-	Full
Tenant's Choice	Tenant or new landlord	Individual or collective	Yes, with individual veto	No	Full
HATs	Central Government (or local authority)	Individual or collective	Yes to establish HAT	Yes (in principle)	Partial
LSVT	Existing landlord but requires co-operation of new landlord.	Collective	Yes, without individual veto	No (but limits on size of transfer to single landlord)	Full
ERCF	Existing landlord but requires co-operation of new landlord.	Collective	Yes, without individual veto	No (but limits on size of transfer to single landlord)	Full

TABLE 8.2 – COMPARISON OF DIFFERENT EXIT MECHANISMS

March 1999. The HAT's main successor organisation is a CDT, Unity-in-Community. Harbour Farm is also a successor organisation – albeit as a TMO for NBHA rather than as a fully-fledged RSL. Although not due to end until 2001-2, by 1998 Waltham Forest HAT had undertaken a programme of 'externalising' its major functions and was increasingly a 'residual' body functioning as a monitoring agency and as a funding conduit. The HAT will therefore be able to withdraw with minimal impact on the local area. This exit strategy has also been put in place earlier in the HAT's life than at Hull; the advantage being that the new organisations (WFCBHA and O-Regen) will have time to mature while the HAT remains in existence. Due to the need for private funding, Liverpool HAT had to achieve its objectives by working in partnership with HAs, which – in contrast to the HAT – were not limited-life agencies. The benefit, however, was that -- as an 'enabling' HAT -- it could more easily become a 'residual' HAT and subsequently withdraw altogether. Hence, while North Hull and Waltham Forest HATs had to create new organisations, existing HAs were the Liverpool HAT's *de facto* successor organisations.

8.1.2 ADEQUATE CAUSAL THEORY

Sabatier & Mazmanian (1979) argued that policy interventions incorporate an implicit theory about how to effectuate social change and pointed to the adequacy of the legal and policy levers given to implementers as a means of acting on the causal assumptions and factors. As outlined in Table 4.6 and seen from a particular ideological perspective, the original rationale for HAT policy was, first, there were run-down local authority housing estates in which poor physical and environmental conditions interacted with social and economic problems. Second, for political reasons, local authorities were charging rents insufficient to enable the proper maintenance of the properties and the estate. Third, local authorities were inevitably poor landlords and because there was no effective competition, they had few incentives to improve the quality of their service, while their customers had no option but to accept the service as provided. Fourth, limited-life agencies (i.e., a HAT) would take over and manage the estates temporarily.

At the same time, it would rapidly effect a significant 'turn around' in the estate's social, economic and environmental qualities using public and private funds, thereby, making it attractive to a range of other landlords and purchasers. Fifth, having improved the properties, HATs would transfer them to other (i.e., private) landlords who would have greater incentives both to manage the housing 'properly' (i.e., with a consumer ethos and in a prudent commercial and business-like manner) and to charge rents that would enable them to maintain the long-term asset value of the properties and the quality of the estate as a whole.

Sixth, after disposing of its properties, the HAT would be wound up. Although, in the short-term, the validity of this theory cannot be ascertained, HATs were given sufficient and appropriate powers to put it into effect (i.e., powers to acquire local authority housing, manage and improve it and release it to other landlords).

The policy also rested on two basic assumptions:— that local authority were inherently poor housing managers (and implicitly therefore that private landlords were better landlords because they operated under market conditions and disciplines) and that tenants were greatly dissatisfied with local authority landlords and would welcome the opportunity to transfer to a better landlord. Even if they were not so dissatisfied with their housing services, it was also assumed tenants would vote for a HAT simply for funding for improvements to their housing, which together with the rent freeze provided incentives to support the policy. While these were incentives, the sanction was that if tenants or local authorities refused a HAT, no other funds would be made available. As discussed in Chapter Four, uncertainty surrounding HATs and tenants' lack of trust in the assurances and commitments made by the Government caused them to oppose and — where the opportunity presented itself — veto the pilot HAT proposals. Tenants were not willing to exit into the unknown and needed a safety net whereby their welfare would not drop below its existing level (i.e., the possibility of returning to the *status quo ante* — at least in terms of tenure — after the HAT). Furthermore, if tenants were to transfer to landlords other than the local authority, they needed to be offered what they regarded as a better deal than they would receive from the local authority. With these assurances, they might be more willing to consider other options. Table 4.7 outlined the changes from the Mark I 'Ridley' to the Mark II 'Waldegrave' HAT. Based on the HATs established at North Hull and Waltham Forest, a Mark III 'Sir George Young' HAT can be added (Table 8.3). Although the changes between Marks II and III were less significant than those between Marks I and II, they nevertheless increased certainty, added safeguards and were important in ensuring the HATs went ahead. The principal changes were with regard to the certainty of the ability to return² and tenant and local authority willingness to accept that degree of certainty.³ Furthermore, as the changes were through ministerial assurances rather than legislation (with the subsequent exception of the right to return in the 1993 Act), they illustrate the Secretary of State using the discretion available to him. One significant aspect of this discretion, which helped make HATs more attractive to local authorities, was the determination of the financial terms of transfer. In addition, although the changes further undermined HATs as a means of privatising local authority housing, this was a trade-off the Government was prepared to make in order to ensure that (some) HATs went ahead.

8.1.3 APPROPRIATE POLICY TOOLS & SUFFICIENT RESOURCES

Sabatier & Mazmanian (1979) emphasised particular aspects of the design of the policy, including

² The local authority agreed to accept tenants back, while the Government agreed that where tenants expressed a wish to return to the local authority, the HAT would be directed to dispose of properties to the local authority.

³ In this respect, it remains mystifying why tenants in Southwark chose to reject a HAT. Arguably it has to be seen in terms of the mood of opposition that had developed on the estate (i.e., tenants had made up their minds at an early stage that a HAT was not acceptable and thereafter were reluctant to reconsider) and, second, that they were strongly influenced by the local authority's active opposition to a HAT. Significantly, LB Southwark's opposition was not based on the pre-ballot negotiations but on its reluctance to trust the (Conservative) Government.

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	MARK III ‘SIR GEORGE YOUNG’ North Hull HAT Waltham Forest HAT	MARK IV ‘POST-PFI’ Liverpool HAT (Castle Vale, Tower Hamlets & Stonebridge HATs)
Creation of a HAT	As Mark II	As Mark III
Rent freeze	As Mark II	As Mark III. Individual HATs (e.g., Castle Vale & Tower Hamlets) have negotiated rent increases with their tenants.
Board membership	As Mark II but ministerial assurance that councillors and tenants can make up half of the places on the board (not including the chair). All board members have to be mutually acceptable.	As Mark III
Tenant forums	As Mark II	As Mark III
Exit options	As Mark II	As Mark III
Possibility of return to local authority	Ministerial assurance that if secure tenants want to return to LA then HAT must dispose of properties in accordance with tenants’ wishes. Each LA agreed that if tenants wished to return then it would accept them back. Statutory right to return for secure tenants established in 1993 <u>Leasehold Reform, etc. Act</u> .	For refurbished properties, statutory right to return remains. For new build projects developed in partnership with HAs, no statutory right to return for secure tenants. Given pre-ballot agreements contractual rights to return may be negotiated.
Transfers of property to a HAT	As Mark II	As Mark III
Transfers of property to LA from a HAT	As government had agreed to enable LAs to re-purchase HAT properties, to simplify procedures then return transfers would be a zero cost.	For refurbished properties as Mark III For new build properties, transfers of property back to LA subject to negotiation on price (At Liverpool, it was zero cost to LA) .
Funding	As Mark II. HATs have discretion/ encouraged to seek private funding.	As consequence of PFI, HATs obliged to seek private funding. Hence, HATs need development partners (typically HAs). HAT provides grant to HAs to carry out development in return for nomination rights. HATs therefore become more ‘facilitative’.
TABLE 8.3 – MARK III & MARK IV HATS		

appropriate policy tools and the need for sufficient resources.

Appropriate policy tools

Sabatier & Mazmanian's framework emphasised the importance of selecting delivery agencies supportive of the new policy and who would give it high priority, and furthermore suggested the creation of new agencies as a specific strategy. The later was precisely what the HAT legislation did. Once established, HATs were a very flexible instrument, having both broad objectives and, as noted above, substantial powers to put the causal theory into effect. While there was significant hierarchical control up until establishment, once established the Government effectively changed to a 'hands-off' approach. Although the HAT legislation provided 'room for manoeuvre' for the ministers and – in principle – potential to act in a highly authoritarian manner, ministers chose not to use their powers of intervention and control over the HATs. The lack of Section 72 guidance, for example, reduced top-down diktat and enabled HATs to interpret directly from the legislation, giving them a large measure of autonomy to determine their own 'style of operation' and respond flexibly to the local context. Provided they operated in pursuit of their statutory objectives and within their funding limits, HATs were permitted substantial discretion to respond to local contexts and opportunities. The primary limit on a HAT's discretion was therefore financial.

Sufficient resources

Although control of resources is a primary means of exerting hierarchical control, HATs were trusted to operate as responsible public bodies with an onus placed on them to justify their actions and costs (i.e., the Government was prepared to trust the body it had set up). The financial control was therefore similar to that for UDCs – which were also accountable to central Government – and in contrast to EA projects, which were managed by local authorities and where budgets were tightly controlled. The HAT Corporate Plans were negotiated with the DoE's regional office, with approval effectively giving the Government's consent to the HAT's activities. Funding for HATs was approved on an incremental basis, with HATs periodically required to bid for resources for certain periods of time (usually three years). The amount of funding to be provided was then determined by the Government and allocated each year. This year-by-year funding did, however, create implementation problems by making each HAT's funding stream appear precarious and plagued by uncertainty. Furthermore, it was not until 1996 that the HATs were given a measure of certainty regarding their lifetime costs. As noted below, the DoE may have been reluctant to provide an expected lifetime cost for the HAT programme until specifically required to by the Treasury.

Although HATs were flagship projects for central Government and relatively well resourced, the

programme could not be an open-ended commitment. The programme had been started with a broad budget but without specific costs or a calculation of its expected overall costs. Although estimates had been given in the various feasibility studies, in practice these proved to significantly underestimate the actual costs (reasons for this are suggested later). A tenable hypothesis is that, while the DoE was aware of the likely costs, it preferred – in the short term – not to let the Treasury to know the likely amount. It was therefore reluctant to calculate the overall cost until the HATs were properly established and the Government irreversibly committed to them. Sooner or later, however, the Treasury would need to know the magnitude of the Government's commitments in the HAT areas and in December 1996 (more than five years after the Yes vote at North Hull), the Government announced both the HAT programme's and each HAT's lifetime costs. The NAO (1997, p.2) report on Waltham Forest HAT was particularly critical of the Government's failure to set lifetime grant-in-aid budgets at the start of the project. Under subsequent questioning from the House of Commons Committee of Public Accounts (1998) about its apparent laxity in the financial control of Waltham Forest HAT, the DoE argued that, although in principle the public funds available should be made clear at the start, it would wish for 'flexibility' to *"... vary the sums allocated, up or down, in response to new evidence about a project's needs and in the light of its progress and performance."* It also argued that this was particularly important for longer term projects *"... where the full extent of the problems to be addressed may not be known at the outset and where new options and opportunities for tackling these problems emerge during a project's lifetime."* Nevertheless, while the DoE's 'hands-off' management was modelled on UDCs, there was less need for 'flexibility' with regard to HATs. UDCs undertook a wide range of activities and responded to opportunities as they arose and in response to fluctuating market conditions. For HATs, once the development programme was determined, expected costs could be calculated with greater certainty as much of the work would be repetitive. Benchmark costs could therefore be established or determined in advance.⁴ Due to the repetitive nature and commitments to – and subsequently tenants' expectations of – quality, there was also less flexibility for HATs to reduce costs once their development programmes were underway. By comparison, UDCs could – if necessary – delay, modify or cancel projects without necessarily affecting their overall programme. As noted in the case study Chapters, the uncertainty regarding funding caused implementation problems in each area.

The life-time costs caps announced in December 1996 had a number of implications for all the HATs, including certainty in terms of the amount available and more explicit transfer of responsibility to HATs to work within their life-time costs limit. While North Hull HAT has completed its work, both Waltham Forest and Liverpool HATs are juggling the number of secure

⁴ Due to the large number of different sites involved, this proposition is less applicable to Liverpool.

tenants and possible return rates to the local authority in order to stay within their funding limits. In the latter case, the local authority's withdrawal from the landlord choice will simplify the HAT's task. At North Hull HAT, the funding shortfall meant that while the quality of work to the dwellings was maintained, the quality of environmental works was reduced. Transfers following tenants' landlord choices were also delayed and vacant properties sold as a means to earn capital receipts. Although the Waltham Forest HAT had initially been able to reject the option of private funding, the lifetime costs cap resulted in a temporary transfer, which yielded capital receipts at an earlier point in its life than would otherwise have happened.⁵ As was discussed in Chapter Seven, Liverpool HAT was affected not just by the life-time costs exercise but also by the PFI at a formative stage in its development programme.

8.1.4 COMMITMENT & SKILL OF IMPLEMENTERS

Recognising their unavoidable discretion, Sabatier & Mazmanian (1979) argued that the commitment of implementers to policy objectives and skill in utilising the available resources were critical. This condition is difficult both to isolate and assess, while the case studies did not provide explicit evidence on this condition. The salary level and incentives available in terms of job satisfaction would indicate that HATs would be able to attract appropriate and high-quality staff. The Secretary of State also had powers to attract and appoint appropriate people with relevant expertise, skill and commitment to the HAT board. Furthermore, given the nature of the challenge in each location and the progress made in terms of achieving the statutory objectives, it can be inferred that the skill and commitment of the HAT board and the HAT staff was very important. This is particularly the case in Liverpool where, within its first years, the HAT was confronted with what appeared to be an insurmountable and intractable set of problems:-- thirty-five different sites scattered over a city with no critical mass in any one area; housing conditions much worse than anticipated; projected funding levels between one-quarter and one-third of those estimated to be needed; a development programme that tenants thought they had voted for but which was not practical or desirable given the housing conditions; the practicality of undertaking in-situ refurbishment in tenanted blocks and the long-term demand for social housing in the city; the need for large amounts of private finance and consequently private sector partners, which in turn changed the understanding of the tenants right to return; an ageing population with increasing demand for care facilities; etc., and all of these problems simultaneously combined with the need to retain support among tenants in the midst of change and uncertainty, at a time when they often wanted peace and quiet to live out the remainder of their lives.

⁵ In funding terms, sales to HAs at end of the HAT process can be regarded as being equivalent to HAs being development partners at an earlier stage. At Waltham Forest, the properties were constructed for an average cost of about £86,000 but were transferred at a TMV of £30,000, which is equivalent to a grant rate of 66%.

8.1.5 SUPPORT OF INTEREST GROUPS & SOVEREIGNS

Although the ballot provided the formal mechanism, as discussed in Chapter Four, this was the implementation condition that largely explained the failure to establish HATs in the pilot HAT areas. Even without going to ballots, the Government had decided to withdraw HAT proposals in four of the areas and prior to that in Hulme. The principal interest groups were the local authority and the tenants. Sabatier & Mazmanian's framework also highlights the need for support from policy sovereigns (i.e., the Treasury, the DoE, and Government ministers). The support of interest groups and policy sovereigns was important at two stages in the implementation of HAT policy: prior to the establishment of the HAT and then subsequently during the period of the HAT (i.e., their continuing support).

Support prior to establishment

— target & interest groups

As discussed in Chapter Four, the provision for a ballot of tenants in the HAT legislation introduced a formal veto point for target groups and was the Achilles' heel of the Government's initial attempts to establish HATs. The necessity of a Yes vote in a ballot meant that proposals had to appeal to target groups and could not simply be imposed. The Government therefore had to understand tenant (if not local authority) resistance and opposition to HATs, seek to overcome it through negotiation and accommodation of tenant priorities and preferences and, thereby, avoid the vetoing of the policy.

Furthermore, although HATs were an attempt to bypass local authorities, the overarching lesson from Southwark was that HATs could not be established in a context of active local authority opposition. While in theory the process of implementing HATs need only involve central Government and tenants, positive support – or at least benign neutrality – from the local authority was essential; a factor also emphasised in the consultants' reports in the pilot HAT areas. As shown in the case study Chapters, the first three HATs established were characterised by pragmatism and expediency by central Government, local authorities and tenants. In the successful HAT areas, local authorities sought or were offered the possibility of a HAT subject to a ballot of tenants and, in principle, there were two choices:— the choice by the local authority to entertain the possibility of a HAT and the choice by tenants to approve rather than veto a HAT.

With a softening of the Government's rhetoric about HATs being imposed to remedy the shortcomings of local authorities,⁶ local authorities became more willing to consider a HAT where it suited local agendas and priorities. Furthermore, with continuing restrictions on local authority

⁶ This had begun to happen when Chris Patten replaced Nick Ridley as Secretary of State for the Environment in July 1989.

expenditure, the incentive of Government funding maintained the interest of (some) local authorities.⁷ Once the Government had involved the local authority in discussing the possibility of a HAT in its area, the initial choice (i.e., to enter negotiations about the possibility of a HAT) would be made by the council (or the ruling group within the council), which could reject it without putting it to tenants. Attracting a HAT to Hull was a local initiative as astute local politicians spotted and then acted on an opportunity. Although in Waltham Forest, the Government made an offer of a HAT as a response to its vetoing of a proposal for a voluntary transfer, as discussed in Chapter Six, the HAT can also be seen as a continuation of a local initiative.⁸ In Liverpool, although the local authority had not actively sought a HAT, the idea was presented as a means of providing funding to improve some of its housing stock. Part of the local authority's choice in pursuing the possibility of a HAT was to influence where it was established. While at Waltham Forest and Hull, the estates were known from the outset, in Liverpool, the local authority had some discretion regarding the HAT's location. Table 8.4 summarises the background to the establishment of HATs in each of the case study areas.

As the designation criteria were never precisely defined, it remained the Secretary of State's decision whether or not to allow HAT proposals to be developed to the ballot stage. Although the HAT feasibility studies were required to make a defensible case for designation, it can also be suggested that they had two additional objectives. The first was to obtain the Government's consent both to the possibility of a HAT and to the funding of that HAT. In both Hull and Liverpool, the feasibility studies were undertaken by the local authority and, in each case, the costs set out were significantly lower than the costs likely to be incurred in undertaking the proposed redevelopment programme (see Table 8.5). A speculation is that if the full costs had been known at the outset, the HATs would not have gone ahead. During the research interviews in Liverpool, for example, tenants suggested that the Feasibility Study had involved guessing what would be acceptable to the Government. At Waltham Forest, the feasibility study was by independent consultants and, furthermore, redevelopment had been costed prior to the possibility of it being undertaken by a HAT. The second objective was to help achieve a Yes vote in the ballot. As tenants had to consent to a HAT being established, it would have been counter-productive to recommend a development programme to which they might object. Hence, the feasibility studies recommended in-situ refurbishments at Hull and Liverpool and redevelopment at Waltham Forest. If, as at Liverpool, the development programme proposed was not feasible, that was a problem to be dealt once the Government was committed to the HAT (i.e., after the ballot). This does, however, imply collusion between local authorities, civil servants and perhaps politicians. The civil servants might be considered to be keen either to see HATs being established or, more generally, to see local authority housing being improved.

⁷ The subsequent description of HAT funding as 'pots of gold' in Liverpool in November 1991, for example, was indicative of the changing implementation context.

⁸ Tower Hamlets and Stonebridge HATs were also established as responses to situations where proposals for voluntary transfers had broken down.

	NORTH HULL	WALTHAM FOREST	LIVERPOOL
Pre-HAT housing	Part of a 1930s cottage estate	4 system built estates (built late 1960s – early 1970s), mostly medium rise slab blocks plus some high-rise tower blocks.	67 tower blocks (built 1950s-1970s), on 35 sites.
Pre-HAT negotiations	Tenant organisations set up in run-up to HAT ballot not involved in per-HAT negotiations. Hence, tenants do not have opportunity to negotiate on the nature of the HAT.	Well-established tenant organisations, centrally involved in negotiations. Hence, Tenants able to negotiate prior to ballot the nature of the HAT. Negotiations resulted in <u>TED</u> signed by all parties.	Established tenants organisations, centrally involved in negotiations. Hence, tenants able to negotiate prior to ballot the nature of the HAT. Negotiations resulted in <u>Joint Statement</u> signed by all parties.
Local authority attitude	Strong Labour majority. LA actively sought HAT but wanted to negotiate acceptable deal with DoE. No alternative funding source available. LA felt had negotiated good deal & expected to get most of the properties back post-HAT.	Narrow Labour majority. Remained neutral throughout. Attitude was to let tenants decide whether or not they wanted a HAT. No alternative funding source available. LA had invested in developing a proposal for the redevelopment of the estates. HAT was means of ensuring that redevelopment took place.	Narrow Labour majority. Willing to explore possibility of a HAT. Wanted until immediately before ballot to recommend Yes vote to tenants. No alternative funding source available. Housing stock was in very poor condition & expensive repairs imminent; stock was difficult to let & had to be subsidised from remainder of stock. Officially LA wanted properties back post-HAT. Unofficially LA relieved to have got rid of the stock.
Tenants' groups attitudes	Newly formed tenants association recommended Yes vote.	Neutral – tenants should make up there own minds how to vote.	HRTG recommended Yes vote. Tenants Friends advised tenants' representatives not to recommend to tenants which way to vote.
Ballot result & tenants' choice	69% Yes vote on 77% turnout. Effectively no real option but to go for the HAT. Tenants had to trust that Hull city council had protected their interests in pre-HAT negotiations. Strong LA/weak tenant representation on board.	75% Yes vote on 81% turnout. Seen as opportunity but also no real option but to go for a HAT. Tenants had to trust HAT to uphold principles of <u>TED</u> . Strong tenant representation on board.	82% Yes vote on 80% turnout. No real option but to go for HAT. Tenants had to trust HAT to uphold principles of <u>Joint Statement</u> . Strong tenant representation on board.
Capital receipts/ arrears payments	£5.7 m dowry paid to Hull city council.	Outstanding rent arrears paid to LBWF.	Outstanding rent arrears paid to Liverpool city council.

TABLE 8.4 – BACKGROUND TO ESTABLISHMENT OF CASE STUDY HATS

	NORTH HULL	WALTHAM FOREST	LIVERPOOL
Pre-HAT housing	Part of 1930s cottage estate	4 system built estates (built late 1960s, early 1970s). Mostly medium-rise slabs with some high-rise towers.	67 tower blocks (built 195s to 1970s) on 35 sites.
Feasibility Study with costs	Undertaken by Hull city council. Four options explored. Preferred option was in-situ refurbishment. Cost estimated at £50 million in 1990.	Undertaken by consultants. Two options explored. Preferred option was phased demolition and redevelopment. Cost estimated at £171 million in 1991.	Undertaken by Liverpool city council. Four options explored. Preferred option was in-situ refurbishment. Cost estimated at £128 million in 1991.
Development programme	In-site refurbishment by the HAT. Additional housing development projects in partnership with HAs.	Demolition & redevelopment. Shortfall in provision of housing addressed by various means, including alternative re-housing options acquisition of additional building land. New build housing by the HAT	Programme had to be rethought from first principles. Mixed programme, including some in-situ refurbishment but mostly demolition and redevelopment. For funding reasons, development had to be undertaken in partnership with HAs.
Life time costs budget	£115 million	£227 million	£260 million (impact of PFI more significant than at Hull or Waltham Forest)
TABLE 8.5 – DEVELOPMENT PROGRAMMES			

As is suggested below, there may have been divisions within the Government between the DoE and the Treasury: the DoE wanting to use the funds for housing purpose, the Treasury for other purposes. Tenants at Waltham Forest, for example, suspect that there were some 'radical' bureaucrats in the DoE who felt guilty at abandoning the previous schemes and were therefore keen to see a HAT established there (WFHAT 17, 1998).

The decision by tenants effectively collapsed two choices into one. The first was whether they wanted their properties and living conditions improved; the second, whether — as a consequence of having their homes improved — they would be prepared to change landlords (at least temporarily). Related to the latter was the risk of losing their home as a consequence of, for example, reduced security of tenure, the improvement process or the inability to pay higher rents. The response to both choices had to be positive for a HAT to go ahead. In the pilot HAT areas, there was sufficient doubt and uncertainty for the answer to the second to be positive. The second choice, however, gradually became less critical because the Government permitted a return to the local authority. This was not an absolute right: local authorities still had discretion to refuse to accept tenants, while the HAT did not have to dispose of properties in accordance with tenants' wishes. Thus, in the pre-HAT negotiations at Hull and Waltham Forest, the assurances required from the Government were concerned with reducing uncertainty regarding tenants' ability to return to the local authority (i.e., assurances that the local authority would be one of the landlord choices). As the subsequent assurances reduced the significance of the second choice, it became a more straightforward choice regarding whether tenants wanted their housing improved; hence, the popular saying in Hull that the council was only 'lending' the properties to the HAT. The separation of exit issues from improvement effectively took the heat out of the controversy about HATs. In all three case study areas, once sufficient assurances about the ability to return had been given and as no other sources of funding for improvement were available, tenants effectively had little choice but to accept a HAT.

A further factor in the Yes votes was a general change in council tenants' attitudes to transfers that had begun to occur in the early 1990s. The main factors in this shift, included:— local authorities initiating voluntary transfers, which included tenant ballots; differences between assured and secure tenancies narrowing as a Tenant's Guarantee was introduced and — where tenants were able to negotiate — some of the rights of secure tenancies being given to assured tenants on a contractual basis; and less uncertainty and concern about HAs as they became better known. In consequence, Forrest (1993, p.42) noted that the period after 1988 saw the "... *progressive breakdown of any resistance to tenure transfer.*"⁹ The use of

⁹ Although transfers are occurring, there are still instances of tenants voting against transfer. One such case was reported in *Inside Housing* (16 October, 1998, p.1), where tenants on ten estates in LB Tower Hamlets (including two of the pilot-HAT estates) voted against plans to transfer 2300 properties to the Cityside Housing & Regeneration Community Association. While the result has to be respected as a statement of tenant preferences, there are few options for estates that vote No.

the word 'any' to qualify the degree of resistance is too exacting, but the general proposition is correct. Furthermore, the terms 'diversification' and 'transfer' were generally used rather than the more emotive 'privatisation'.

— sovereigns

Given the choices made by local authorities and tenants, a third choice should also be discussed – the choice by the Government to persevere with a HAT programme despite its experience in the pilot HAT areas. Following the No votes in Sunderland (April 1990) and Southwark (October 1990), the Government could have abandoned the HAT programme. The negotiations by then occurring in Hull – which were still secret – and Waltham Forest could, for example, have been turned into EA projects. Nevertheless it chose not to abandon it, although it did announce that it would no longer select areas and, instead, invited local authorities to propose areas; local authorities proposing areas could be assumed to support the initiative. Hence, there was a significant change from a 'coercive' (i.e., where HATs would be imposed) policy to a 'permissive' (i.e., where local authorities could request a HAT be established in their area) policy; in fact, there had always been this permissive element but no local authority had taken up the opportunity. At this time, however, more fundamental changes were happening within the Government. During November 1990, there was a challenge to Margaret Thatcher's leadership and, in late November, she was replaced as Prime Minister by John Major. Thus, at this crucial point for the HAT programme, there was a significant change of policy sovereigns.

Major's first cabinet resulted in Michael Heseltine becoming Secretary of State for the Environment for the second time. Heseltine's first spell at the DoE had seen the introduction of UDCs and the Stockbridge Village project. In potent contrast to Nick Ridley, Heseltine favoured more interventionist projects. Hence, it can be speculated that Heseltine saw HATs as a means of making things happen.¹⁰ At the same time, Sir George Young became housing minister. The appointment was greeted positively in the housing press: *Inside Housing* (7 December 1990, p.2), for example, commented that Young had showed a 'keen interest' in housing, was respected for his 'willingness to listen to people's concerns' and the appointment was "... *one of the most welcome decisions in recent times.*". It can therefore be reasonably surmised that both Heseltine and Young would be supportive of a HAT programme. At this time, however, it was also speculated that there were divisions within Government with the Treasury seeking to abandon the HAT programme, while ministers and civil servants in the DoE wanted to retain the funding for housing purposes and, since it had been allocated for HATs, it had to be spent on HATs. A Hull city councillor (NHHAT 13, 1998) described the situation: "*There was £500 million earmarked for HATs and the*

¹⁰ As noted in Chapter Seven, for example, Heseltine was subsequently instrumental in initiating a HAT in Liverpool.

Treasury wanted the money back. Young knew it would be best to keep it for HATs because if it went back to the Treasury, it would be lost to housing.". Although, to some extent, this helps explain why the Government continued with a HAT programme, it did not place them in a position of complete weakness in terms of negotiating with local authorities and tenants. Although tenants had a veto, so did the Government (i.e., it could refuse to progress events to a ballot) and both sides could use brinkmanship tactics. Hence, while tenants at Waltham Forest, for example, might consider that they had the DoE 'over a barrel', the negotiations were not simply a win/lose situation with tenants winning and the DoE losing. If the situation had not had elements of win/win, the DoE would simply have broken off the negotiations.

Following the political changes, the first Yes vote in a HAT ballot was achieved at Hull in April 1991 with John Major as Prime Minister, Heseltine as Secretary of State and Young as housing minister. Following the vote in Hull, a more collaborative and negotiative approach to implementation was made official in July 1991. In issuing new guidelines, Young (CD, 10 July 1991, col. 960) declared that the Government was 'anxious' to ensure that, where HATs were proposed, it was on the 'basis of collaboration and partnership': *"We do not want any of the adversarial politics that, sadly, were injected into some of the earlier proposals, mainly by people who were politically dogmatic and committed against HATs."* Young (ibid, col. 957) also emphasised that future HAT schemes would be for areas that were 'so severely run down and present such exceptional problems' that they were *"... beyond the resources and capacity of the local authority, even with the support of the Estate Action and other programmes."* The shift was also reflected in the Government again inviting approaches from local authorities willing to consider the establishment of a HAT in its area.

Continuing support after establishment

— target groups & interest groups

Local accountability of HATs had been an important issue in the committee stage discussions of the 1988 Act and was frequently contrasted with the accountability of local authorities. As discussed in Chapter One, the New Right had been sceptical of the merits of political democracy. HATs, however, had to create new or adapt existing forms of local accountability and bottom-up input, involvement and representation to ensure the continuing support of target and interest groups (see Table 8.6). Unlike some of the UDCs, HATs did not adopt an autocratic approach. Although the legislation permitted the possibility, those implementing the policy (both centre and local) chose not — or did not need — to exploit it. Furthermore, in the pre-ballot agreements, various commitments and assurances had been given in respect of these issues. There was to be significant local authority and tenant representation on the HATs boards and all appointments had to be mutually acceptable

	NORTH HULL	WALTHAM FOREST	LIVERPOOL
Tenant structures pre HAT	RA set up in run-up to ballot.	ESGs & JSGs set up to develop earlier redevelopment proposals. Also TAs & Tenants Federation funded by LBWF. ESG members elected by formal elections.	HRTG plus TAs, Tenants' Forum & Tenants' Federation funded by LA. HRTG composed of block representative elected by each block.
Resident membership of HAT board	Initially 2 members co-opted from positions in RA. Subsequently increased to three with members elected.	4 members all elected	4 members all elected
City council membership of HAT board	3 councillors including chair of housing/ deputy leader of council & deputy chair of housing.	1 councillor	1 councillor – initially leader of council, then chair of housing, then backbencher. Subsequently deputy chair of housing & then 2 councillors.
HAT tenant organisation 1st generation	RA Neighbourhood groups	ESGs (with elected members) Functional committees Tenant Development Groups	HRTG (with elected members) Local Panels Functional Groups
HAT tenant organisation 2nd generation	RA Neighbourhood partnerships	Area committees (with elected members) ESGs (with elected members)	HRTG (with elected members) Neighbourhood panels Project Advisory Groups North/South Advisory panels
HAT tenant organisation 3rd generation	North Hull community alliance	Towards Local Forums/ Area management boards	Arrangements have yet to process to a third generation
TABLE 8.6 – TENANT INVOLVEMENT			

to the main interest groups. In each of the case studies, the initial board membership consisted of the chair and ten other members; half of which were local authority or tenant members. As noted in Chapter Four, the Opposition had tried unsuccessfully to have this board composition written into the legislation. In Waltham Forest, there were four estates and, hence, four TBMs and one local authority representative. No similar logic applied at Hull, where there were three local authority members and two RBMs (later increased to three). Coming slightly later than the first two HATs, Liverpool followed the Waltham Forest precedent by having four RBMs. As well as having more local authority members on the HAT board, Hull was further distinguished by those board members including prominent local politicians (i.e., the deputy council leader/chair of housing and the deputy chair of housing). Liverpool initially had prominent local politicians (the council leader and then the chair of housing) but subsequently it became a 'back bench' councillor. As discussed in the case study Chapters, the HATs had varying relations with their local authorities. In Waltham Forest, the local authority largely left the HAT alone. At Liverpool, the local authority's relation with the HAT varied from positive engagement to almost total disengagement, culminating – after a change of ruling group -- with its withdrawal from the commitments made in the Joint Statement. At Hull, the council was very keen to exert control over/influence within the HAT; Kam (1993, p.86), for example, described it as a 'local authority' HAT. Although this could be debated, it could not be applied to either the Liverpool or Waltham Forest HATs.

During committee, the Government committed HATs to creating tenant fora to provide a focus for communicating with tenants beyond representation on the HAT board. Although provisions were not included in the legislation, HATs were encouraged to establish structures to involve tenants. At Waltham Forest and Liverpool, the HAT inherited established and organised tenant groups, while consultation arrangements had been agreed during the pre-HAT negotiations. Furthermore, the more intensive and prolonged involvement of the ESGs and the HRTG in those negotiations meant they had both matured and become more autonomous and had earned the respect, trust and support of tenants. In both instances, the groups were subsequently integrated into the HAT's structure and its consultative mechanisms, allowing the HAT to communicate effectively with target groups, to integrate their views into decision and policies and retain their support for the initiative. At Hull, the HAT did not start with similar advantages. It did, however, inherit a newly-founded RA and tried to introduce better channels of communication through Neighbourhood Partnerships. In doing so, it met with a constructive response from a group of tenants. Although the subsequent structures and systems were better focused and more effective in communicating between tenants and the HAT, the opportunity for influence had largely passed as many of the major decisions had already been taken.

— sovereigns

Sabatier & Mazmanian (1979) emphasised the need to maintain political support from the policy sovereigns. In late 1990, the Government had announced that it would no longer identify areas for inclusion in the HAT programme and invited local authorities to propose areas. Until 1993, following the establishment of the first three HATs, the Government indicated local authorities could consider the possibility of a HAT. As the level of resources available was limited, proposals would only be successful in exceptional circumstances (DoE, 1993b, s52). Two HAT ballots were held in March/April 1993 and resulted in Yes votes: the first at Castle Vale, east of Birmingham, and the second in the Bow neighbourhood of Tower Hamlets.¹¹ Following a ballot in March 1994, the sixth and final HAT was established at Stonebridge in July 1994.

Although never officially announced, it is likely that the HAT programme was curtailed due to projections of the likely costs. HATs were perceived as a very expensive way of improving local authority housing (especially as there was no certainty that it would be released to the private sector). Given that public resources are scarce, there is inevitably concern regarding for value for money and the opportunity cost of not using those funds for another purpose. The Government could exert control over the scale of the HAT programme both through the allocation of funds to individual HATs and by restricting the number of HATs that might be established. The initial resource allocated for the HAT programme was £125 million over three years in six areas. While expectations of private sector funding were never spelt out, this was – in retrospect – a very conservative estimate. The consultants' reports in March 1989, for example, estimated that more than £600 million was needed in the same six areas. In 1996, the lifetime cost of the HAT programme was capped at £1095 million for six areas over thirteen years (see Table 5.2). Financial resources for the HATs that were established have already been discussed. Before determining those lifetime costs, however, the Treasury had effectively limited the scale of the HAT programme. In this respect, the magnitude of the difference between the unit costs of public expenditure of the HAT programme and, for example, of the ERCF programme indicates the relative cost of the former. In admittedly crude figures,¹² about 17,000 properties were transferred to HATs and the overall cost of the programme was £1095 million (a unit cost of £65,000). Under the ERCF – if tenants voted to transfer –

¹¹ The HAT covered a different set of estates to those in the aborted pilot HAT area.

¹² Due to the magnitude of the difference the calculation's crudeness does not invalidate the argument. Some of the factors that should also be considered, however, are:-- first, HAT areas consisted entirely of poor quality stock rather than packaging better quality stock with poorer quality stock; second, HAT properties were ostensibly in poorer condition and a greater amount of demolition was required; third, HATs were a broader project and involved a more comprehensive range of regeneration issues; fourth, HATs were a central Government-sponsored flagship project and might therefore be expected to have a more generous funding regime; and fifth, the ERCF dowry was expected to be the minimum necessary to facilitate transfers and new landlords were also expected to raise funds to improve the dwellings (some might be SHG but more typically would be private funds – private finance would also serve to lower the unit cost in the HAT calculation).

63,000 units would be transferred at a total cost of £564 million (a unit cost of £9,000). The amount of funding required also made it politically difficult for the Government to proclaim any 'success' in the HAT programme because the level of funding would simultaneously demonstrate the funds needed to regenerate certain parts of the local authority stock. As HAT policy focused a large amount of resources on a relatively small number of estates, there was also some resentment of the apparent 'featherbedding' of HAT tenants and about HAT policy in equity terms, raising questions as to why some estates should be favoured by this flagship-type policy. Nevertheless, a Liverpool HAT officer (LHAT 13, 1998) argued that, while civil servants appreciated HATs were expensive "*... their view is that these were meant to be examples of how to do the job properly. They're looking to the long-term test of 25 to 30 years time and whether the HAT process stands that test of time.*".

Mazmanian & Sabatier also noted that policies could be displaced or undermined by subsequent policies and programmes. Of the three exit mechanisms introduced in the mid- and late 1980s, Tenants' Choice and HATs were both unsuccessful as large-scale exit mechanisms. Fewer than 1000 dwellings transferred under Tenants' Choice before it was abandoned in 1995, while the six HATs established accounted for a transfer of fewer than 17000 dwellings – some of which could still return to the public sector. By contrast, by 1995, 223,000 dwellings had transferred under voluntary transfers (Pearl, 1997, p.176). Thus, as exit mechanisms for local authority housing, HATs were initially overshadowed by voluntary transfers but latterly and more particularly by the ERCF – which also combined housing improvement with an exit mechanism. The 1996 Housing Act also provided a further option for transfers by creating a new exit destination – the local housing company (LHC) – which would be a non-profit social landlord providing housing at affordable rents and raising private finance. LHCs would be directly sponsored by councils and would thereby offer greater accountability than HAs or LSVT associations (Zitron, 1997, p.1). The real successor to HATs, however, is the New Deal for Communities (NDC) (see below).

8.1.6 STABLE SOCIO-ECONOMIC CONTEXTS

For Sabatier & Mazmanian (1979), this condition recognised that changes in socio-economic conditions could blow a policy off-course or cause it to be curtailed altogether. Apart from the general ups and downs of the economy, the most significant external factor in the development of HAT policy was the PFI. Table 8.3 identifies a Mark IV or Post-PFI HAT – the final major development in HAT policy within the research period. Although the initial Mark I HAT had linked exit and improvement, in the Mark II and Mark III HATs they were largely uncoupled. In the Mark IV HAT, with respect to new build properties, exit and improvement were again re-coupled. Hence, if HATs are considered as exit mechanisms, the PFI's effect was – somewhat surprisingly – to blow the policy back on course. At Hull and Waltham Forest, the development programme and the

landlord choice processes could be progressed separately. At Liverpool, as a consequence of the PFI, the HAT was obliged to seek private funding and needed development partners (typically HAs). The new development process involved HATs providing grant to HAs to carry out development in return for nomination rights. As discussed in Chapter Seven, this changed the status of tenants' ability to return to the local authority as the statutory right-to-return only applied to properties let under secure tenancies. While the HAT could afford to -- and until the local authority withdrew from the landlord choice process -- a right-to-return for tenants was respected as a moral obligation or commitment to tenants. The PFI also meant that the later HATs (i.e., Liverpool onwards) differ from the initial HATs at North Hull and Waltham Forest: in general terms, the earlier HATs can be regarded as (more) 'executive' and the later HATs as (more) 'facilitative'. The later HATs therefore had to operate through other agencies, which also affects the third condition of Sabatier & Mazmanian's framework regarding selecting delivery agencies supportive of the programme and introduces new links into the implementation chain. The Mark IV HAT therefore lost some of the implementation advantages of a dedicated delivery agency.

8.1.7 CONCLUSION

Despite the initial prognosis made in Chapter Four about HATs having favourable implementation prospects (see Table 4.7), HAT policy had a distinctly chequered implementation. At one level, it clearly failed. It was rejected or withdrawn in all of the pilot areas and HATs were subsequently established in only a handful of areas. Nevertheless it was implemented in six areas and, to judge from the three case studies, those HATs have achieved their statutory objectives. In the initial implementation phase, the Government had clearly not anticipated the degree of opposition that HAT policy provoked and the opposition it had anticipated it intended to confront rather than accommodate. The Thatcher Government's confidence and its conviction approach enabled it to believe it was acting in the public interest and could therefore override the 'selfish concerns' of interest groups and did not need to seek their support. Thus, rather than the support of interest groups, HAT policy initially relied upon force and compulsion. The hierarchical imposition of HATs was, however, thwarted by local authorities and tenants. More particularly, it was thwarted by tenants' use of a formal veto point that had been inserted at a late stage into the legislation.

The potential for tenants to veto the establishment of a HAT provoked belated recognition on the Government's part of the need to negotiation and compromise. Negotiation and compromise during implementation, however, might improve the policy but equally might fatally distort it. The account of its implementation nevertheless affirms Barrett & Hill's (1984, p.22) observation that the implementation of many policies:-- represents compromises between conflicting values (e.g., between housing provision by local authorities and housing provision by other suppliers); involves compromises with key interests

within the implementation structure (e.g., local authorities); and involves compromises with key interests upon whom implementation will have an impact (e.g., tenants). Furthermore, the implementation of HAT policy – and particularly where it was implemented – was the result of not just decisions made at the top but also choices made at the bottom. It was also evident in each of the case studies that neither local authorities nor tenants were committed to HAT policy *per se* and, instead, saw it simply as a means of improving poor quality housing, albeit with certain strings attached.

Although Sabatier & Mazmanian's emphasise the crucial role of legal structuring in shaping implementation, instead of being prescriptive and tightly-constrained, the HAT legislation had a very loose and broad structure with – in principle – significant scope for ministerial discretion (and, subject to the minister's consent, discretion for other parties). The legislation both set broad objectives for and gave broad powers to a new quango. It did not, however, specify what would be done nor how it would be done. Furthermore, although considerable discretion remained with the Secretary of State, the absence of ministerial imposition on HATs in practice gave the implementers (i.e., the street-level bureaucrats) considerable discretion to create the detail of the policy. The implementers could develop, propose and implement policy at the local level – often in consultation with tenants – within the broad framework of the legal objectives and subject to the Secretary of State's consent or – more precisely as detailed policy proposals tended to come from the bottom up – his veto. This essential flexibility also meant that the implementation of HAT policy was crucially reliant on the individuals concerned (i.e., the ministers and civil servants at the centre, the HAT board members and staff at the local level and various other actors and agencies that might be involved), principally limited by funding constraints. Thus, within the same legal structure, HATs *could* have operated in radically different ways (i.e., in ways detrimental to the expressed preferences of tenants and in accordance with the ways that had concerned Opposition MPs during the debate in the Houses of Parliament).

While flexibility was a strength once HATs were established, it was a weakness prior to that, creating uncertainty and requiring target and other interest groups to trust the delivery agency (which prior to the ballot did not exist, although in most cases shadow HAT boards were established) and/or the agency backing the delivery agency (i.e., the Government in the person of the Secretary of State). Target groups would also need assurances about the possible involvement – or non-involvement – of certain third parties (i.e., private landlords and developers). Without trust there would be suspicion and a reluctance to support the implementation of the policy. Hence, where this trust did not exist (i.e., in the pilot HAT areas), target groups used the opportunity of a veto point to reject the HAT proposals. Given the positive experience of the areas where HATs have been established, however, the rejection of the pilot HATs can only be fully understood in the

context of the highly-charged political milieu of the late 1980s, the conviction and confidence of the Government of this period, tenants' reluctance to trust it and the degree of uncertainty surrounding HAT policy. By contrast, in the case study areas, during the pre-ballot period, sufficient trust was built up and/or assurances given to enable Yes votes.¹³ The ballot also meant that the subsequent HAT would have the benefit of a popular mandate. The implementation of HAT policy therefore emphasises the need for policy-makers to be aware of and accurately anticipate the needs and preferences of target groups and to recognise and appreciate their fears and concerns. It also highlights the importance of building both local support for a policy or initiative and trust in the delivery agency prior to implementation.

Before closing this part, it is appropriate to briefly consider whether the analysis suggests the necessity for modifications to Sabatier & Mazmanian's framework. It should also be noted, however, that the framework was used as a means to an end (i.e., to explore the implementation of HAT policy) rather than as an end in itself (i.e., to develop implementation theory). As shown in this Chapter, the framework does help to structure an explanation as to why the policy had its particular outcome and helps highlight the salient factors. It therefore suggests that the existing framework is relatively robust and does not particularly suggest any modifications to the framework are necessary. Although it is the totality of the conditions that is important (i.e., the implementation chain is as strong as the weakest link), the condition of support from target and interest groups was the most important single condition in the implementation of HAT policy. It must also be noted that Sabatier & Mazmanian's framework is based on a preference for a relatively tight legal structuring (i.e., a strong statute approach). As discussed above, the HAT legislation had a relatively loose structure and, indeed, relatively broad objectives and powers, which permit a wide range of possible outcomes, in which the actions of individuals operating within the legal structure may be crucially important in determining the particular outcome. This factor may also explain why in the case of HAT policy Sabatier & Mazmanian's framework is useful in as a means of structuring explanation but is less reliable as a tool to predict the likelihood of effective implementation.

8.2 HAT POLICY & THE CONCEPT OF CHOICE

This part addresses the second research question: 'How did the concept of choice inform the development and implementation of HAT policy?'. It is divided into the two main components of choice:— as an intended outcome of policy and as an element in the implementation of policy choice. A third section draws some general conclusions.

¹³ While in Hull tenants had to trust the local authority, in Waltham Forest and Liverpool, tenants could trust the proposal safeguarded by the existence of formal document (the TED and the Joint Statement).

8.2.1 CHOICE AS A POLICY OBJECTIVE

Chapter Three discussed housing policy in the 1980s. In accordance with New Right ideas, the primary emphasis was on the development of exit mechanisms for local authority housing beginning with RTB and subsequently supplemented by three other mechanisms:-- voluntary transfers; Tenants' Choice and HATs. Chapter Three outlined the experience of voluntary transfers and Tenants' Choice, while Chapters Four to Seven discussed HATs. In contrast to the other mechanisms, however, HATs had a dual purpose: not only were they an exit mechanism, they were also a means to improve run-down local authority housing. Chapter Four discussed the changes to HATs introduced during the legislative stage and, in particular, noted the change from the Mark I to the Mark II. The two most significant changes were the ballot and the possibility of tenants returning to local authority landlordship. While these changes increased opportunities for tenant choice, they also reduced the effectiveness of HATs as an exit mechanism in two main ways:-- sufficient tenants might vote against the establishment of a HAT and, even where HATs were established, some tenants might opt to return to the local authority. Nevertheless, once a ballot had been introduced, the possibility of tenants returning to the local authority increased the probability that some HATs might be established.

As discussed in Chapter Three, the exit mechanisms contained a somewhat limited notion of 'choice'. By permitting transfers into – as well as out of – the council sector, choice could have been extended to all sectors of the rented market. HATs gave this choice at the point of exit (i.e., the landlord choice), when tenants had – in principle -- a choice between the local authority and various other options. In each location, tenants' perceptions of the comparative strengths and weakness of different sectors would therefore be tested. Table 8.7 summarises the landlord choice in each location.

It can be speculated that a series of interrelated factors were -- or will be -- influential in individual landlord choice decisions. First, rent levels: Although their precise influence on tenants' decision is not known, the existence of the 'level playing field' at Hull and the benchmark rent system at Liverpool are – in principle – important factors.¹⁴ At Liverpool, a board paper justified the system because it created “... *a greater degree of fairness in the landlord choice process and [placed] greater emphasis on the quality of services and any value added elements offered by landlords.*” (LHAT February 1998). The systems, however, created a level playing field in respect of only one dimension of the landlord choice -- albeit an important dimension -- and, furthermore, distorted that choice (in favour of the HAs). Nevertheless, rather than merely an opportunity for choice, they

¹⁴ There is scope for further research to identify the precise reasons for tenants making particular landlord choices.

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	NORTH HULL	WALTHAM FOREST	LIVERPOOL
Tenants attitudes to local authority management	Positive	Negative	Very negative
HAT housing management	In-house HAT housing management with estate offices. Tenants could opt for trial management period with HA.	In-house HAT housing management with estate offices. Later transferred to WFCBHA who act as HAT's managing agent.	Managing agents in 9 areas (one in-house team, 5 HAs and 2 private sector). Later managing agents in 2 areas – both HAs.
Landlord/tenure choice ballots	Tenure ballots at end of each phase with properties transferring to new landlords. In 1996 all transfers postponed until end of HAT.	Tenure choice ballots for first phases planned to be after completion of each phase. Initially postponed until 1998, then postponed until 2000.	Landlord choice ballots before each development project.
Main exit options	'Protected' RTB LA HA CBHA/TMO (Harbour Farm)	'Protected' RTB LA HA WFCBHA	'Protected' or 'contractual' RTB LA HA
Individual exit options	TAB (for HAT property) DIYSO	Tenants Incentive Scheme Tenants Homefinder Scheme	Mobility Incentive Scheme DIYSO
Rents	'Level playing field' between landlords	No scheme – abrupt switch from frozen rents	Benchmarking of rents introduced after first 5 Landlord Choice ballots.
Outcome	Approximately 61% return to LA. 48% of housing in HAT area in LA ownership.	Choice not made yet. WFCBHA in premier position.	Almost all tenants choosing to transfer to HAs. LA withdrew from Landlord Choice in 1998
Successor organisations	Development Trust CBHA (Harbour Farm – local TMO for NBHA)	Development Trust CBHA	HAs

TABLE 8.7 – EXIT OPTIONS

enhanced tenants' power of choice in the sense that making HA rents competitive with local authority rents was equivalent to giving financial resources to tenants. Waltham Forest HAT does not have a similar scheme. Second, standards of housing management and the experience of other housing managers and, in particular, the quality of local authority management vis-à-vis alternatives. Due to the contracting out of housing management (Waltham Forest and Liverpool) and the trial management arrangements (Hull), tenants could experience housing management by a non-local authority landlord – who was a potential future landlord -- without making an irreversible choice to transfer to that landlord. If the housing management was not satisfactory, there was – in principle -- the safety net option of returning to the local authority. The experience also increased tenants' information about the consequences of their landlord choice and would thereby enable a more informed choice of future landlord. Third, the length of time spent away from the local authority. As time passes, HAT management becomes the norm and the memory of local authority management recedes, making the local authority as much an unknown quality as some of the other management options. Hence, another factor might be the length of time away from the local authority. Due to the nature of the development programme, at Waltham Forest and Liverpool most tenants will have a longer period away from local authority control than in Hull. At Waltham Forest, for example, prior to the landlord choice, tenants will have spent almost ten years away from the local authority. Fourth, changes in the local authority's housing services during the period of the HAT. Although the return to the local authority at the end of the HAT is -- in principle -- a return to the *status quo ante*, the local authority that tenants return to may be significantly different from the one they left in the early 1990s: tenants' direct experience of local authority management would also be frozen at the point of transfer to the HAT. With the prospect of an LHC -- and until the local authority withdrew from landlord choice -- this was the emerging situation at Liverpool. In Waltham Forest, the local authority has contracted out its housing management, while voluntary transfers within the borough are also possible. Finally, a range of other factors could also assume greater or lesser importance, such as the degree of trust in the new landlords and factors such as differences between secure and assured tenancies.

The efficacy of the landlord choice is dependent on competition between providers/suppliers. The actual choice available for tenants was therefore dependent on the changes introduced in the 1988 and 1989 Acts (and subsequent legislation and policy initiatives) to create both competition between landlords and opportunities for new landlords to emerge. The range of choice at each case study location, however, was limited (not least because the HATs vetted all potential landlords). At Hull, the choice was between the local authority and two HAs. At Waltham Forest, it is likely to be between the local authority, the WFCBHA and possibly another HA. In each location, the HAT's support for WFCBHA and Harbour Farm was important in creating choice for tenants. At Liverpool, due to

competition between HAs to become the preferred HA in the final landlord choice, there was greater competition than in the other two case study locations. Until the local authority withdrew, however, the final landlord choice was between the local authority and an HA. Furthermore, in each location, and as in each of the other exit mechanisms, the landlord choice was a one-off and irreversible choice.

The landlord choice ballots that had occurred in each location were discussed in the case study Chapters. Given that the rented accommodation on each of the HAT estates was previously entirely in local authority tenure, the diversity of landlords will inevitably increase. Although the dominant tendency at Hull was for tenants to return to local authority control (80% of landlord choices) and nearly two-thirds of the properties transferred to the HAT subsequently returned to the local authority, at the end of the HAT local authority-owned properties comprised only 48% of those in the HAT area (see Table 5.3).¹⁵ In Liverpool (due initially to the PFI and subsequently to the local authority withdrawing from the landlord choice) -- and perhaps also in Waltham Forest -- there is likely to be substantial demunicipalisation. At Waltham Forest and Liverpool, rather than a compulsory exit, this will be the aggregate of (mostly) individual voluntary choices by tenants. An apparent irony is that despite the right to return having been an important issue, tenants in these locations are likely to choose to move to HAs (in Liverpool, due to the local authority withdrawing from the landlord choice, the choice with respect to new build accommodation will be between different HAs). In all cases, however, the choices provided were exclusively for those tenants who had been secure tenants at the time of the HAT ballot; there was very little choice for those who would (or might) have become local authority tenants on the HAT estates.

8.2.2 CHOICE AS AN ELEMENT IN THE IMPLEMENTATION OF POLICY

As shown in the case study Chapters, there were various choices for tenants in the implementation of HAT policy (primarily, but not exclusively, related to the development programme). The most fundamental choice, however, was the ballot. Although, as has been shown in this thesis, HAT policy progressed through four distinct models, the most significant changes were those from Mark I to Mark II. The Mark II HAT permitted a tenant veto on the establishment of a HAT and the possibility that the landlord choice would include an option to return to the local authority -- provided the local authority was both willing and able to purchase the properties (and the HAT was willing to sell it the properties). By the Mark III HAT, tenants had further assurances and subsequently a legal right to return to the local authority.

The possibility of tenants returning to the local authority had three major implications. First, the

¹⁵ These are the HAT's figures and include the developments undertaken in partnership with HAs adjacent to -- rather than within -- the HAT area.

choice whether to go into a HAT would no longer be a coerced choice in the terms defined in Chapter One because tenants' welfare would either stay the same (i.e., a return to the *status quo ante*) or increase (a transfer to a superior landlord). A safety net was thereby created for tenants; without which it was unlikely that tenants would consent to a HAT. Second, the transfer to a HAT was no longer necessarily a *de facto* exit from the public sector and, in principle, the necessity for tenants to have a ballot to approve or veto a HAT became less important. Third, it reduced the controversy over tenure issues and meant that, as discussed previously, the choice in the ballot would be whether tenants wanted their homes and estates improved rather than whether they wanted them improved *and* privatised. Thus, as housing tenure issues were separated from housing improvement issues, it largely took the heat out of the controversy about HAT policy. HATs could thereafter be considered as examples of housing improvement (i.e., neighbourhood revitalisation) at the end of which tenants could return to the local authority or transfer to a range of other landlords or exercise RTB.

Although once the ability to return to the local authority had been conceded, a ballot was no longer strictly necessary, it was fundamental to the subsequent development of HAT policy. By giving tenants a (collective) opportunity to veto a HAT, it sanctioned bottom-up discretion by the target group. As HATs could only be established with the popular support of target groups, tenant representatives were empowered to negotiate a 'deal'. Furthermore, while they could be outmanoeuvred, out-negotiated or out-powered, if that deal was not acceptable to tenants, then the HAT would be vetoed. Provided parties negotiated in good faith, the desire or necessity of avoiding a tenant veto placed an onus on *all* parties to negotiate a deal that would be acceptable to *all* parties.

The assurances given to (secure) tenants also meant that they would be stakeholders in the subsequent HAT. At Waltham Forest, for example, all secure tenants would be re-housed in the new development and, hence, they were protected from the threat of displacement.

As noted in Chapter One, a ballot is only one of the stages of a collective choice and involvement at the pre-ballot stages gives greater scope to effect a more desirable outcome. It was important, therefore, that tenants could negotiate the details of that package (i.e., not just Yes or No but also the nature of the proposed HAT). At Hull, tenants were excluded from the first and second stages (i.e., agenda setting and negotiation) and were only involved in the third (the vote). Hence, they were relatively powerless to influence the nature of the HAT prior to the ballot and their choice was either to accept the HAT as offered or to veto it.¹⁶ At Waltham Forest and Liverpool, tenant

¹⁶ This was more significant in theory than in practice. Assurances regarding the ability to return to the local authority combined with the strong possibility that it would be a Labour council in Hull when landlord choice did occur, meant tenants had little to lose by voting in favour of a HAT.

representatives were directly involved in negotiations. Issues likely to provide grounds for opposition (and, thereby, increase the probability of a veto) could be identified and fed into the negotiation process. What was perhaps more unusual was the Government's willingness to negotiate, which contrasted with the situation in some of the pilot HAT areas and at Hulme, where tenants felt they were in the 'lap of the gods' and decision-making power could not be 'inquired of, challenged, or reasoned with' (Shaughnessy, 1989, p.350). Tenant involvement, however, had different outcomes: in Waltham Forest, it resulted in tenants having a strong sense of ownership of the HAT, while at Liverpool a culture of 'them-&-us' continued. At both locations, the negotiations resulted in formal documents -- the TED and the Joint Statement -- that increased certainty for tenants and overcame the chicken-&-egg problem that had arisen in the pilot HAT areas. While neither immutable nor legally-binding, they helped establish the nature of the subsequent HAT. Thus, although the provision for a ballot created the possibility -- and therefore increased the risk -- of tenants using it to veto HAT proposals, the ensuing pre-ballot negotiations both improved the policy and increased the possibility of effective implementation once the HAT was established.

8.2.3 CONCLUSION

Chapter One distinguished between choice as an integral element in the implementation of a policy (i.e., permitted discretion, which in the case of HAT policy refers to such issues as the tenant ballot and choice about the development/improvement programme) and choice as an intended outcome of a policy (i.e., consumers in a market, which in the case of HAT policy refers to the landlord choice). As discussed in Chapter Four, during discussion of the ballot and in order to highlight the Government's inconsistency, the Opposition had focused on the issue of choice. The apparent inconsistency was that while the Government claimed to be increasing choice for tenants, it also appeared to be denying them a specific choice. Interpretation depends on what is meant by the term choice: the ballot gave tenants discretion *within* the implementation of the policy; the choice referred to by the Government was an objective of the policy (i.e., to get tenants to a position where they would exercise market choices). In this respect, there was an inherent contradiction in the initial design of HAT policy because the Thatcher Government was selective in its application of the concept of choice. While it sought to give tenants choice once the programme had been implemented, it was reluctant to give tenants a choice that might obstruct or frustrate the implementation of the policy. As discussed in Chapter Three, the Thatcher Government considered there were fundamental and structural defects in the council housing sector and sought radical reform; permitting tenants choice in the implementation might prevent that reform from occurring. Thus, in its original design and -- if necessary -- HATs could be imposed on recalcitrant tenants and local authorities and was therefore both authoritarian and paternalistic. Nevertheless, by enabling (or compelling) tenants to become market actors, they would have choice (i.e., the liberty, if not the power, of choice) in the longer

term. Whether it was a choice that tenants wanted or not was immaterial because the Government considered it was good for them because, for example, it would relieve them of their supposed dependency on the welfare state. Hence, as noted in Chapter Four, in July 1988 Ridley (from Ginsburg, 1989, p.72) had argued “... *if you are trying to help somebody ... you don't want them to vote against that being done.*”. It is nevertheless somewhat ironic that, in a Bill purporting to increase choice for tenants, the ballot – which had not been part of the proposed legislation -- was crucially important in enabling discretion and choice for tenants and in creating the conditions of sufficient certainty and trust that ultimately allowed tenants to support the implementation of the policy (albeit in a modified form).

8.3 THE LEGACY OF HAT POLICY

Although there were expectations that HATs could be established in every town and city, the original scale of the HAT programme was never made public. After the failure of the pilot HAT areas, it was evident that only a few HATs would be established and that they would be experimental. The primary objectives of HATs were housing improvement and exit. Although neighbourhood regeneration issues have been referred to, this thesis has concentrated primarily on housing (tenure) issues. In so far as it was about housing, HAT policy was primarily directed at issues of housing tenure and it was the exit issues that attracted most criticism. Once the tenure issue had been neutralised by assurances about the right to return, HAT practice was less ideologically-charged: that something needed to be done to improve conditions was accepted by all parties. Thus, although their significance with regard to housing policy is marginal, HATs have become important examples of *housing-led* regeneration. As a result, the lessons HAT practice offers are primarily with regard to (housing-led) regeneration rather to housing. During the late 1980s and early 1990s, the main programme for housing-led regeneration remained EA. During the early 1990s, there was also a move towards multi-agency and holistic approaches to neighbourhood regeneration as embodied in the City Challenge initiative launched in 1991 and the SRB Challenge Fund (SRBCF) launched in 1994; both of which offered the possibility of resources for housing-led or neighbourhood regeneration.¹⁷ The integration of EA into the SRB in 1994 meant that there was no longer an initiative dedicated to housing-led regeneration, although both City Challenge and the SRBCF permitted schemes similar to EA. The emergence of the ERCF in December 1995 permitted housing regeneration programmes integrated with transfers to RSLs.

¹⁷ The refurbishment and redevelopment of Hulme, for example, was funded under City Challenge; while the refurbishment and redevelopment of the Gloucester Grove and North Peckham estates was funded under the SRBCF.

HATs have also provided an indirect lead to HAs developing Housing Plus (HP) initiatives. Formally launched in February 1995, HP is defined by the Housing Corporation (1997, from Evans, 1998, p.715) as “... *an approach to management and development which consists of the creation and maintenance of sustainable social housing, obtaining added value from housing management and investment and building partnerships with stakeholders.*”. Concern for HP arose because of the problems of poverty and social exclusion experienced by growing numbers of social housing tenants. As a result, social housing landlords were increasingly being encouraged – and simultaneously realising that it was in their own interests – to address these wider problems. As HATs saw themselves as housing-led regeneration agencies, HP-type activities were an integral part of their role rather than being additional to it. HAs – with some notable exceptions – have traditionally seen themselves as housing providers and managers and, hence, HP is something additional to their usual role.

For most of the 1990s, apart from ERCF (which was only a partial successor), it seemed HATs would have no direct policy successor. The new Labour Government, however, announced its intention to abolish ERCF. In a statement on housing and regeneration policy, the Deputy Prime Minister, John Prescott (1998, p.3) outlined the new Government’s intention to continue many of its predecessor’s policies, including encouraging local authorities to separate their strategic and housing management functions by transferring housing stock to RSLs. The Government did not, however, intend to retain the ERCF because, if transfer was the best option and the stock had a negative value, it expected local authorities to use their capital receipts under HIP to cover this. It did note, however, that ERCF-type transfers could form part of packages within a new initiative – the New Deal for Communities (NDC). Announced in the late summer of 1998, the NDC is the initiative that effectively supersedes HATs.¹⁸ The programme’s aim was to offer ‘intensive help’ to the most deprived neighbourhoods by bringing together regeneration and housing programmes at the local level, enhancing economic and employment opportunities and offering better neighbourhood management. Furthermore, Prescott (ibid, p.7) stressed HATs had “... *pioneered the approach of seeking to tackle the wider social and economic problems of deprived neighbourhoods at the same time as improving the quality of the housing stock – an approach which will now be further developed under the New Deal for Communities Programme.*”.¹⁹

If HATs are seen as mechanisms for neighbourhood regeneration, there are distinct parallels

¹⁸ It supersedes HATs as a mechanism for neighbourhood regeneration rather than as an exit mechanism. The NDC guidance took a relaxed view of tenure change, stating it might be considered where it provided an opportunity to raise funds outside public expenditure controls.

¹⁹ Although Prescott referred to HATs in general, it is likely that it was the Waltham Forest and Castle Vale HATs that were intended to be the main precedents.

between HAT practice and the proposals for NDC (see Table 8.8). The Government pledged that the NDC (DETR, 1998, p.10) would:— be neighbourhood-based (tenure did not matter provided the housing formed a recognisable neighbourhood); work through local partnerships and promote and sustain community involvement; be delivered on the ground by a dedicated team; reward success; bring together other key national, regional and local services; and work in combination with other initiatives. The initiative would be 'flexible and very local', with 'complete flexibility' on what programmes could cover. The guidance (ibid, p.11) therefore gave considerable discretion to local interests and stated that there were 'no right or wrong answers' about what should be covered and that each neighbourhood had its 'own particular problems that demand their own solutions'. The following were listed as a 'guide to the kind of suggestions' that might be included in successful bids:— improving access to training, basic skills & employment opportunities; housing improvement (including improved management);²⁰ neighbourhood management; encouraging local enterprise; crime & drugs; education; health; access to services; families, young people & children; access to information; and community building (ibid, 1998, p.11-1). The generalised experience of the case study HATs provides guidance to NDC partnerships in each of these areas. Seventeen areas were invited to be Pathfinders, including Hull and Liverpool. As well as local authorities, other bodies including HAs, the private sector and the voluntary organisations could lead regeneration programmes.

8.4 CONCLUDING SUMMARY

This thesis has shown how HAT policy was transformed through its implementation and remade as a consequence of both top-down and bottom-up processes. Despite the changes and although the balance between HATs as exit and HATs as housing improvement mechanisms has changed, it is recognisably the same policy. In its early versions, HATs had been anathema to the Labour party and to many local authorities. By the late 1990s, however, HATs were being extolled by New Labour. Although, in part, the new Labour Government has 'cherry picked' those aspects of HAT practice which have both been successful and suit its ideological priorities, between 1987 and 1998 other factors changed, including the general context for local authority housing with transfers of local authority housing to HAs becoming routine rather than exceptional events.²¹ HATs had also become primarily examples of neighbourhood regeneration rather than housing privatisation.

²⁰ Under NDC, there was recognition that, in some cases, the only option might be to demolish some estates.

²¹ While developing their strategic and enabling role, most authorities have sought to continue as direct providers of services such as housing. Many authorities have therefore only been interested in the transfer of housing (to LSVTs or LHCs) in so far as it presents as means of attracting investment to meet priority housing needs (Zitron, 1997, p.27).

	HOUSING ACTION TRUSTS (generalised experience of North Hull, Waltham Forest & Liverpool HATs)	NEW DEAL FOR COMMUNITIES
Establishment	By negotiation between central and local government, subject to ballot of tenants.	Invitation from central government to locality to put forward proposal.
Approach	Housing-led neighbourhood regeneration (holistic)	Neighbourhood regeneration (holistic)
Management	Board & delivery agency (quango). Arm's length government agency. HATs have great deal of autonomy to achieve statutory objectives.	Partnership board & delivery agency (similar to City Challenge & SRBCF)
Size	North Hull – 2100 dwellings Waltham Forest – 2400 dwellings Liverpool – 5500 dwellings	1000-4000 dwellings
Funding	Initially 100% government funding less subsequent capital receipts from sales. Post-PFI, private funding required. North Hull HAT – £115 million Waltham Forest – £227 million Liverpool – £260 million	Government core funding plus other public and/or private funding. Amounts to vary in range £20-50 million.
Lifespan	As necessary North Hull – 7 years Waltham Forest – 11 years Liverpool – 12 years	Expectation 10 years with principal capital funding in first 5 years.
Tenure	Encourage diversification	No details
Exit Strategy	Developed by each HAT. HATs are themselves becoming residual agencies with roles as funding conduits and for monitoring and quality control.	Clear exit strategy required from outset.
TABLE 8.8 – COMPARISON OF HATS & NEW DEAL FOR COMMUNITIES		

This thesis has also outlined the progression through four distinct models from the Mark I Ridley HAT to the Mark IV Post-PFI HAT. The most significant changes were those from Mark I to Mark II, which included the tenant ballot and the possibility of tenants returning to the local authority. In the Mark I HAT, tenants' choices were highly constrained; the HAT would be imposed upon them and they would have a choice of private sector landlords at the end of the HAT (i.e., all the choices were different forms of demunicipalisation). Exit and improvement were therefore coupled. During the legislative stage, as a result of opposition to the Mark I proposals, the Government began to modify its policy and the Mark II HAT permitted tenant choice in terms of whether HATs were established and the possibility that landlord choice would include an option to return to the local authority. Tenants therefore had choice at two crucial stages:— the (collective) choice to establish a HAT (and – in principle – through the power to veto it, to negotiate on the nature of the HAT) and (mostly) individual landlord choices, including the possibility of returning to the local authority. Exit and improvement were therefore uncoupled. Opposition by local authorities and tenants during the implementation phase, combined with the Government's inability to implement HATs in any of the pilot areas and the necessity of securing popular support among target groups resulted in the adoption of a more negotiative and conciliatory approach to implementation. Despite this change, HAT proposals were still vetoed in the two pilot HAT areas that went to ballot. By the Mark III HAT, tenants had further assurances and subsequently a legal right to return to the local authority. The important aspect of the landlord choice was that, if other options were not perceived to be superior, tenants could return to the *status quo ante*. In principle, the choice was a voluntary choice because their welfare (relative to their pre-HAT status) would either increase or remain the same. Exit and improvement were therefore further uncoupled; HATs would result in housing improvement and might – and equally might not – result in a demunicipalisation. Furthermore, although the ballot raised the possibility of a veto by target groups, a Yes vote gave the ensuing HAT the benefit of a popular mandate and increased the probability of effective implementation. In the Mark IV HAT, by which point all the HATs that were likely to be established had been established, the situation changed again. The necessity of obtaining private finance and partnership arrangements with HAs changed the conditions of the right to return and meant that only tenants of refurbished properties would have a legal right to return. Due to commitments made in pre-ballot agreements, 'moral' rights and, where negotiated, contractual rights to return to the local authority might also exist. With respect to new build, exit and improvement were therefore re-coupled.

This account of the implementation of HAT policy has demonstrated *inter alia* that while policies might be structured to provide a broad framework and flexibility for those at the top – and, in turn, flexibility for implementers to make the detail of policies within the framework – it has also highlighted the importance of building both local support for a policy or initiative and trust in the delivery

agency prior to implementation because the potential flexibility for the implementers can equate to uncertainty and mistrust among target groups. Support for a policy can be enhanced by permitting target groups opportunities to exercise choice and discretion in the development and implementation of that policy. A ballot requires policy makers to be aware of and accurately anticipate the needs and preferences of target groups, while also recognising and appreciating their fears and concerns. Although policies can be imposed, that is unlikely to harness the energy and commitment of target groups and may simply lead to resentment, producing further obstacles to effective implementation.

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Appendix A

COMMENTARY ON RESEARCH INTERVIEWS

A.0 INTRODUCTION

As discussed in Chapter Two, this thesis used a case study method. Two principal data collection techniques were utilised:-- documentation and interviews. The primary purpose of the research interviews was to enable the researcher to 'get closer' to those implementing the policy and the target groups and, as well as to gather new information, to variously supplement, develop, understand and appreciate the information contained in the documentation. Throughout the interviews, much of the research effort was devoted to piecing together, understanding and subsequently explaining the 'story' of the development and implementation of HAT policy and, hence, that 'story' constitutes the research data. The interview programme had three elements: two sets of interviews with a range of different actors and a final set of discussions with key informants. The first set of interviews was undertaken during 1994/95 and the second during 1997/98. Each interview lasted a minimum of one hour and frequently longer. As the final element in the process, the draft case study reports were reviewed by and discussed with key informants (in each case, a HAT officer) in each location during October/November 1998. The key informants also circulated the drafts to other actors, whose comments were fed into the discussion. This appendix provides a more detailed commentary and reflection on the research interviews.

A.1 THE FIRST SET OF INTERVIEWS

In accordance with the qualitative research methods literature reviewed in Chapter Two, the research for this thesis was of an 'unfolding' nature (Miles & Huberman 1994; Punch, 1998). The first set of interviews was therefore intended to be exploratory and information gathering and, while there were certain issues of particular importance, the interviews were conducted in such a way as to permit the key issues in each location to arise. This was a pragmatic response to the expectation that different issues would be important at each location and, second, because it would be unknown precisely what those issues might be. Thus, in the interests of flexibility, semi-structured interviews were used. The interviews were structured by means of key themes and areas to be covered. In setting the key themes, the researcher must anticipate those issues likely to be important during the interviews. This should be undertaken with as much prior knowledge and information as possible, while also recognising that perfect information is an unattainable ideal and, furthermore, that the purpose of the interviews is to yield additional information. The key themes are shown in Table A.1. The first set was much more exploratory than the second set and can therefore be considered to be closer to an unstructured form of interview. Unstructured interviews are usually open-ended and typically used as a means of understanding the phenomena without imposing any *a priori* categorisation. This was particularly valuable because of the early realisation that each HAT had its own character and idiosyncrasies due to, for example, the circumstances of its creation, the role of the local authority as landlord and as a participant in the pre-HAT negotiations, the extent of tenant involvement in those negotiations, the physical and social context of the HAT areas, etc..

The first interviews were conducted at Waltham Forest and, in general, the outline structure developed there was followed at the other two locations so that similar issues would be addressed and explored. The researcher, however, was alert and sensitive to differences between the context at Waltham Forest HAT and the context of the other two case studies. Thus, in each location, issues that had not been significant or had had less significance at Waltham Forest were identified and their importance noted. Equally, the issues raised at Hull and Liverpool would contribute to a better understanding of the Waltham Forest case study and would provoke inquiry as to why, for example, important issues at one location were less

important at another. At Hull, for example, it became apparent that the relation with the local authority was much more important than at Waltham Forest. At Liverpool, it was apparent that the physical context for the HAT was materially different from those in the other two locations. Thus, the interview structure continued to evolve throughout the course of the interviews. Furthermore, while there was a broad schedule of issues, it was tailored in practice to reflect the interviewee's role within or interaction with the HAT. The interviews and the questions asked were open-ended and interviewees asked not only for the facts of the matter but also encouraged to express their opinions and insights about events.

Based on the researcher's direction as to the type of interviewees required (i.e., tenant board members, HAT participation officers, etc.), the HAT information officers identified specific individuals. While this gives rise to the potential for bias, the potential bias is – at least to some extent – known and can be considered when interpreting the data. Details of the first interview in each locations are given in Tables A.2, A.3 and A.4. As is apparent from the various tables, many of the informants had more than one major role: some residents, for example, were also HAT officers, while tenant representatives might also be board members of community housing associations that had developed during the period of the HAT. It should also be acknowledged that all of the tenants interviewed were 'activists'.

THEMES FOR FIRST SET OF INTERVIEWS AT WALTHAM FOREST

The initiation of the HAT:--

- estate context - social factors; sense of community; differences between the estates;
- the circumstances surrounding the initiation of the HAT; local authority and tenant attitudes to the prospect of a HAT
- the run up to the ballot; public meeting and road-shows; the Tenants Expectation Document; HAT staff morale; personal involvement; key actors
- attitude to the HAT; relations with consultants; relations with the local authority, DoE and local politicians
- the HAT's style of operation

Tenant involvement:--

- tenant organisation -- existing and pre-HAT structures; election or nomination of members; resourcing of tenant organisations; independence of tenant representatives; conflicts of roles (i.e., identities of HAT and tenant bodies)
- HAT structures -- HAT board; composition of board; election or nomination of members; information dissemination (i.e., newsletters, public meetings, etc.)

The development programme

- masterplan and development of masterplan, tenant involvement in development of masterplan and detailed design; tenant relations with consultants; tenant choice in design of redevelopment; housing design issues.

Exit issues

- exit strategy -- development and range of exit options (individual and collective)
- empowerment of tenants; training for tenants; economic development; employment schemes.

ADDITIONAL ISSUES ARISING FROM INTERVIEWS AT NORTH HULL HAT

- existence of owner-occupiers within the HAT area
- lack of a Tenants' Expectation Document
- relations with local authority
- Resident Participation Working Group
- different physical context (i.e., refurbishment of 1930s cottage estate); problems during the refurbishment programme; tenant reaction to improvements; quality of construction standards
- tenure/landlord choice; future rent levels and impact on tenants choices; creation & development of new community landlords (i.e., Harbour Farm)
- the future of the HAT (the estates after the HAT); future community structures & organisations

ADDITIONAL ISSUES ARISING FROM INTERVIEWS AT LIVERPOOL HAT

- development programme and costs (possibility of using private finance and its implications); strategic issues (i.e., mismatch between existing housing needs and future housing needs)
- the importance and significance of the feasibility study (and subsequent reappraisal of feasibility study and consequent uncertainty)
- legacy of city council housing policies (and tenants' attitude toward the local authority as landlord)
- contracting out of housing management
- catch up repairs programme
- effect of different physical context (i.e., tower blocks)
- difficulties of in situ tower block refurbishment (i.e., issues of decanting)

Table A.1 -- THEMES FOR FIRST SET OF INTERVIEWS

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

INTERVIEW REFERENCE	DATE	POSITION/ROLE OF INTERVIEWEE(S)
WFHAT 1	Monday 25 July 1994	HAT OFFICER – Communications Officer
WFHAT 2	Tuesday 26 July 1994	TENANT REPRESENTATIVE – ESG vice-chair & Exit Strategy Working Party chair
WFHAT 3	Tuesday 26 July 1994	HAT OFFICER – Instructor, Langthorne Skills Centre
WFHAT 4	Tuesday 26 July 1994	HAT PARTICIPATION OFFICER – Community Development Officer TENANT REPRESENTATIVE – ESG chair
WFHAT 5	Wednesday 27 July 1994	HAT OFFICER – Housing Officer
WFHAT 6	Wednesday 27 July 1994	HAT OFFICER – Construction Manager
WFHAT 7	Wednesday 27 July 1994	TENANT REPRESENTATIVE – ESG Secretary.
WFHAT 8	Wednesday 27 July 1994	TENANT BOARD MEMBER
WFHAT 9	Thursday 28 July 1994	HAT OFFICE – Economic Development Manager
WFHAT 10	Thursday 28 July 1994	HAT PARTICIPATION OFFICER – Community Development Officer
WFHAT 11	Thursday 28 July 1994	TENANT BOARD MEMBER

Table A.2 – FIRST SET OF INTERVIEWS AT WALTHAM FOREST HAT

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

INTERVIEW REFERENCE	DATE	POSITION/ROLE OF INTERVIEWEE(S)
NHHAT 1	Tuesday 9 August 1994	HAT OFFICER – Information Manger
NHHAT 2	Tuesday 9 August 1994	RESIDENT – Owner-occupier & member of the RPWG
NHHAT 3	Tuesday 9 August 1994	HAT OFFICER – Development Officer
NHHAT 4	Tuesday 9 August 1994	HAT OFFICER – Director of Housing Services (Lead director on Tenure Choice & Exit Strategy).
NHHAT 5	Wednesday 10 August 1994	RESIDENT/HAT OFFICER – Community Housing Officer & Harbour Farm Community Housing Steering Committee chair
NHHAT 6	Wednesday 10 August 1994	RESIDENT – Member of the RPWG & former member of RA
NHHAT 7	Wednesday 10 August 1994	HAT PARTICIPATION OFFICER – Neighbourhood Partnership Worker
Table A.3 – FIRST SET OF INTERVIEWS AT NORTH HULL HAT		

INTERVIEW REFERENCE	DATE	POSITION/ROLE OF INTERVIEWEE(S)
LHAT 1	Monday 5 September 1994	HAT OFFICER – Housing Services Manager
LHAT 2	Monday 5 September 1994	HAT OFFICER – Housing Services Manager HAT HOUSING MANAGER – Housing Manager, Anchor HA HAT HOUSING MANAGER – Housing Manager, Liverpool HAT HAT HOUSING MANAGER – Housing Manager, SERCO
LHAT 3	Tuesday 6 September 1994	HAT PARTICIPATION OFFICER – Independent Tenants Advisor RESIDENT REPRESENTATIVE – HRTG acting chair RESIDENT REPRESENTATIVE – HRTG treasurer RESIDENT REPRESENTATIVE – HRTG secretary
LHAT 4	Wednesday 7 September 1994	RESIDENT BOARD MEMBER
LHAT 5	Thursday 8 September 1994	HAT OFFICER – Chief Executive
LHAT 6	Thursday 8 September 1994	HAT OFFICER – Consultant Advisor
LHAT 7	Friday 9 September 1994	HAT OFFICER – Director of Community Services
Table A.4 – FIRST SET OF INTERVIEWS AT LIVERPOOL HAT		

A.2 THE SECOND SET OF INTERVIEWS

Based on a greater knowledge and understanding of the implementation context in each HAT area, the second set of interviews was approached with a more structured interview format. There were, nevertheless, a number of issues that had much greater significance than had been anticipated and, hence, the interview structure continued to evolve during the course of the interviews. In particular, during the interviews at Liverpool it became apparent that the introduction of the PFI had been much more critical there than at the other locations. This eventually led to the distinctions between a Mark III and a Mark IV HAT and between ‘executive’ and facilitative’ HATs. The interview themes are given in Table A.5. In general, these interviews were longer and in greater depth than the first set of interviews.

THEMES FOR SECOND SET OF INTERVIEWS AT WALTHAM FOREST AND NORTH HULL

The continuing development of the HAT:--

- Relations with the local authority and other local agencies; relations with central Government (i.e., the top); control and monitoring of the HAT
- The life-time costs exercise and its implications

Tenant involvement:--

- Continuing tenant involvement; changes to structures for tenant involvement (and explanation/justification for those changes); Conflicts between the HAT and its tenants

The development programme

- Initial outcomes of development programme; tenant involvement in design.

Exit issues

- Options for landlord choice; development of new community landlords; outcome of landlord choice (reasons and explanations for outcome); rents & level playing fields.
- Training and economic development/employment schemes
- Exit strategies (including creation of community development trusts)

ADDITIONAL ISSUES ARISING FROM INTERVIEWS AT LIVERPOOL

- Interrelation between landlord choice and development options
- Impact and consequences of the PFI

Table A.5 – THEMES FOR SECOND SET OF INTERVIEWS

Details of the second set of interviews are given in Tables A.6, A.7 and A.8. In each location, there was an interim interview with a key informant before the main body of the interviews. The interim interview was used for reconnaissance purposes in order to appreciate the subsequent development of the HAT after the first set of interviews. While the first set of interviews was undertaken in discrete tranches at each location (between July 1994 and September 1994) involving a single visit to each location, the second was undertaken over a longer period of time (August 1997 to February 1998) and involved multiple trips to each location. The period in which the interviews were undertaken at each location also overlapped.

It was also apparent in the interviews that the HATs were evolving at different speeds and their expected lifetimes differed. Although this had been apparent in the first set of interviews, it was more evident in the second set of interviews, where, for example, North Hull HAT was nearing the end of its life and exit issues were very prominent. Waltham Forest had just passed its mid-point

but was planning for its exit. Liverpool HAT had also just passed its mid-point and, although tenant exit issues were being developed, there was less emphasis on the HAT's own exit and major development decisions were still to be made. During these interviews it also became apparent that there was a danger of information overload and a decision was subsequently taken to focus on the housing policy aspects rather than the neighbourhood revitalisation aspects. Some knowledge and understanding of the latter, however, was necessary to fully appreciate the impact of each HAT.

INTERVIEW REFERENCE	DATE	POSITION/ROLE OF INTERVIEWEE(S)
WFHAT 12	Thursday May 22 1997	HAT OFFICER – Communications Officer
WFHAT 13	Wednesday 20 August 1997	TENANT REPRESENTATIVE – former ESG chair & currently manager of a community centre in the HAT area.
WFHAT 14	Wednesday 20 August 1997	HAT PARTICIPATION OFFICER – Community Development Officer
WFHAT 15	Wednesday 20 August 1997	TENANT REPRESENTATIVE – ESG member & CBHA board member.
WFHAT 16	Wednesday 20 August 1997	TENANT BOARD MEMBER – CBHA chair & LBWF Community Development Officer.
WFHAT 17	Wednesday 20 August 1997	HAT OFFICER – Communications Officer
WFHAT 18	Thursday 29th January 1998	HAT PARTICIPATION OFFICER – Community Development Officer
WFHAT 19	Wednesday 25 February 1998	LOCAL AUTHORITY HAT BOARD MEMBER – CBHA board member
Table A.6 – SECOND SET OF INTERVIEWS AT WALTHAM FOREST HAT		

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

INTERVIEW REFERENCE	DATE	POSITION/ROLE OF INTERVIEWEE(S)
NHHAT 8	Wednesday 15 May 1996	HAT OFFICER – Community Housing Manager
NHHAT 9	Thursday 28 August 1997	HAT OFFICER – Communications Officer
NHHAT 10	Thursday 28 August 1997	RESIDENT BOARD MEMBER
NHHAT 11	Thursday 29 August 1997	HAT PARTICIPATION OFFICER – Neighbourhood Forums Development Worker
NHHAT 12	Monday 26 January 1998	RESIDENT – former RPWG member
NHHAT 13	Monday 26 January 1998	LOCAL AUTHORITY HAT BOARD MEMBER – Deputy chair of HAT board & former chair of housing, Hull city council
NHHAT 14	Monday 26 January 1998	RESIDENT/ HAT OFFICER – Community Housing Manager & Harbour Farm Community Housing chair
Table A.7 – SECOND SET OF INTERVIEWS AT NORTH HULL HAT		

INTERVIEW REFERENCE	DATE	POSITION/ROLE OF INTERVIEWEE(S)
LHAT 8	Tuesday 9 September 1997	HAT OFFICER – Information Officer.
LHAT 9	Thursday 22 January 1998	HAT PARTICIPATION OFFICER – Community Development office
LHAT 10	Thursday 22 January 1998	RESIDENT REPRESENTATIVE – HRTG treasurer
LHAT 11	Thursday 22 January 1998	RESIDENT REPRESENTATIVE – HRTG member
LHAT 12	Friday 23 January 1998	HAT OFFICER – Senior Development Programme Manager
LHAT 13	Friday 23 January 1998	HAT OFFICER – Community Services Director. Lead director on landlord choice.
LHAT 14, 1998	Friday 23 January 1998	LOCAL AUTHORITY HAT BOARD MEMBER –Deputy chair of housing, Liverpool city council
LHAT 15	Thursday 26 February 1998	RESIDENT – Former Leader of Liverpool City Council, RBM & former HAT Board deputy chair
Table A.8 – SECOND SET OF INTERVIEWS AT LIVERPOOL HAT		

A.3 GENERAL OBSERVATIONS & REFLECTIONS

The following are some general observations and reflections on the practice of undertaking the research interviews for this thesis.

First, as noted in Chapter Two, the interviews were conducted with regard to what Yin (1994, p.56) considered 'commonly required interviewer skills'. These can be commented on as follows:—

— being able to ask good questions and interpret the answers/responses

Given the exploratory nature of many of the interviews, it was important for the researcher to assimilate information and ideas quickly (i.e., within the period of interview) and to develop appropriate questions from them. In most cases, it was also necessary to build up or establish a rapport with the interviewee so that s/he felt relaxed rather than being unduly guarded or suspicious. Outlining the purpose of the research and what would be done with the material from the interview helped achieve this and the majority of interviewees were extremely forthcoming and keen to discuss and reflect on their experience. It was also important to maintain the relationship both within the interview itself and subsequent to that interview. The latter so that the possibility of obtaining further information or clarifications, perhaps even another interview, from that interviewee would remain available.

— being a good listener and not being trapped by personal ideologies or preconceptions

This was vital. There was a constant need to understand what informants were actually saying and to understand it from their point of view without 'putting words into their mouths'. Problems could also arise if the relationship between the interviewer and the interviewee breaks down in the course of the interview. Probing questions that challenge and test the interviewee are usually necessary, but the interviewer must also be prudent. It is often better to allow the interviewee to their opinion and/or interpretation of events and to confirm its validity or truth at a later date with appropriate documentation and/or other interviewees; this does not, however, prevent the researcher being sceptical about the validity of an argument or claim. Erroneous or false perceptions or mis-quoting of facts are, of course, of interest and may provoke others lines of enquiry.

— being adaptive and flexible, so that newly encountered situations can be seen as opportunities

The interview context was inherently one of understanding and appreciating change and deriving a coherent understanding – and subsequently explanation – of both the fact of change and the reasons for that change.

— having a firm grasp of the issues being studied

While a 'firm grasp of the issues' was highly desirable, it was inevitably clouded by limited knowledge of the details and local nuances of those issues, which would only become apparent over the course of a series of interviews. The interviews therefore involved a process of 'making sense' of those issues: in terms of the researcher both understanding the issues and appreciating the informant's views and perceptions.

— being unbiased by preconceived notions

This was perhaps the most important issue in appreciating and synthesising the material from the interviews. As noted in Chapter Two, Yin (ibid, p.85) warns that interviews should be considered 'verbal reports' only and, as such, are subject to problems of bias, poor recall, and poor or inaccurate articulation.

A method of overcoming these problems is to triangulate and corroborate interview data both with other interviews and with information from other sources. As bias is inevitable, the researcher should be aware of where potential biases may lie. For the benefit of both the researcher and the reader, the (otherwise anonymous) interviewees were distinguished into the following:— tenants and tenant representatives, tenant or resident HAT board members; HAT officers and city council/HAT board members. These reflect the main areas of anticipated bias.

Second, although detailed notes of interviews were taken and the interviews written up immediately

after the interview, there would have been some advantages to taping the interviews so that a full and complete record existed. Transcripts based on notes taken during the interview are inevitably selective. The value of some of the material may only be fully appreciated at a later date, possibly several years later. In spite of taking careful notes, some important points may be missed or disregarded because their significance is not -- at that time -- appreciated. Archiving of the interviews tapes also gives the opportunity to refer back to the material at a later date; the tape may also reveal certain nuances and emphasis in, for example, the tone of the informant's voice that are not apparent in a written transcript. Furthermore, tapes would also enable subsequent researchers to have direct access to the research resource.

Third, there must be an explicit realisation that the researcher can never have complete information. During the interviews, there was a constant feeling that an external researcher could not appreciate the issues as fully as someone who was involved with a HAT on a day-to-day basis. Conversely, rather than having a particular role or perspective within the HAT, the external researcher has the advantage of distance and perspective across the HATs. The researcher will also tend to have a better developed understanding across the different case studies than the interviewees in each location. During the research, for example, the researcher was frequently asked -- both by HAT officers and by tenants -- what the other HATs were doing in respect of this or that issue. Ultimately, the researcher must aim to reach a point (i.e., by undertaking a *sufficient* number of interviews) whereby each increment of additional information or perspective changes details and nuances of interpretation rather than changing the main thrust of that understanding and appreciation of issues. Furthermore, the data obtained from interviews can change over time. It was apparent, for example, that there was a certain amount of myth-making at Waltham Forest about the tenant's 'struggle' to establish the HAT and the significance of the tenants' role in that struggle. This could result in -- albeit probably not deliberately manipulative -- exaggeration and selective emphasis. This is, however, only a more prominent example of what is a more widespread phenomenon.

Fourth, the range of interviews was limited to people directly involved with the three HATs and could have beneficially been extended to include important actors who were slightly further from the HAT's day-to-day operation, such as local authority officers and officials of the local Government Office. Furthermore, as well as interviewing the local authority and tenant/resident members of the HAT boards, it would also have been useful to have interviewed some of the private sector board members. Although contact was made with civil servants at the Central DoE/DETR. While such civil servants would answer factual queries and information requests and stressed that they were unable to comment on Government policy. Contact was also made with Sir George Young who had been housing minister at a particularly critical time when the first three HATs were established. Young, however, declined to be interviewed on the basis that the events were some years previous and he no longer had access to the relevant papers. Without this wider range of interviews, there is a danger of tending to see issues and interpreting data in each location from the HAT's perspective.

Fifth, where a structure for interviews is evolving, the sequence of interviews can be important. New issues might be raised in the later interviews that might usefully have been discussed in the earlier interviews. There is often limited scope to go back to earlier informants and while many of the HAT officers, etc., could be contacted (by for example telephone), this was sometimes more difficult with tenants. Furthermore, going back to the informants at a later date is usually subject to time limitations and, thereby, limited to factual queries and limited opinions/reactions to reasonably specific questions. Many of the informants from the first set of interviews, however, were also interviewed in the second set. In part, this is a function of the researcher's ability to anticipate the important issues in advance of the interviews. Furthermore, while it would have been useful to progress the interviews simultaneously at all three locations, in practice and for logistical reasons, the interviews inevitably had to be progressed in series.

Sixth, more generally with regard to case studies, there is a need to continuously balance the

advantages of a looser interview structure. On the one hand, a looser structure allows the researcher to be receptive to local idiosyncrasies, but -- on the other -- makes cross-case comparability harder and increases the danger of information overload. As the main thrust of the research was directed at the implementation of HAT policy as a housing policy, it was less important in the second set of interviews to focus in depth on the neighbourhood revitalisation dimensions.

Appendix B

HAT POLICY DOCUMENTS

B.0 INTRODUCTION

This appendix contains transcripts of some of the most important Government documents relating to HAT policy:—

- The 1987 Conservative election manifesto (extract)
- The 1987 White Paper (extract)
- The 1987 consultation paper on HATs
- The Secretary of State's letter in the pilot HAT areas (July 1988) (extract)
- DoE Press Release (October 1988)
- The housing minister's letter in the pilot HAT areas (October 1988)
- The HAT core performance indicators (January 1997)

B.1 THE 1987 CONSERVATIVE ELECTION MANIFESTO

Housing Action Trusts were mentioned in the 1987 Conservative election manifesto in a section titled 'Wider Ownership and Greater Opportunity'. The section was divided into sub-sections; one of which was titled 'Better Housing For All', which itself had three sub-sections:— 'Home Ownership'; 'A Right to Rent' and 'Rights for Council Tenants'. The text of the latter was as follows:—

Rights for Council Tenants

Many council estates built in the sixties and seventies are badly designed, vulnerable to crime and vandalism and in bad repair. In many areas, rent arrears are high. In all, over 110,000 council dwellings stand empty. Yet it is often difficult for tenants to move. If they are ever to enjoy the prospect of independence, municipal monopoly must be replaced by choice in renting.

We will give groups of tenants the right to form tenant co-operatives, owning and running their management and budget for themselves. They will also have the right to ask other institutions to take over their housing. Tenants who wish to remain with the local authority will be able to do so.

We will give each council house tenants individually the right to transfer the ownership of his or her house to a housing association or other independent, approved landlord.

In some areas more may be necessary. The success of Estate Action and Housing Action Areas shows how a carefully targeted approach can transform an area of poor housing and give people there new hope. Our Urban Development Corporations have been successful in restoring derelict industrial areas. We believe that a similar approach could be adopted for housing in some places. We will take powers to create Housing Action Trusts — initially as a pilot scheme — to take over such housing, renovate it, and pass it on to different tenures and ownerships, including housing associations, tenants co-operatives, owner-occupiers or approved social landlords.

We will reform the structure of local authority housing accounts so that public funds are directed at the problems of repair and renovation; maintenance and management are improved; resources are directed to the areas where the problems are the greatest; rent arrears are reduced; and fewer houses are left empty.

B.2 THE 1987 WHITE PAPER

Chapter 6 of the 1987 White Paper, Housing – The Government's Proposals, dealt exclusively with the proposals for HATs. The text was as follows:--

6.1 The previous Chapter set out a number of proposals for giving wider choice to local authority tenants, and for improving the circumstances of run-down council estates. Experience shows that arrangements of these kinds will often be effective, particularly on a relatively small scale. But there are some areas of local authority housing, particularly in some of the inner urban areas, where social problems and housing disrepair are so serious that in the Government's view more direct action – involving both public and private sectors – is needed to obtain improvements over a reasonable timescale. Unless major improvements can be made in the fabric and general environment of these areas it is unlikely that policies such as the right to transfer to other landlords would be successful there.

The Urban Development Corporation Model

6.2 There are several models to follow. The work of Estate Action, and the improvements that can be made by designation of General Improvements Area and Housing Action Areas, show that detailed problems of bad housing are not insoluble given the will and the mechanisms. On a larger scale, the Urban Development Corporations in London and Merseyside have shown the results that a body devoted to developing a run-down area can achieve. They have brought a new drive to their task and results have been achieved that the local authorities have not been able to achieve by themselves in the past.

6.3 The Urban Development Corporation model is not wholly appropriate as it stands for the housing field. The housing problem being tackled concerns densely developed urban areas rather than largely derelict industrial areas in need of regeneration (though the two may overlap). Different kinds of expertise and people will be needed. Different statutory powers could well be necessary. The model needs adapting. The Government therefore proposes to take powers to establish analogous bodies in designated areas to take over responsibility for local authority housing, renovate it, and pass it on to different forms of management and ownership including housing associations, tenants' co-operatives and approved private landlords. The new bodies, to be known as Housing Action Trusts (HATs), will provide scope for tenants in these areas to have a diversity of and landlord and ownership. And as well as improving housing conditions, they will act as enablers and facilitators for provision of other community needs such as shops, workshops and advice centres, and for encouraging local enterprise.

Operation of Housing Action Trusts

6.4 The HATs will have a limited lifespan. Their remit will be to secure the improvement of the stock transferred to them in the area and then hand it over to other owners and managers. Through this process they will make use of both public and private sector resources; they will assist in the Government's aim of diversifying forms of management and ownership, in conjunction with other policies such as rent deregulation and right to transfer; and disposals by HATs will generate extra funds which can be used elsewhere.

6.5 It is too early to say how many HATs will initially be created, which areas they will tackle, or how large those areas might be. But the physical quality of the stock, the effectiveness of its management and the general environment of the area will be among the relevant considerations. Each HAT, like an Urban Development Corporation, will consist of a Chairman and members appointed by the Secretary of State; they will include people with direct experience of the area.

6.6 It will be desirable for each HAT to carry out its task in close conjunction with local authorities concerned, and with the tenants of the properties transferred to it. The maximum co-operation is needed if problems are to be successfully tackled. Tenants' interests will be deeply involved, for

example in respect of refurbishment programmes and eventual disposal of property by the HAT.

Future Programme

6.7 The Government sees the concept of HATs as a vital part of their overall housing policy, and as a means of single-mindedly tackling some of the most difficult areas of local authority housing. Once statutory powers are available, the first HATs will be set up and the experience gained from them, and particularly their success in applying public and private sector resources to the improvement of housing and the widening of choice for local authority tenants, will provide the basis for further decisions.

B.3 THE HAT CONSULTATION PAPER

Transcript of the HATs consultation paper issued 6 October 1987:—

Introduction

1. Chapter 6 of the recent White Paper Housing – The Government's Proposals (Cm 214) described in broad terms the Government's intentions to establish a new kind of organisation – Housing Action Trusts (HATs) – to tackle major concentrations of run-down local authority housing in England and Wales. The Government sees the HAT concept as a vital part of its housing policy. It opens the way to bringing both private and public sector resources to bear on some of the worst areas of public sector housing; securing a substantial improvement in the conditions of those who live there; and providing them with a wider choice of ownership and management arrangements.

2. The purpose of this document is to describe in more detail how the Government envisages HATs might work and their implications for the position of residents and local authorities. It is intended to serve as a basis for consultation both with those who may be directly affected by the setting up of HATs and with those organisations and interests which may play a part in their activities.

Background

3. In recent years, a number of local authorities have made significant progress in dealing with their worst estates, often in partnership with the Department of the Environment's Estate Action programme. But in a number of cases the size of the areas involved and the extent of the problems are such that they are beyond the capacity of local authorities to tackle. Typically, such areas comprise large concentrations – running to several thousand dwellings – of poor quality public sector housing which have associated with them a combination of social, economic and environmental problems: a high level of crime and vandalism; high unemployment; a concentration of families with severe disadvantages and heavily dependent on income support; a low level of commercial and economic activity; badly designed estates and dwellings; a poor environment and an atmosphere of general decay and decline. Many such areas are, of course, to be found in the inner cities; others are to be found on the outskirts of conurbations. Those who live there often feel trapped by their circumstances and environment with little prospect of improvement or escape.

4. The Government considers that the nature and extent of the problems in such areas require novel and radical solutions beyond the normal run of local authority housing activity. It believes that the process of decline in such areas can be reversed, and a concentrated approach to tackling their problems should be adopted. This is the role and purpose of HATs. In designated areas they will take over responsibility for local authority housing; devise and implement a programme to secure the renovation of properties; and pass them on to different forms of ownership and management. They will also, working closely with local bodies concerned with economic development in the area, seek to encourage local enterprise and development.

5. The experience of the Urban Development Corporations (UDCs) has shown that a single-minded organisation can be the most effective way of dealing with areas with intractable problems. Against that background, the Government believes that HATs should be modelled broadly on UDCs as organisations appointed solely and specifically to apply expertise and resources to tackling those problems and transforming the prospects of areas otherwise destined for continual decline. The problems with which HATs will be dealing will, however, be rather different from the problems of derelict land and buildings which UDCs normally tackle.

How HAT areas will be selected

6. The Government plans to introduce enabling legislation into Parliament in the forthcoming session which will provide for individual HATs to be established by subordinate legislation. This will be effected by order subject to affirmative resolution of both Houses of Parliament. The orders will define the areas for which HATs are to be established and provide for the establishment of the

HAT organisations themselves.

7. In deciding which areas to designate, the Government intends to concentrate on areas in need of improvement where there is a predominance of local authority housing; and in deciding whether to designate such areas it will take into account such factors as the extent and nature of social problems; the general condition of the local environment; and the local authority's housing management record.

8. The size of HATs could vary widely. However the Government envisages that HATs would generally cover several thousand properties. A HAT might cover a single area, or several smaller areas in the same locality. The area could fall within one or more local authority areas. And while HAT areas would mainly comprise local authority accommodation, they might also include within their boundaries some privately-owned homes if they naturally form part of the local community.

9. In identifying possible areas for designation as HATs, the Government envisages drawing in the first instance on its knowledge of housing conditions in different areas of the country and supplementing this as necessary with further detailed studies. In all cases, however, the Government will consult the appropriate local authorities before putting proposals to designate a HAT area before Parliament.

10. The process of identifying HAT areas need not, however, depend upon Government initiative alone. It will, of course, be open to local authorities, on the basis of their detailed knowledge and experience of their own locality, to propose areas which they consider would benefit from the HAT approach. The Government would welcome any such proposals, though the final decision on whether to seek a particular designation must remain with the Government.

How HATs will work

11. It is envisaged that in designated areas HATs will take over ownership of all housing owned by the local authority and assume the local authority's landlord function in relation to that housing. The primary task of a HAT will be to secure the renovation of properties in its ownership; to transfer them to a range of different forms of ownership and management; and generally to improve conditions in its area so that it becomes acceptable and attractive to those who already live there and to prospective tenants and owners. As part of that function, HATs will also be able to encourage and facilitate the improvement of any private sector property in their areas. And that may need to improve the general environment of the area, and if necessary make better use of vacant land within it.

12. It is envisaged that ownership of local authority housing in the designated area would be vested in the HAT by order subject to negative resolution of either House of Parliament. In the past, the basis on which transfers of local authority housing have been made to other public sector bodies has been transfer of the properties together with the outstanding loan debt to the new owning body. However, this basis bears no relation to the current market value of the stock. The Government's preferred approach would be to base transfers of local authority housing to HATs on their estimated market value subject to tenancy.

13. It is not envisaged that HATs would take over any privately-owned homes within its boundaries. There may, however, be the occasional instance where, in order to achieve its objectives, a HAT might need to acquire a particular property or properties. In order to enable it to do this, it is envisaged that HATs, like UDCs, would have compulsory purchase powers. However, in any case where they proposed to exercise those powers they would first have to obtain the approval of the Secretary of State.

14. At an early stage and in close consultation with the local people, each HAT would draw up proposals for the area and its housing. These would be expected to cover proposals for renovation

and refurbishment; changes in design of properties or estate layout; any new housing development; any non-residential development or works (e.g., refurbishment of a shopping precinct or provision of small business premises); and any other general environmental improvements. There would also be a description of the expected programme and timetable of work; its implications for tenants; and the mix of different forms of ownership and management eventually envisaged for properties. This would serve as a basis for further consultation with and involvement of local people.

15. Refurbishment programmes would probably include works undertaken by the HAT itself, before it passed properties on to new forms of ownership and management; and refurbishment undertaken by private developments at their own risk or by some of the larger housing associations. In the case of housing refurbished by the HAT itself, those who might eventually take it on would include housing associations, tenants co-operatives, private sector landlords and owner-occupiers. Developers or other organisations could buy unimproved properties from the HAT and refurbish them prior to disposal.

16. While it remains owner of the property it acquires from the local authority, the intention is that a HAT will assume the functions of a local authority landlord under current housing legislation in relation to that property; and also the authority's functions in respect of privately-owned housing within the designated area, for example the payment of grants to improve properties. It is also intended that HATs may be given various functions by order subject to approval by Parliament for example, in respect of development control, highways, and sewerage within the designated area.

17. HATs will also have an important role alongside other support organisations in the area in encouraging local enterprise and employment. HATs might particularly, in association with, for example, the local enterprise agency, consider the rehabilitation of buildings for the provision of workshop space for small businesses. HATs should seek to contribute fully to other programmes and initiatives in the area aimed at promoting local enterprise and employment.

The position of tenants

18. The Government believes that a HAT's tenants and other residents in its area will benefit from the presence of a single-minded body devoted to improving the area and its housing. A HAT will only be able to do its job properly with the involvement and co-operation of the people who live in the area. HATs will therefore put great stress on consulting tenants, asking them for their own ideas and keeping them informed about plans and progress.

19. The Government will want to keep closely in touch with both the local authority and local people from the outset. Where it decides to seek Parliamentary approval for the designation of a HAT area, local residents will be fully informed as to what this is likely to mean for them. And when the HAT has been established it will be placed under a statutory obligation to consider local residents' views about its detailed plans for the area and its housing.

20. The transfer of ownership of housing from the local authority to the HAT will not have any immediate effect on the position of tenants. They will continue to have security of tenure under the Housing Act 1985 and will retain their right to buy and their other rights under the 'Tenants' Charter'. It is not expected that rent levels will change at the time of transfer prior to refurbishment.

21. The prime task of HATs however will be to improve their houses and flats, and to make their areas better places to live. They will be able to offer tenants improved levels of service as a result of more efficient tenant-centred management. But in many cases, the present unsatisfactory living conditions are associated with rents which are too low to maintain the property in reasonable order. Once HATs have put such properties right, the cycle of decline must not be allowed to happen again. Rents may rise to allow the improvement to be maintained. Housing benefit will continue to be available to provide help for tenants on low incomes.

22. The status of owner-occupiers and private sector tenants of properties within the designated area will generally be unaffected by the establishment of the HAT. They will, however, have to deal with the HAT rather than the local authority on matters where the HAT is given the functions of the local authority. Such matters might include planning and building control permissions and grants for home improvements. The HAT might also have the local authority's functions in respect of housing conditions, for example taking action where houses are unfit and serving notices in respect of properties where there is overcrowding. And all residents in the HAT area will of course benefit from general improvements to the local environment resulting from the HAT's activities.

23. When property has been refurbished, the HAT will seek a permanent owner for it. In the case of property which is still tenanted, the tenants will be fully consulted. There are a number of options for such housing, including transfer to housing associations or private sector landlords and the creation of tenants' co-operatives. Alternatively, tenants would be free at any time to exercise the proposed new right to transfer to an approved landlord of their choice, details of which are described in Chapter 5 of the White Paper, Housing – The Government's Proposals.

24. In the case of untenanted property, it is proposed that HATs should be free to enter into agreements giving local authorities the right to nominate some of the tenants while the property remains in HAT ownership. The HAT may also transfer some of its property to the local authority after refurbishment. The Government would, however, expect this to be the exception rather than the rule, in view of the change in emphasis it envisages for the housing role of local authorities, from acting as landlords towards acting as enablers and facilitators of housing provision by others.

The role of local authorities

25. Local authorities will no longer have a direct landlord role in respect of property transferred to the HAT. But their role as general enabler in the field of housing will continue in their whole area. There will therefore continue to be a major role for local authorities, and the HAT should be required to consult them wherever appropriate. A high degree of co-operation between these organisations will be very desirable.

26. Local authorities will also retain their responsibilities towards homeless people. The Government does not consider it appropriate to place any duties on HATs in respect of homelessness. HATs will be responsible for a concentrated programme of improvement of an area in housing which in most cases will be much smaller than the total housing stock of the local authority. To place a duty of a HAT with regard to homeless people would distract it from its regeneration function. However, the Government recognises that HATs as major landlords in the area will be well-placed to assist local authorities in finding homes for homeless people. The Government therefore intends that HATs should be able to enter into local agreements giving authorities access to their accommodation.

27. As indicated in paragraph 21 above, arrangements will also be made for the continued operation of the housing benefit system in HAT areas. The Government is still considering what the most appropriate arrangements would be.

28. The Government recognises that many other interests are involved in housing, including various voluntary organisations. It will be important for the HAT to establish and develop relationships with such bodies, with a view to focussing available resources to the maximum possible extent on the housing problems of the area. It will not always be the business of the HAT to solve problems itself; often its role will be to enable others to do so on its behalf. The details of this will vary in different cases, and will be for the HAT to decide in consultation with all concerned including the local authority and residents.

Organisation and financial matters

29. Each HAT will consist of a chairman, a deputy chairman and members appointed by the

Secretary of State. They will be accountable through the Secretary of State to Parliament for their activities. Members might include among them people with a good knowledge of the HAT area and representatives of tenants. The HAT will also have a permanent staff who will need a range of skills and experience, including contract and project management, housing management and finance. They are likely to be drawn from both the private and public sectors. While local authority housing staff will clearly have relevant skills, they will not have any particular rights to employment with a HAT over and above other possible applicants; the overriding criterion will be suitability for the job on offer.

30. Each HAT will have various sources of finance. These will include their income from rents, and borrowing and grants direct from Government. In addition, each HAT will be expected to seek the maximum possible support from the private sector, and to involve private sector resources in the work of refurbishing stock and taking over landlord responsibilities. In this way the Government believes that the maximum possible use will be made of public sector resources, and that tenants should benefit through a breaking down of monolithic estates and a wider choice of landlord and property.

31. The detailed arrangements under which the HATs' finances will function are still under consideration, but they are likely to be modelled on those governing other non-Departmental public bodies. In line with the Government's Financial Management Initiative arrangements will also be made for evaluating the performance of HATs in relation to their objectives.

Scale of the HAT programme

32. The Government is committed to establishing a pilot programme of HATs and it is expected that this will contain only a modest number of schemes. This will nevertheless provide a sufficiently wide span of schemes for experience to be developed and lessons to be learned in different environments. It is expected that HATs will be established in London and elsewhere. Decisions on further designations will take into account the speed and success with which the initial projects develop, and the lessons learned from them.

Conclusion

33. The Government welcomes comments on the proposals in this consultation document. Respondents should indicate whether they are content for the Department to place a copy of their response in the Library for both Houses of Parliament; otherwise responses will be treated in confidence, but may be counted in any numerical summary of views received.

B.6 HOUSING MINISTER'S LETTER IN THE PILOT HAT AREAS

Transcript of letter from the housing minister, David Trippier, to tenants in the pilot HAT areas, issued October 1988:--

Dear Occupier,

When I visited Leeds to meet tenants where the Government is proposing to set up a Housing Action Trust, I answered a lot of questions. But there were two questions which came up again and again and tenants' representatives asked me to write to each of you to let you know the position.

First, on rents – council tenants want to know what will happen to their rents if they transfer to a Housing Action Trust. The answer is that we have promised a rent freeze before improvements are carried out. Rents will then move in line with council rents.

Second, tenants are also worried about how much choice they will have about who their landlord will be after the Trust has carried out improvements. You need have no fear. You will be given a choice by the Trust about who you would like to see managing your home. And you will be able to make your own suggestions. You might want to go to a housing association, a tenants' co-operative or back to the council. We shall make sure that the council have the resources to enable them to buy your home back if you want them to.

The important thing is that your individual choice will be respected. You will be able to refuse any landlord the HAT offers you that you do not like. But if you choose to transfer to an approved social landlord, you will get legally binding guarantees about the rent you will then pay and your long-term security.

Yours sincerely,

*David Trippier.
Minister for Housing*

B.7 CORE PERFORMANCE INDICATORS

TO IMPROVE THE PHYSICAL CONDITIONS OF THE HOUSING STOCK	
Number of new homes completed for letting – Trust – Housing Association (other bodies) – in Partnership	Number of new homes started for letting Number of refurbished properties completed % variation in cost from approved cost Number of notifiable accidents on site
TO MANAGE THE ESTATES EFFECTIVELY	
% rent collected % rent collected including Housing Benefit Number of tenants more than 13 weeks in arrears Weekly management costs per dwelling	% repairs carried out within target time – emergency – urgent – routine Weekly costs per dwelling of repairs
TO IMPROVE THE PHYSICAL, SOCIAL & ENVIRONMENTAL CONDITIONS OF THE AREA	
Trust tenants on training schemes – construction – others Training weeks provided by the Trust – in construction – other Jobs created by the Trust – within Trust, i.e., Trust employees – within Trust contractors – outside Trust	Trust clients into jobs through advice Trust clients using community facilities Community Groups supported by Trust Community safety initiatives Environmental projects completed Private sector investment
TO ENCOURAGE DIVERSITY OF TENURE	
Number of households taking up Trust incentives – RTB – Freehold sales – Tenants Incentive Scheme	Number of properties at year end – owner-occupied – Trust tenanted – Waltham Forest CBHA tenanted – Local authority tenanted – other (non-secure)
TO BRING ABOUT SUSTAINABLE & LONG-LASTING IMPROVEMENT IN THE AREA	
Proportion of residents involved in estate activities	Proportion of residents willing to remain in the area for 5 years
<p>TABLE B.1 – HAT CORE PERFORMANCE INDICATORS NB Each HAT lists and calculates the core indicators slightly differently (Source: WFHAT1997/98 <u>Annual Report</u>)</p>	

Appendix C

STOCKBRIDGE VILLAGE & THAMESMEAD ESTATE

C.0 INTRODUCTION

Although not mentioned in the 1987 White Paper, Stockbridge Village – formerly Cantril Farm estate – in Knowsley, Liverpool and certain aspects of the Thamesmead estate were important precedents for HAT policy. Both were repeatedly mentioned – usually by the Opposition – during the debates in Parliament. Given their mixed success, however, it is not surprising that they were not explicitly cited. With regard to HAT policy, Thamesmead is an example of a large-scale transfer of public sector housing stock to a private landlord. The Stockbridge Village initiative concerns the transfer of an estate and an improvement and development programme and is therefore especially important background for HAT policy; the relevance of which is evident in the discussion of the case study HATs in Chapters Five, Six and Seven. This Appendix therefore gives an overview of the Stockbridge Village and Thamesmead initiatives.

C.1 STOCKBRIDGE VILLAGE

C.1.1 BACKGROUND

On a visit to Merseyside following the riots of the early 1980s, the then Secretary of State for the Environment, Michael Heseltine, asked to be taken to Knowsley Metropolitan Borough Council's (KMBC) worst estate and was directed to Cantril Farm (Brindley, *et al.*, 1989, p.141). Ten miles from central Liverpool, the estate had been built in the 1960s as an overspill estate and was tenanted mainly by people displaced by Liverpool city council's slum clearance schemes (RTP, 1987, p.5). Consisting of about 3000 units, the estate had been planned on semi-Radburn principles with seventeen housing areas separated by a series of footpaths and stretches of open space. The central area comprised three 22-storey, system-built tower blocks – The Denes – and an underground car park with a surface deck supporting community buildings and the only shops on the estate.¹ KMBC had acquired four-fifths of the estate following the reorganisation of local government in 1974; the remaining fifth stayed with Liverpool city council.

Heseltine (1987, p.174) later wrote that only ten years after completion, the estate was “... *a disaster which looked beyond retrieving. It was losing the council £1 million a year ... there were 400 vacant flats, many of them vandalised; 900 outstanding repairs; 8,000 tenants queuing up for a transfer. Crime flourished.*”. The estate epitomised many of the area's problem:-- by the early 1980s, the male unemployment rate was 49%, rising to 80% among the young; there was only a small number of RTB applications; a large backlog of outstanding repairs, and problems of violence and vandalism. A report for the DoE (RTP, 1987, p.5) stated that families were leaving at a rate of more than 20 per week and that the maisonettes, in particular, were a complete failure. By 1982, KMBC had demolished 112 of them. By 1982, re-letting of the 546 remaining maisonettes and the 510 tower block flats in The Denes – in total about one third of the estate's properties – had virtually halted (*ibid*, p.5). The prospect was that within ten years the estate would be half-vacant and demolition would be the only option (*ibid*, p.5).

In June 1982, Heseltine invited Tom Baron, Chairman of Christian Salvesen (Properties) Ltd., to prepare a scheme for the estate's renewal. In consultation with the chief executive of the Abbey National Building Society – Clive Thornton (subsequently involved at Thamesmead) – and the

¹ This form of estate is similar to those at Waltham Forest HAT.

Chairman of Barratts, Baron drew up a plan. Baron (from RTP, 1987, p.9) diagnosed the estate's problems as follows:--

- first, its design and layout.
- Second, the estate's population and tenure balance. Those with the ability to leave had already done so, leaving behind an over-concentration of young, unemployed and problem families, and creating conditions for the high level of crime and vandalism on the estate. The absence of owner-occupiers was also considered a problem. Baron, for example, considered owner-occupiers offered the advantage of a 'natural' commitment to the area in order to protect their investment (Brindley, *et al.*, 1989, p.141).
- Third, inadequate management by KMBC exacerbated by the problems inherent in the estate's planning and design as a one-class, one tenure, over-spill dormitory estate.

Baron's solution was for a private trust to take over the estate and proposed the establishment of a non-profit making trust incorporating within it both a registered HA (to receive HAG funding for the new dwellings for rent) and a non-registered HA (to purchase the estate and raise capital by selling houses to existing tenants and land and property to developers, implement the development programme and manage the remaining stock) (RTP, 1987, p.14). Baron's argument was that unfettered by bureaucracy or political accountability, a trust would be able to draw on private-sector resources and skills, which -- coupled with a minimum amount of public expenditure -- would be able to renovate and revive the estate. Baron's approach was premised on a rise in confidence in the area and the estate's transformation into "*... a place where people will want to live from choice, not economic circumstances.*" (Grosskurth, 1984, p.25). In particular, the estate's image was to change so that it could attract new residents from Knowsley and elsewhere in Merseyside; the name change being the first part of this strategy. The tenure balance was also to be changed, with substantial levels of owner-occupation being established and higher-income groups attracted to live on the estate. By the end of the project, it was hoped over 50% of the estate's population would be owner-occupiers (see Table C1).

	At transfer in 1983	Original target	At mid-term 1986
SVHA rented	-	375 (11%)	252 (7.4%)
Barratt owners	-	1110 (32.7%) (600 new homes) (510 flats in The Denes)	126 (3.7%)
RTB owners	185 (5.7%) (183 had purchased their dwellings prior to transfer to SVT)	583 (17.2%)	425 (12.5%)
SVT rented	3055 (94%)	1325 (39.1%)	2594 (76.4%)

TABLE C1 – TENURE OF DWELLINGS AT STOCKBRIDGE VILLAGE
(Source: adapted from RTP, 1987, p.25)

Baron's plan was drawn up by the end of July 1982. The private sector partners -- Barclays, Abbey

National and Barratts -- committed themselves to the scheme. KMBC's involvement was also essential and included *inter alia* the sale of the estate to the trust. As Brindley, *et al.*, (1989, p.141) note, the controlling Labour group had a reputation for being 'moderate' but was under increasing pressure locally from left-wing and Militant-influenced elements in the party. Hence, to be seen to be co-operating with a Conservative government in the privatisation of a council estate was a high-risk strategy. The report for the DoE (RTP, 1987, p.6), however, noted that the sale of the estate was an attractive financial prospect for KMBC (the cost of retaining the estate was expected to continue rising, while a sale would remove the burden). Although the prospective selling price of Cantril Farm was half the estate's outstanding debt, the sale would leave KMBC with increased capital resources and a smaller stock on which to spend them. The leader of the Labour group, Councillor Jim Lloyd, was particularly instrumental in persuading his party to accept the scheme. In the end, the Labour councillors agreed to participate because they had little faith in the authority's ability to obtain the required resources (Brindley, *et al.*, 1989, p.141-2) and, at the very least, the plan proposed by Baron offered a solution to the estate's problems. In September 1982, KMBC accepted the scheme in principle and by November had agreed to the terms of the sale. In November 1982, Heseltine formally launched the scheme and stated: *"If it succeeds, we will have learnt lessons that could lead to the transformation of numerous other problem estates throughout our inner cities."* (from Grosskurth, 1984, p.25).

Grosskurth (1984, p.26) noted that, although a series of public meetings were held in December 1982 with tenants overwhelmingly endorsing the plan, this 'apparently ready approval' had only been achieved by closing off discussion of alternative strategies. Grosskurth (*ibid*, p.25) also reported that although, according to the director of Shelter's North West regional office, several alternatives were supported by large numbers of tenants (among them HA management and tenant-run co-operatives), the Heseltine plan *"... was imposed too hurriedly for all the options to be presented adequately to tenants."* She further notes that Jim Lloyd, leader of KMBC and a prospective member of the Trust's board, had warned tenants that *"... if you don't agree to the basic proposals, there will be no changes whatsoever."* (*ibid*, p.26). Thus, in effect, tenants were told if they wanted to see investment in the area, this was the only option open to them. It was therefore a Hobson's choice.

C.1.2 THE STOCKBRIDGE VILLAGE TRUST

In February 1983, the Stockbridge Village Trust was legally registered as a non-profit distributing company limited by guarantee. At the same time, Stockbridge Village Housing Association (SVHA) (later to become Villages Housing Association) was also established to receive HAG funds and build new dwellings for rent. Although the Trust and SVHA shared staff, they were separately accounted. The Trust also earned a management fee for handling SVHA's rental stock. The Trust undertook to protect -- among other things -- tenants' RTB (RTP, 1987, p.14). Furthermore, the Trust pledged that as many as possible of those displaced by the development would be offered a home in Stockbridge Village should they wish it (*ibid*, p.14-15).

Tom Baron became the Trust's Chairman and other board members included representatives of Abbey National and Barclays, one councillor (initially the leader of KMBC), and two community representatives (one from the local parish council and one elected by residents).² The Trust's day-to-day management was the responsibility of a chief executive and a small team of staff, who in the main were recruited from or seconded by Knowsley MBC. The Trust's task was to take over the ownership, management and renewal of the estate, which consisted of over 3000 dwellings made up of 1227 two-storey houses, 1056 flats in nine high-rise blocks and 826 two-to-four storey flats and maisonettes. In addition, there was a run-down shopping area with an underground car park, a library and limited community facilities. The aim was to remodel the estate over a five-year period, with renewal work being completed by March 1988.

² A second council appointment was made in 1986.

C.1.3 THE DEVELOPMENT PROGRAMME

The first step in changing the estate's image was its re-christening as Stockbridge Village. The fact that it was 'under new management' by a private trust was also promoted. More fundamental change was to result from the first phase of an improvement and development programme to be completed by mid-1985. Despite the estate's physical and other problems, one asset was the availability of land that could be developed. The development programme involved:--

- Demolition of all 546 remaining maisonettes.
- Sale (to Barratts) and refurbishment of the three tower blocks (510 flats) in the central area (The Denes) for owner-occupation.
- Refurbishment of the remaining 1949 houses and flats, including the creation of defensible space and the 'turning around' of some properties by the addition of front porches on what had previously been backs.
- Development by Barratts of 600 properties for sale. This would be in two land deals: -- the first would be a 15 acre site on which Barratts would build 280 dwellings, while the second would be a 22 acre site on which Barratts would build 320 dwellings.
- Development by SVHA of 375 properties for fair rent or shared ownership (these were to be for tenants displaced by the demolition programme and were to be built mostly on small infill sites in the existing housing areas).
- Construction of a new shopping arcade of 14 units, a police station, leisure centre (funded by KMBC) and a small supermarket in the central area.³

In addition, there was also a restructuring of the management and repairs service, by which the Trust aimed to achieve substantial progress in basic repairs and maintenance work.

The total scheme was underwritten by a £50 million investment package of public and private funds, including, on the public side:--

- funds from the DoE under the Urban Programme (75% of £4.8 million for the improvement and development programme);
- £8 million from the Housing Corporation to SVHA to build 375 new dwellings for fair rent and further funds to finance the shared ownership of houses; and
- £2.42 million from Knowsley MBC as a mortgage payment and contributory funds through the Urban Programme (25% of £4.8 million).

The Trust's purchase of the estate for £7.42 million was financed by mortgage loans of £3 million from Abbey National, £2 million from Barclays and £2.42 million from Knowsley MBC. In addition, Barclays provided an overdraft facility of £2 million. A key player in the development programme was Barratts who agreed to buy land on the estate and build 600 dwellings for sale. They also made a provisional agreement to refurbish for sale the 510 flats in the three tower blocks in the central area, which they would purchase for £1 million. Barratts were also to act as the sole contractor for all renovation and new building work undertaken by the Trust and SVHA; this status being intended to underwrite the risks of their building-for-sale schemes.

The development programme was to be substantially complete within five years (i.e., April 1988). To secure the early confidence of residents and the Trust's financial backers, the programme was heavily weighted in favour of Years 1 and 2. By April 1985, the Trust aimed to have completed more than half of the maisonette demolitions and the scheduled improvements to the dwelling areas as well as the redevelopment of the central area and a third of the new dwellings for rent (RTP, 1987, p.13-14).

³ Hetherington (1988, p.8) noted that although a new £1.2 million shopping centre was completed, it was promptly burned down by vandals and subsequently rebuilt at a cost of £750,000.

C.1.4 TENANT INVOLVEMENT

The Trust's approach to tenant involvement was outlined in its first annual report where it committed itself to consulting "... *with our tenants to ascertain that what we plan to do has their general support and approval.*" (from Brindley, *et al.*, 1989, p.154). Thus, although regular newsletters and street meetings sought to keep people informed, there was no explicit commitment to participation; instead, tenant acquiescence was required. Brindley, *et al.*, (ibid, p.154) note that the non-involvement of tenants in the early years was an explicit policy approach:

"Tom Baron argued that, in order to get the redevelopment programme going, strong specialist leadership from the professionals and private-sector managers was required; the community were to take a back seat, becoming more involved once the renewal programme was completed. At this stage the balance of the population would have shifted, with over 50% owner-occupancy, providing an appropriate base for more participation of local people."

Nevertheless, writing in 1984, Grosskurth (1984, p.25) noted the biggest problem then facing the Trust was "... *quelling dissent among a small – but very vocal – minority of tenants who accuse their new landlords of broken promises, unresponsive and secretive management practices and sinister plans for social engineering.*". Organised into the Cantril Farm Combined Tenants' Association, the tenants had been "... *a thorn in the side of the Trust since the word go.*" (ibid, p.25). Grosskurth (ibid, p.26) also noted that heading the TA's catalogue of grievances were, first, what it regarded as 'clandestine decision-making' by the Trust. The board's meetings were held in private and its minutes were confidential. Brindley, *et al.*, (1989, p.153) observed that most of the crucial decisions appeared to be made in a financial sub-committee of the board, consisting of the chair and the representatives of the mortgagees (Abbey National, Barclays and KMBC). This effectively excluded the community representatives and it appeared that "... *many proposals and plans [were] first agreed by the finance sub-committee, with the full board formally ratifying them.*" (ibid, 1989, p.153). Thus, as Brindley, *et al.*, (ibid, p.154) argue, the community representatives were there to add 'legitimacy' but "... *not to act as delegates from their constituencies; rather they [were] meant to represent the Trust's views to residents.*". Grosskurth (1984, p.26) reported that the Trust insisted "... *that nothing [was] being held back from the tenants, and that community and political representation on the board [was] an adequate guarantee of accountability.*". She, nevertheless, also cited Stuart Speedon of SCAT (Services to Community Action and Tenants) who had been working with dissident tenants over the previous year: "*It's coercive planning in the classic mould.*" (ibid, p.26). A tenant stated: "... *they tell us what they're going to do and then ask for our approval.*" (ibid, p.26)

Second was an allegedly 'divide-and-rule' approach to consultation. With development proceeding on a phased basis, the Trust had been holding separate meeting with small groups of tenants. The TA argued that these meetings should have been opened up to the entire estate as decisions in one area would affect the future of another. The Trust countered that the approach was practical since it was not possible to involve 2500 people in a discussion of what would happen in the first phase.

A further concern was the issue of decanting. The maisonettes to be demolished and some of the tower blocks had to be decanted. Although decanted tenants were given alternative accommodation, no guarantees were given that tenants could return to the estate; the Trust had only pledged to use its best endeavours to enable people to stay on the estate. Furthermore, the declared aim of the Trust was to increase the proportion of owner-occupiers on the estate. In some quarters, those being decanted were regarded as the 'problem families' and it seemed there might be a deliberate policy not to allow them to return. Tom Baron, for example, was reported by Grosskurth (1984, p.26) as having said: "*Eighty per cent of the problems on this estate were caused by 10% of the families, and we'll get rid of them if we can.*"

Brindley, *et al.*, (1989, p.155) regard the approach to tenant involvement as paternalistic: "... *helping those whom its advocates believe are not capable of helping themselves.*". Although the Trust provided information and sought to take tenants along with it, it did not regard itself as accountable to local people nor did it actively seek their involvement in decision-making. Arguably, the relationship's tone had been set at the project's launch, where, at public meetings and in newsletters, residents were "... *offered the opportunity to have their area taken over by a private trust, but it was made plain that no alternative was in the offing – the choice was something or nothing.*" (ibid, 1989, p.154).

C.1.5 THE FINANCIAL CRISIS

By early 1985, the Trust had – at least temporarily -- created the impression that a private agency could achieve more, had more money and was more efficient than the council. Despite criticism regarding tenant involvement, the Trust had fostered a lot of goodwill among tenants and redevelopment had begun. The report for the DoE (RTP, 1987, p.17), for example, noted tenants were optimistic and their confidence had been engaged. A key indicator was that the rate of tenants leaving the estate had slowed considerably and the number of tenants wishing to be re-housed in the Village was far higher than anticipated. In 1985, the Trust had a housing waiting list of over 300 applicants. Furthermore, even before the Trust had started to promote the scheme heavily, some tenants had exercised their RTB. Nevertheless, although the Trust had made substantial progress toward achieving its Phase 1 target, it was still well short of meeting it. By April 1985, the remodelling of the estate's housing was considerably behind schedule. The maisonette demolition programme was half the level planned. The improvement programme was also running substantially behind; by April 1985 only 14% of the dwellings due for treatment had been dealt with.

The Trust had, in fact, run into a number of major obstacles that came to the fore in mid-1985. The intention had been for the estate to be self-financing after the completion of an initial improvement and development programme. The central issue was for the programme to succeed as an investment, with the improvements being designed to increase property values on the estate. The Trust could then realise the additional value through sales and increased rents (RTP, 1987, p.16). The capital programme would be financed by a combination of private money raised from RTB sales and other sales of vacant and vacated dwellings and land for development and public sector grant support. The revenue account would be balanced with rental income covering running costs and debt charges. Although the number of rented dwellings would fall, it was anticipated rents on the remainder would rise, while improvements in management efficiency and the condition of the rented stock would reduce running costs. There were a number of risks in this approach, including:-

- the level of take-up of the RTB; interest rates on loans remaining close to the estimated level of 11%; the achievement of rent increases in line with the costs of running the estate and servicing the loan charges; and the ability to implement the development programme at the estimated cost (ibid, p.16).

By the autumn of 1985, the financial strategy had unravelled and the Trust was in financial crisis. On the revenue side, the existing rent levels were too low to cover management and other costs. Debt charges had also increased as interest rates rose. The plan had been for a high standard of maintenance and repair, to be paid for by higher rents and more efficient management. The Trust, as a private landlord, was bound by fair rent legislation and its rents -- its only source of current income -- were subject to the decisions of the rent officer. On properties it had improved, the Trust asked for rent increases. Generally, however, only modest rent increases were allowed as the rent officers made judgements on criteria such as local rents for a similar type and quality of dwelling. As the report for the DoE (RTP, 1987, p.27) noted, contributing to the Trust's difficulties was the fact that the rents inherited from KMBC in 1983 were, even in 1985, higher than fair rents on equivalent improved properties elsewhere in the region. Although in part this could be attributed to the problems caused for landlords by rent controls, it also demonstrated a lack of foresight on the part of the Trust and its promoters. Thus, although the Trust had been established as a commercial venture, no action had been taken to clarify the criteria by which its principal revenue source would

be determined (ibid, p.27). By 1985, the gap between the rental income and the running costs was in the order of about £400,000 per year, which had to be made up from its capital account at a time when there was severe pressure there as well (Hetherington, 1988, p.8).

Problems also beset the capital side. It had been envisaged that this would be financed via property and land sales, with any shortfall being made up by public funding and a bridging overdraft. The Trust's problem was that while the public sector contribution was forthcoming, the funds to be generated from the private sector were not. Furthermore, the costs of the various projects had spiralled. The cost of the improvement programme, for example, was increasing because the physical condition of the estate was much poorer than had been assumed. The report for the DoE (ibid, p.19) noted the housing stock on the estate had been "... surveyed only in a superficial way. ... many of the initial estimates were not based on detailed costings." (RTP, 1987, p.19). Interest rates also soared much higher than had been anticipated. Essentially the Trust had massively underestimated the cost of work and substantially over-estimated its receipts from sales (Brindley, *et al.*, 1989, p.148-9). The Government's auditors were also critical of the accounting control exercised by the Trust over Barratts as the sole contractors for renovation and building work on the estate. The consultants were 'disconcerted' to discover the 'informal nature of interactions' (ibid, 1989, p.149) and recommended that in future the Trust's contract work should be put out to tender.

Although confidence had been boosted, there was no great influx of higher-income newcomers and the estate's tenure structure was to a large extent unchanged with only a small increase in the number of owner-occupiers. Including those who had brought from Barratts (including a shared ownership scheme), owner-occupiers made up 15% of total households in Stockbridge – almost three times the level in 1983 (RTP, 1987, p.24) (see Table C1). By 1985, 221 tenants had brought their homes from the Trust, bringing the total number of RTBs to 404 (RTP, 1987, p.17). Although RTB sales had a target rate of 120 each year and were to be a major source of funds for the Trust, the ability of Stockbridge tenants to purchase their houses under RTB or the shared ownership scheme should have been examined more closely at the outset. RTB sales depend not just on the value of the asset being bought but also on the tenant's ability-to-pay. Market research, for example, into incomes and employment levels would have revealed whether there was an effective demand for the purchase of improved houses at increasing prices (RTP, 1987, p.27). In addition, the difference in terms of value for money between renting and buying must be relatively clear-cut. During its first years, for example, the Trust had been handicapped by low rents and high mortgage interest rates; had it been able to impose higher rents and if there had been lower interest rates, its position would have been better (ibid, p.27). Furthermore, although the Trust had slowed the rate of leaving of the estate with more tenants than expected expressing a preference to stay on the estate, this also resulted in a dramatic reduction in vacancies and preventing the Trust from achieving sales with vacant possession (RTP, 1987, p.25). Furthermore, Barratts' first development of 56 houses had been built on the most promising of the available sites -- a vacant site, detached from the remainder of the estate, and prominently situated at the entrance to the area. The pace of sales, however, was disappointing. Barratts considered this indicated a weak market for private housing and, although they started work on a further 42 properties, were reluctant to undertake the level of new build -- 600 new units -- envisaged in the Trust's original plans.

Barratts' involvement was also crucial to the renovation of the estate's central area, which was dominated by three 22-storey tower blocks, known as The Denes. The intention was for the blocks to be decanted and sold to Barratts, who would refurbish them for sale. On closer inspection, the blocks were in much poorer condition than anticipated, which meant both that the refurbishment would be more expensive and that Barratts would want to offset these costs by a lower purchase price. Although progress was made on decanting tenants, Barratts became increasingly uncertain about the scheme's viability and, early in 1985, withdrew. The failure to proceed with this project removed the prospect of a £1 million receipt for the Trust and effectively blighted the remainder of the plans for the central area. As Brindley, *et al.*, (1989, p.147) noted: "... the refurbishment of The Denes was at the heart of the confidence-building renewal plan. The Denes project was to

bring in higher-income groups, introduce a further 510 owner-occupiers to the area and provide an appropriate catchment population for the new shopping centre." By mid-summer 1985, it had become clear to all parties that the only remaining option was to demolish them (RTP, 1987, p.19).

With hindsight, the £7.42 million -- the price set by the District Valuer -- the Trust had paid for the estate was seen as far too high. Hetherington (1988, p.8). for example, argued that *"... by common consent, the 'market value' of the estate -- and many believe it had a 'negative value' anyway -- was nearer to £5 million instead of £7.42 million."* By the late 1980s, the emerging view was that, if a viable long-term solution to an estate's problems was to be found, the costs of buying tenanted estates had to be consistent with the purchaser's ability to pay.

The report for the DoE (RTP, 1987, p.28) concluded *"... with the benefit of hindsight, it is obvious that there was a high probability that the costings were too low, that the expected receipts were too high and the programme timing too ambitious."* In mitigation, however, the report did note that in 'large part' this was explained by political factors, including *"... the pressure on the participants to launch the project and demonstrate an early response to the problems threatening Merseyside in the wake of the Toxteth riots."* The key problem was the original financial plan had been both optimistic and relatively inflexible, and, in particular, there was very little scope for raising additional funds. None of the private sector partners was an equity partner: each was involved for what it could gain from the initiative and, if it ceased to make 'business sense', could withdraw. On the public side, the various grants were all cash-limited. The report for the DoE (ibid, p.27) cogently outlined the problem:

"In a commercial financial structure, such as that adopted by the Trust, unforeseen cost increases should be identified through monitoring and accommodated either through adjustments to the programme or through raising additional capital if it can be justified to the investors. A fundamental weakness in the Trust's financial plan was that it had no flexibility. The Trust had committed itself to a standard level of improvement throughout the estate, yet it had no straightforward access to additional funds: the grants were cash-limited and there were no equity investors. This left the Trust ill-equipped to meet the changes that arose in the first two years, regardless of whether those changes could have been anticipated or not."

C.1.6 THE RESCUE

Brindley, *et al.*, (1989, p.149) noted that the private and public partners involved in the Trust reacted differently to the financial crisis: *"... the former eased themselves out or sought to minimise their role, while the latter became more deeply committed in directing and resourcing the Trust's programme."* At the local level, as the council had given its backing to the scheme and its reputation depended on it succeeding, the leadership of KMBC did not want to see the Trust publicly fail. Nevertheless, as Brindley, *et al.*, (1989, p.150) noted, *"... a number of councillors, party activists and officials, felt that the Trust's problems provided a useful weapon with which to attack the Government's housing policy and demonstrate the inadequacies of private sector solutions."* Having given its support thus far, it was difficult for KMBC to withdraw. Hence, somewhat reluctantly, the council found itself committed to propping up the Trust (ibid, 1989, p.150). There was also increasing pressure on the Government for a rescue to be mounted since it was a high-profile initiative closely allied to its own ideology.

After nearly a year of negotiations, in the Autumn of 1986, a revised financial package and reformulated development programme was agreed. The financial package consisted of an additional funding of £10 million from the Urban Programme, with central Government and KMBC splitting their support on a 3:1 basis (Brindley, *et al.*, 1989, p.150). The rescue package also confirmed the abandonment of a private sector-led recovery for Stockbridge. Baron's original plan had envisaged 15% public sector financial support with the remaining resources coming from the private sector.

By the time the Trust had been formally established in April 1983, the ratio of planned funding had moved closer to an equal split between the sectors. After 1986, the financial package for the modified programme involved the public sector taking the dominant role and providing two-thirds of the funding. The report for the DoE (RTP, 1987, p.32) nevertheless concluded with the observation that tenants had “... *continued to place their confidence in the Trust, and if anything, it would appear that the financial difficulties have helped strengthen ties between the community and its Trust.*”.

C.1.7 THE EXIT STRATEGY

In 1994, the Trust felt it had completed its task and was developing an exit strategy. The plan was for the Trust to be wound up and the remaining housing transferred to the VHA.⁴ The two organisations were closely related; sharing a chief executive, chair and several board members. According to Bright (1994c, p.12), the Trust saw its job as done, admitted it had become harder to secure private sector finance and believed that borrowing would be easier if it was by a registered HA. As a private company, the Trust did not need to ballot tenants on the transfer, but, following a request from the then housing minister, Sir George Young, agreed to hold a ballot. Public meetings in each area were held to explain the transfer. The ballot was conducted by KMBC. There was only one day to vote, although postal votes were available. The ballot showed a clear majority in favour of the transfer (466 votes in favour with 35 votes against). The turnout, however, was only 28%; hence, of the 2000 eligible tenants only one quarter had actually voted in favour of transfer. Bright (1994c, p.13) compared the ballot process with the method used by the Electoral Reform Society for LSVT ballots, which were typically undertaken by post, usually over a three-week period, with reminder letters being sent out halfway through and with turnouts usually in excess of 70%. George Jewell, Secretary of the Stockbridge Village Tenants' & Residents' Association (from Bright, 1994c, p.13) argued that: “*Local people have not been properly involved, there was no independent advice for tenants and no financial information about the transfer.*”. The positive power in terms of a ballot is to enhance the ability to negotiate prior to the ballot, the power at the time of this ballot is only a negative power of veto. Without prior negotiations, the ballot can only show acquiescence and arguably, therefore, the tenants did not get as good a deal as they might have done.

C.2 THAMESMEAD

C.2.1 BACKGROUND

The Thamesmead estate was developed in east London during the late 1960s by the Greater London Council (GLC). With the prospect of the GLC's abolition in 1986, the future of its housing estates became the responsibility of the London Residuary Body (LRA). For the Thamesmead estate, there were initially three options:-- to transfer it to LB Greenwich or LB Bexley (the two local councils -- neither of which actually wanted it), or to split it between them (Fielding, 1986, p.26). In 1985, Clive Thornton -- at that time chief executive of Abbey National -- visited the estate with the then junior environment minister, Sir George Young. On the way back, they discussed the possibility of a trust along the lines of Stockbridge Village; but, as Thornton (from Fielding, 1986, p.26) describes, that kind of trust -- mostly run by builders and financial institutions -- would not be appropriate: “*We weren't dealing with a sink estate, but with a community which wants to grow. I suggested to Sir George the idea of a ballot and a board chosen from people living there, and things started rolling from that point on.*”.

Thornton was given an office at the DoE and some staff to help him develop his ideas. They considered the 18,000 residents at Thamesmead could be split into nine groups of 2000, each of which could elect a local representative to sit on the board of a community trust, which would run and manage the estate. There would also be a chair, a chief executive and finance director. In late

⁴ Other possible options were for the VHA and the Trust to merge; to transfer the housing to other HAs; or for the properties to return to the local authority.

1985, LB Greenwich announced it wanted to put a counter-proposal to Thamesmead residents. According to Thornton (from Fielding, 1986, p.26): *"Their first option was for a board of twenty-one Greenwich councillors, very few of whom would have been local, although this was then modified to fourteen Greenwich councillors -- two of whom would have represented Thamesmead - - and seven others. All the same, control would have rested outside the site."* It was agreed to hold a ballot of tenants to decide between the two options. The ballot was held on Friday 25 and Saturday 26 October 1985. Preceding the ballot was a two-week consultation period in which both Thornton and LB Greenwich leader, John Austin-Walker, addressed large public meetings. The ballot was organised by consultants who delivered ballot papers to every adult resident, including the 1,650 owner-occupiers. Voters cast their votes in booths set up in shops, community centres and libraries. Given the disappointing 36% turnout, it was decided to go door-to-door to ask residents to hand in their papers. A further 9% turnout was achieved over the next five days. Despite this unorthodox balloting procedure, there were no complaints of foul play and the result was accepted by all parties (Fielding, 1986, p.26). The result was 3,461 for Thornton's Thamesmead Community Trust and 2,861 for Greenwich's Thamesmead Community Developers; a 600 majority for the Community Trust.⁵

C.2.2 THAMESMEAD TOWN LTD

In late 1985, following the ballot, the proposed community trust was established as a private company, Thamesmead Town Limited (TTL). The terms of the estate's transfer to the Trust were controversial. The estate had an outstanding debt of £130 million borne by London ratepayers. The district valuer valued the estate at £25 million. The Trust could not afford to pay this and the Secretary of State was required to adjudicate. He imposed a transfer for £2.5 million (10% of the market value or £400 per property) (from LD, 28 July, 1988, col. 440). There was also a promise that the proceeds from RTB sales until 1999 would be given to the London Residuary Body. The outstanding debt would continue to be paid by all the ratepayers in London at an annual cost of £16 million. In return, Londoners would get access to the housing in Thamesmead through the Greater London Mobility Scheme (Brimacombe, 1988, p.13).⁶

As a private company, TTL received no direct subsidies from either central or local government and had to be run as a commercial venture. It therefore had to raise capital at commercial rates; the costs of which were included in its calculations for rents and services. It found it difficult to run and maintain the estate, however, and sought to increase its revenue by raising rents. Four months after it acquired the estate, it made 5,500 applications to the rent officer for the registration of new rents.

Ian McCartney MP (CD, 14 June, 1988, col. 430) argued that there was no consultation, referendum or regular communication, and that it was clear from the number of applications the action must have been planned months in advance. When the rent officer failed to increase the rents sufficiently, the company decided to increase service charges instead; tenants therefore found themselves with rent levels substantially increased by the imposition of various types of service charges (McCartney, Commons Committee G, 16 February, 1988, col. 873). As McCartney (ibid, col. 881) said in committee, *"... the upshot is that the so-called trust or limited company is now imposing swingeing additional weekly costs on tenants. Their rents include service charges. Those arrangements were not made clear to residents or meaningfully discussed before Thamesmead Town Ltd was established."* By 1988, the rents including service charges had risen by 50% in the three years after TTL had taken over. Furthermore, as Brimacombe (1988, p.13) observed, tenants argued that increases in rents and service charges subsidised homeowners in the

⁵ Ian McCartney MP (CD, 14 June, 1988, col. 430) argued in the Commons that a document titled, Thamesmead in Private Hands, stated that, according to a MORI poll conducted in 1988, it was the votes of the owner occupiers that swung the vote against the local authority joint community trust option, and, second, that a vast majority of tenants would prefer some form of public ownership. The controversy was further fuelled by later reports that *"... the derelict land holding of Thamesmead plc is worth about £300 million. That has been stripped from the public purse."* (McCartney, ibid, col. 514).

⁶ In 1988, however, TTL withdrew from this scheme.

town who did not have to pay such charges but benefited from many of the services.

C.2.3 TENANT INVOLVEMENT

Despite the fact that the company's board was overwhelmingly made up of community representatives, TTL also attracted criticism for the manner in which it consulted with its tenants. McCartney (CD, 14 June, 1988, col. 430) argued that Thornton had publicly said that he wanted 'direct democracy' on Thamesmead and what that meant could be seen in the way in which the operations of the nine community directors were restricted:

"None of them is an executive director. The company has all the real power, and it consists of Clive Thornton, the chairman, Phillip Glascoe, the chief executive, and a finance director, who is seconded from the National Westminster bank. The nine directors cannot be deselected or reselected for three years. They may not disclose any material relating to confidential items. Although Board meetings are public, any item of interest to tenants, such as rents and repairs, is treated as confidential. The community directors may not disclose how they voted on any item, but must uphold the majority decisions in public. In practice, that means that there is no way of knowing how or whether they represent their constituencies. The board has control over the election rules, and anyone who leaves it for any reason, such as resignation, cannot run again for election for three years. That prevents any kind of principled opposition being expressed through the ballot box."

Furthermore, Brimacombe (1988, p.13) noted that, although there was no evidence of foul play in the election procedures, the balance of interests on the board fell in favour of home owners.

C.2.4 FURTHER DEVELOPMENTS

One of TTL's prime assets was development land and, by the late 1980s, it had been able to encourage several private sector housing developments around the estate. The funds generated also eased its financial difficulties. Further developments, however, fell victim to the late 1980s property recession. Nevertheless, by 1995, it had stabilised its position. As Hatchett (1995, p.14) reported, it had assets of £120 million, a turnover of £20 million and "... *hardly any debts to speak of*". It also had a town centre, 5000 rented units, 300 acres of parks and open spaces, 600 acres of development land and plans for a new 3000 unit urban village (ibid, p.14). The company, however, was still uncertain of its role and found difficulty in striking an appropriate balance between its property and community interests. Hatchett (ibid, p.15), for example, commented that the company had "... *drifted along, raising rents with a vengeance, but uncertain whether it was a hard-nosed commercial landlord or a community organisation*".

C.3 ISSUES FOR HAT POLICY

To conclude this Appendix, it is useful to highlight the important issues for HAT policy arising from the experiences in Stockbridge Village and Thamesmead:--

- arrangements for ballot;
- transfer terms of estates from local authorities;
- local authority support and involvement;
- striking appropriate balance between property interests and community/people interests;
- tenants support, liaison and consultation;
- tenant organisation and representation;
- tenant involvement in decision-making;
- accountability of managing board to local people;
- tenure diversification and displacement of existing tenants;

THE DEVELOPMENT & IMPLEMENTATION OF HOUSING ACTION TRUST POLICY

- assessment of local housing demand and strength of local housing markets;
- possibility of new build development to help fund improvements;
- commitment and reliability of private sector partners;
- rent regimes and possibility of rent increases;
- necessity of through surveys to establish condition of housing accommodation prior to costing of improvement programme;
- reliability of funding stream and especially the funding of the improvement programmes, including probability of unexpected costs; and
- coherence of exit strategy.

Appendix D

SUMMARY OF WALTHAM FOREST HAT TENANTS' EXPECTATIONS DOCUMENT

TENANTS EXPECTATIONS DOCUMENT

The TED had seven main sections:—

- Tenants consultation & influence;
- Tenancy agreement & rents;
- Lettings policy;
- Redevelopment;
- Financial issues;
- Setting up the HAT;
- Options at the end of the HAT

TENANT CONSULTATION & INFLUENCE

A1. Running the estates

The JSG: Tenants to have a guaranteed say in the running of their estates.

The DoE: The DoE would expect the HAT to consider allowing tenants to form Estate Management Boards, which would be given responsibility for running the estates within HAT policy, or consultative Neighbourhood Management Committees.

John Chumrow: The HAT could only succeed if there was maximum involvement of tenants in all estates. It would be his firm intention that Estate Management Boards or similar, tenant-led bodies, should be established as soon as possible after a positive ballot.

A2. Tenants members of the HAT board

The JSG: Tenants should be able to choose the tenant members of the HAT board, who should make up a majority of the HAT board. Failing that there should be at least four tenant board members. The persons who receive the most votes in any election on each estate should be appointed as one of the tenant board members.

The DoE: By law, all board members will be appointed by the Secretary of State for the environment. Four board members will be appointed from persons nominated by tenants. To allow the Secretary of State discretion, and to ensure the best possible balance of men and women is achieved and that ethnic minorities are represented on the Board, each estate will be asked to nominate two or three members.

John Chumrow: Supports the view of the DoE. It would be important to have members who were expert in a number of fields which could include:— capital expenditure on buildings; housing management; finance; training; job creation and architectural design. On the question of the 'first past the post' requirement, he would be happy to support the view of the JSG and would make this point direct to the minister. There would be no question of an 'us and them' situation; the board must have collective responsibility for discharging the duties of the HAT.

A3. Removal of board members

The JSG: If tenants are not satisfied with the performance of tenant board members it should be possible to have them removed.

The DoE: Only the Secretary of State can appoint or remove board members. If tenants are dissatisfied with the performance of any board member, they can make a complaint to the Secretary of State and ask that he review the membership of that person.

John Chumrow: If some duly constituted body representing tenants' views indicated that they were

dissatisfied with the performance of a board member then he would support representation to the minister that the person should be removed from the board.

A4. Replacement of local management

The JSG: If local management proves unsatisfactory there should be a guaranteed procedure for organising the election of more suitable people.

The DoE: It is up to tenants to consider how they wish to take part in estate management and then to negotiate suitable arrangements with the HAT board.

John Chumrow: He is committed to the formation of EMBs, or similar, tenant-controlled bodies, to manage the estates.

A5. Right to vote in ballot

The JSG: Every tenant whose name appears on a tenancy agreement shall have the right to vote in the ballot which will determine whether or not the HAT should go ahead.

The DoE: All secure tenants – including both tenants where there is a joint tenancy, tied tenants such as caretakers and, where they live on the premises, long leaseholders of flats bought under the RTB, and business tenants, are entitled under the 1988 Housing Act to vote in the ballot.

A6. Majority vote

The JSG: The ballot of the ballot will be based on the wishes of a majority of those voting.

The DoE: Under the 1988 Housing Act, the Secretary of State cannot proceed with a designation order to set up a HAT if a majority of tenants who vote are opposed to the proposal. The Minister has said that he does not consider it appropriate to propose a minimum turnout in advance – the question of a minimum turnout should be immaterial in practice.

A7. Separate ballots

The JSG: There should be a separate ballot on each estate and clarification of the position if only one estate voted 'Yes'.

The DoE: There will be a separate ballot for each estate. On their own, one of the four Waltham Forest estates would not normally qualify for a Trust. A Trust might be justified where there were well over 1000 dwellings on those estates that voted in favour of a HAT proposal. If there were fewer than 1000 the Government would have to look very carefully to see what machinery might be appropriate.

A8. Future consultation

The JSG: Guarantee of continued consultation with tenants over housing management and development issues throughout the HAT's lifetime.

The DoE: The 1988 Housing Act requires a HAT to consult tenants on the Statement of Proposals and on the choice of a new landlord before the end of a HAT. In addition, Ministers would expect the HAT board to work in close co-operation with the tenants, in various ways:— consultation with all affected tenants on key issues; consultation with representative tenants; through the formation of bodies to manage the estates; or advise in their management, which could include election of tenant representatives.

John Chumrow: Consultation would continue at all times throughout the life of the HAT. It would be the responsibility of the tenants as a whole to decide on the nature and membership of the representative bodies with whom the HAT would negotiate. The meetings of the HAT would be open to non-participating observers, subject to private discussion of confidential matters.

A9. Consultation with Shadow Board

The JSG: There should be an opportunity for tenants to consult directly with the Shadow Board prior to the ballot.

The DoE: Shadow board members will need to be involved in discussion with tenants, prior to the ballot, in agreeing what can be said in response to tenants' expectation and other matters.

John Chumrow: HAT board members nominated before the ballot would be involved directly in the pre-ballot consultation. He would only be proposing people for the Board who were in tune with the aims and objectives of the HAT, central to which was the need to consult tenants. As soon as potential members

were identified he would introduce them to the JSG before any final decisions were taken on appointments.

TENANCY AGREEMENT & RENTS

B1. Rents & service costs

The JSG: Rents including service charges should be frozen at the level of council rents which exist at the time the HAT takes over ownership of the estates until the end of each phase of the redevelopment works and that as tenants move into their new dwellings their rent will increase in stages to the level of the average council rent for similar properties.

The DoE: The government accept the proposals that a tenant's rent should be frozen until after a tenants moves into his/her new home and that thereafter the rent should not be higher than the average of the LB Waltham Forest rents for similar properties. The HAT would be required by Section 85 of the 1988 Housing Act to review rents from time to time, however Ministers have agreed to make grant aid available to meet revenue expenditure if it proves necessary. It is therefore expected that such reviews would not lead to increases in rents during the period that ministers had agreed rents should be frozen. It would be for the Hat Board to determine whether it would be appropriate for a separate service charge to be identified. This element would not be frozen, but the Act requires any such charges to be reasonable.

John Chumrow: Rents would be frozen until tenants move into their new homes. Individuals would be permitted to pay more than their frozen rents if they so desired. It was likely that a single charge for rent, including services, would continue to be made and that any rent freeze would apply to the whole charge.

B2. Security of tenure

The JSG: Tenants will be guaranteed security of tenure throughout the life of the HAT.

The DoE: All secure tenants with LB Waltham Forest are guaranteed to retain that status with the HAT by Section 83 of the 1988 Housing Act.

B3. Tenancy agreement

The JSG: Tenants will have a right to negotiate and agree the proposed tenancy agreement prior to the ballot.

The DoE: The principles of a draft tenancy agreement can be negotiated with the Chairman designate (and other Shadow Board Members) before the HAT ballot.

B4. Right to buy

The JSG: RTB is guaranteed and that present discount entitlements are retained.

The DoE: The 1988 Housing Act ensures that RTB discounts are retained, and the government confirmed that discounts will take account of tenants' time with the council. Whether the tenants remains with the HAT or returns to the council, the cost floor rules means that the discount must not reduce the purchase price below what has been spent on works to the houses over the previous eight years. Where the market value is lower than the cost floor, the tenants buys at the market value but there is no discount. If the tenant chooses to transfer to a private landlord the cost floor becomes the price the landlord pays for the property.

B5. Involvement in estate management

The JSG: Tenants' rights to be involved in estate management and maintenance should be guaranteed in the Tenancy Agreement.

The DoE: The contents of the Tenancy Agreement would be a matter for negotiation between the Trust and the tenants.

John Chumrow: Comments at A1 deal with this issue.

B6. Rent arrears

The JSG: Rent arrears incurred prior to the transfer of properties to the Trust should remain the responsibility of the Borough.

The DoE: To be resolved as part of the exercise to identify the total value of the estates on transfer.

John Chumrow: For practical purposes, a rent arrears policy should be agreed prior to the ballot.

B7. Relocation expenses

The JSG: Relocation expenses should fully compensate tenants for their removal costs and associated expenses. Double decanting to be avoided wherever possible.

The DoE: Tenants would be appropriately compensated. The Government would expect double decanting to be avoided wherever possible.

John Chumrow: The HAT would aim to ensure that no tenant would be worse off as a result of relocation. The HAT would hope to arrange for tenants to move directly from their existing accommodation into new housing. Double decanting will be avoided wherever possible.

LETTINGS POLICY

C1. A lettings policy

The JSG: The lettings policy drawn up by tenants should be agreed by the JSG before the Ballot.

The DoE: The contents of the lettings policy would be a matter of negotiation between the Trust and the tenants.

John Chumrow: No difficulties in accepting, in principle, the proposed lettings policy set out in the discussion paper included as a supplement to the TED.

C2. Priority to existing tenants

The JSG: Existing tenants will be re-housed in the new dwellings before lettings are made to other people.

The DoE: The government expects the Trust to give first priority in lettings to the re-housing of existing tenants.

John Chumrow: It is essential that existing tenants can be re-housed in the new dwellings before any new long term lettings are considered.

C3. Sufficient homes for existing tenants

The JSG: There should be sufficient homes for all existing tenants.

The DoE: The redevelopment proposals are based on a prudent view of the number of people who will leave the estate over the period of the redevelopment and that the problem of insufficient new homes will not arise. If it does it will be the responsibility of the HAT to ensure that more housing is provided.

C4. Nomination rights for council

The JSG: After all existing tenants have been re-housed, the Borough should have guaranteed nomination rights to available housing.

The DoE: The importance of the estates in the wider context of housing in LB Waltham Forest. The question of nomination rights would be a matter for negotiations between the borough council and the HAT Board. Section 70 of the 1988 Housing Act requires the HAT to co-operate in rendering such assistance as is reasonable to the local authority in relation to the housing of the homeless.

C5. Vacant flats

The JSG: Flats which become vacant before redevelopment should be used productively, to prevent unauthorised squatting, or vandalism, and to provide such housing for people in need. Such properties should be let on a short-term basis.

The DoE: This is a matter for discussion with the HAT board and borough council.

John Chumrow: There is nothing worse than vacant properties. Where they arise, every effort will be made to re-let this accommodation pending redevelopment.

REDEVELOPMENT

Before the minister of housing offered a HAT for the four estates, a considerable amount of work had

been done in assessing whether the estates could be improved or whether they should be redeveloped. It had been decided that the redevelopment offered better value for money. Outline designs for the redevelopment had been prepared in close consultation with tenants by two groups of architects: LB Waltham Forest's Chief Architect and the private practice of Hunt Thompson Associates. The designs for all four estates have received outline planning approval. The JSG was anxious to ensure that, in setting up the HAT, the Government would agree to support the redevelopment option and sought a number of guarantees. Successive Ministers have confirmed that the HAT's programme of work will be based on the redevelopment proposals.

D1. Pre-redevelopment maintenance

The JSG: Essential maintenance, repair and improvements on the existing housing will be carried out until the major redevelopment works go ahead.

The DoE: It is the responsibility of the Trust to undertake repairs and consider which improvements best represent value for money. However, very careful consideration will need to be given to whether investment will represent value for money.

John Chumrow: The HAT would have a clear obligation to carry out essential repairs and maintenance. It would also wish to carry out improvements where these are regarded as necessary.

D2. Redevelopment programme

The JSG: The building works will be guaranteed to follow an agreed programme, without any delays and that a programme will be published and agreed with tenants prior to the ballot.

The DoE: An outline development programme, based on the existing redevelopment proposals, will be an essential element on the proposals on which tenants will be balloted. In agreeing to proceed with a ballot, Ministers have accepted that if a HAT goes ahead it will be on the basis of redevelopment of the estates.

John Chumrow: Illustrative programmes for the redevelopment of the estates are included in the supplement to the TED. These programmes should be discussed with each ESG and the relevant architect, in more detail, with a view to agreeing an outline programme of work over the HAT's lifetime.

D3. All housing to be for letting

The JSG: All the new housing will be available for renting and that no sales will take place.

The DoE: It is intended that all of the new housing required to house existing tenants will remain in the subsidised sector, subject to RTB, shared ownership and other low cost home ownership schemes. The redevelopment proposals involve the retention, refurbishment and sale to the private sector of four tower blocks, on which the HAT would have to decide what to do in due course.

John Chumrow: All new housing will be available for letting to existing tenants, who may, in due course, wish to change the basis of their tenure, for example, by RTB. The future of any existing house which is shown in the present design proposals as being retained will be discussed with the individual estate's ESG.

D4. Retention of existing architects

The JSG: Guarantees that the service of the existing architects will continue and that no changes would be made to the proposed schemes without consulting the tenants.

The DoE: Existing architects would be retained to complete any work that is necessary for the purpose of the ballot. However, given the major scale of the project, other professional practices might need to become involved, on a competitive basis, in the implementation process. The HAT will be expected to provide for full tenant consultation with tenant representatives and individual tenants, throughout the project. Section 64 of the 1988 Housing Act gives tenants the right to be consulted over the HAT's proposals, and these are expected to include the development programme.

John Chumrow: Quality, service and capacity, as well as price, would play important parts in any decisions about awarding contracts to architects. It is envisaged that the existing chief architects, Hunt Thompson Associates and the Borough Architect, would continue with the overall design brief. Some of the more detailed design work would be put out to tender, but under the overall control of the existing architects.

D5. Nuisance during works

The JSG: Building works will be organised to minimise nuisance, hazards and pollution.

The DoE: In addition to the statutory requirements, the Trust will introduce specific requirements to the building contracts in order to minimise nuisance, hazards and pollution.

FINANCIAL ISSUES

The establishment of a HAT and the assurances which were given by the DoE and which were sought from the chairman designate and shadow HAT board members could only be fulfilled if money was made available to pay for the redevelopment and for the running of the estates. The JSG was therefore anxious to be reassured on these issues and to that end set out a number of expectations.

E1. Money for the HAT

The JSG: Money for the project should be guaranteed, despite any changes of Ministers.

The DoE: The government firmly intends to provide the necessary resources to ensure that redevelopment can be completed and to allow social and economic problems in the area to be tackled.

E2. Money for council to buy back housing

The JSG: The council be guaranteed sufficient funding to buy back the housing at the end of the HAT. The JSG had received assurances from the Labour council in LB Waltham Forest that if it was in power at the end of the HAT it would be happy to buy back the estate should that be the wish of the tenants and should the government make the necessary finance available.

The DoE: Ministers have agreed that if tenants wish to return to the council, the council will be given additional resources to cover 100% of the repurchase price.

E3. Transferable discounts

The JSG: Tenants should be able to transfer their RTB discount to the purchase of a property on the open market.

The DoE: The Trust will consider whether they will offer cash incentives to tenants to buy properties elsewhere, thus releasing accommodation.

E4. Housing benefits

The JSG: Housing benefit entitlements should not be changed.

The DoE: Payment of housing benefit is a matter for the council, but there is no reason why entitlements to housing benefit should change.

John Chumrow: As a matter of principle, the HAT would follow the best local authority practice such as helping tenants obtain benefits to which they are entitled. To that end, he would want to open advice centres on the estates.

SETTING UP THE HAT

F1. Tenant membership

The JSG: For tenants to be able to choose the tenants members of the HAT board and for these to make up a majority of those on the board, failing the latter that there should be at least four.

The DoE: Minister Of Housing is not prepared to allow tenant members to form a majority on the HAT Board. See also section A2.

John Chumrow: See also section A2.

F2. Creations of jobs & community enterprise

The JSG: The Trust should strive to create jobs locally and promote community enterprise.

The DoE: This falls within the Trust's statutory objectives and funding will be available for such work.

John Chumrow: The HAT will not succeed if it is unable to increase employment opportunities on, or for the tenants of, the four estates.

F3. The time needed to set up the HAT

The JSG: A target period of six months between completion of the ballot process and the formal establishment of the HAT.

The DoE: Agree to endeavour to make every effort to shorten the time between a ballot and setting up the HAT and starting the redevelopment.

F4. Equal opportunities

The JSG: The Trust should adopt the tenants groups' Equal Opportunities Policy.

The DoE: The Trust will meet statutory equal opportunities requirements and consult tenants on its future policy.

John Chumrow: Will discuss with JSG its Equal Opportunities Policy as the basis for the HAT's position in this matter.

OPTIONS AT THE END OF THE HAT

G1. Tenants' choice of future landlord

The JSG: At the end of each stage of the redevelopment, tenants being re-housed in the new homes should have the right to choose their future landlord.

The DoE: The 1988 Housing Act contains procedures for tenant consultation on the options which will face them after the HAT has completed its work (or an appropriate phase of it). The HAT would be expected to meet tenants' wishes as far as possible and not to move them to a new landlord against their wishes during the life of the HAT. However it is not intended that the HAT should remain permanently in existence. When its work of regenerating the area was complete as far as possible, the HAT would be wound up. If at that stage, despite the previous consultation and opportunities to transfer, the HAT still owned some tenanted properties the HAT would be expected to give those tenants nine months to consider the options open to them. At that final stage, however, it is conceivable that Ministers would have to use their order-making powers to transfer those remaining properties if a minority of tenants were unable to agree with any of the proposals.

John Chumrow: Until the redevelopment is complete and the HAT is wound up, it will still remain responsible for the overall management of the areas and the job training and job creation programmes. It will also need to ensure that all existing tenants can be re-housed before it can contemplate disposing of new stock. Within this overall principle, he saw no difficulty in endorsing the principles set out in the discussion paper 'Tenants' Choices of Future Landlords' contained in the supplement to the TED.

SUPPLEMENTARY DISCUSSION PAPERS

The TED contained four supplementary papers:--

- Proposed HAT Lettings Paper
- Control of Nuisance on Building Sites
- Tenants' Choice of Future Landlord
- Current Development Programmes

THE TED ADDENDA

In June 1991, just prior to the HAT ballot, Addenda to the TED were produced. The Addenda contained the following which clarified and added further detail to that in the TED:--

- Proposed HAT rent arrears recovery policy;

- Transferable discounts;
- Proposed HAT equal opportunities policy;
- Proposed HAT policy for repairs, maintenance and improvements;
- Proposed HAT policy on tenant's choice of future landlord;
- Proposed Tenancy Agreement;
- Existing rent arrears;
- Proposed HAT consultation arrangements;
- Proposed HAT policy on compensation for relocation disturbance;
- Proposed HAT lettings policy; and
- Proposed HAT policy on jobs and enterprise.

PROPOSED HAT CONSULTATION ARRANGEMENTS

The following proposed arrangements for consultation have been drawn up by the JSG. The Chairman Designate of the HAT has said that he would expect the HAT to adopt these proposals if the HAT is set up. The HAT should be committed to consult with tenants and actively to encourage tenants participation in its activities throughout its lifetime. The HAT should publish a clear and comprehensive statement of its consultation arrangements to include the following commitments in addition to the statutory requirements:--

- To make available to tenants information about all matters of housing management which affect them either directly or indirectly. This information should also be made available in translation for tenants who speak languages other than English ...
- To consult tenants and representative tenant organisations beyond the statutory requirements for consultation ...
- To use a range of appropriate methods of consultation and participation that should include tenant forums, public meetings, joint panels, as well as letters, newsletters and questionnaires. On some issues, more than one method of consultation will be necessary. Where an issue affects tenants on only estate, consultation may be restricted to that estate.
- To use appropriate methods of feedback from the HAT, once tenants' views have been considered ...
- In parallel with the formal framework for consultation, the HAT should undertake to obtain feedback from tenants on services and activities at regular intervals, through appropriate measures (e.g. surveys, postal questionnaires, tenants' panel meetings). Results of such feedback should be published, as well as the response of the HAT to the findings and should be linked into a framework for performance monitoring.
- Realistic time-scales for consultation should be adhered to on all issues, allowing sufficient time for tenants and representative tenants' groups to respond. (from Addenda to the TED, WFHAT, 1991b).

Appendix E

SUMMARY OF THE LIVERPOOL JOINT STATEMENT

LIVERPOOL HAT JOINT STATEMENT

The Foreword to the Liverpool HAT Joint Statement (LHAT, 1992, p.1) states that:

“This statement has been prepared to set out:— the HAT's objectives; how it will be set up and run; what it will do; the HAT's housing and other policies; what will happen at the end of the HAT; undertakings by various parties. The statement responds to tenants' concerns about these issues and shows how tenants will be involved in the decision-making process. It also covers tenants' rights with a HAT landlord. This is an agreed statement: it has been drawn up in consultation with residents. The Shadow Chair, the Chairperson of the HRTG, the Leader of Liverpool City Council and the Minister of Housing are content with the statement, as indicated by their signatures below.”

The following is an abridged version of the main parts of the Joint Statement.

OBJECTIVES

1.1 The overall objectives of the Liverpool HAT will be:— to improve the physical condition and security of the housing in its designated area; to secure the proper and effective management and use for that housing; to improve the social conditions and the environment in the area, and wherever possible, to improve the local economic conditions; and to provide a wider choice of housing tenure.

SETTING UP THE HAT

Consultation

Section 2.1

Ballot

Sections 2.2 to 2.6 including:—

2.5 In the ballot, residents will be asked to vote either Yes or No on whether they are in favour of a HAT being established for the blocks on their site.

2.6 Voting will be conducted on a site by site basis on the 39 sites. The HAT will take over blocks on a site only where the proposal has been supported by a majority of those who voted in the ballot on that site.

Ballot to Transfer

Sections 2.7 to 2.10 including:—

2.7 Following a successful ballot, the HRTG will move quickly to select the four tenant board members and the city council will nominate them to the Secretary of State for appointment.

Boundaries

Section 2.11

The HAT Board

Sections 2.12 to 2.17 including:--

2.13 The Secretary of State for the environment is responsible for the appointment of all board members. The Secretary of State will wish to be satisfied that every board member is committed to achieving the HAT's objectives and to the best interests of the tenants in each block.

2.14 The Secretary of State will appoint eleven board members. The chair (Mrs Paula Ridley -- already appointed) and five members will be nominees of the Secretary of State ...

2.15 The other five members will be the nominees of Liverpool city council and the tenants. Of these, one is Councillor Harry Rimmer, already appointed as deputy chair, and four will be tenant members selected by the tenants of the dwellings to be transferred to the HAT.

2.16 Although the Secretary of State is formally responsible for the appointing the tenant members to the board, he will not become involved in their selection and nomination. The arrangements for selecting the tenant members are a matter for the tenants and the council, although the Secretary of State will wish to be assured that the process is fair and reasonable.

2.17 Only the Secretary of State can appoint or remove a board member, and all are appointed in their personal capacities. However, if tenants become dissatisfied with the performance of any board member, they will be able to make a complaint to the Secretary of State and request his review of that person's membership ...

The HAT Executive

Sections 2.18

FINANCE

Funding

Sections 3.1 & 3.2

Land

Section 3.3

STRATEGY /POLICY

Sections 4.1 to 4.3 including:--

4.1 Once formally established, the HAT will need to prepare a Management Statement. The Management Statement will set out the main elements of the statutory framework and the lines of accountability. It should clarify the position of the HAT in relation to the secretary of state, the local authority and tenants, and provide a framework for the preparation of corporate plans and for the approval of budgets.

4.2 The HAT is also required, under Section 64 of the Housing Act 1988, to draw up a Statement of Proposals in consultation with the tenants and city council setting out how the Trust intends to exercise its functions ...

TENANTS' RIGHTS

Security of Tenure

Sections 5.1 to 5.3 including:--

5.1 Tenants of the HAT will enjoy all the rights of secure tenants as set out in the Housing Act 1985 and the Tenants Charter (this applies equally to new tenants who move into HAT properties after the transfer).

Right to Buy (RTB)

Sections 5.4 to 5.6 including:--

5.4 Secure tenants of the HAT will retain their Right to Buy and the discounts to which they will be entitled will include their time with the council. The HAT will extend the right to tied tenants. Those who do not have the Right to Buy (apart from tied tenants) will not acquire that right as a result of becoming tenants of the HAT ...

5.5 Any discounts given for RTB purchases may be affected by the cost floor rule which means that, if more than £5000 has been spent on building, buying or improving a property over the previous 8 years, discounts must not reduce the purchase price below what has been spent. Where the market value is lower than 'cost floor' price, the tenant pays market value with no discount ...

The Tenancy Agreement

Sections 5.7 to 5.13 including:--

5.7 All the rights and obligations of the HAT board and the tenants will be included in a tenancy agreement, which will be determined following designation in consultation with the HRTG. It is recognised that it is, principally, the terms included in the tenancy agreement which establish the nature of their relationship between the HAT board and tenants. The HAT wishes to develop a close working relationship with tenants and to reflect good landlord and tenancy practice.

5.8 ... Amendments to the tenancy agreement (apart from changes in rent or other changes) will only be made after full consultation with the tenants and, except in the case of legal requirements, the written agreement of both the tenants and the HAT Board. The HAT undertakes to make no amendment which reduces either security of tenure or tenants' rights to be consulted on matters of housing management or maintenance.

5.11 The High Rise Tenants' Group has produced a draft tenancy agreement which is indicative of tenants' expectations and will be used as a basis for further discussion ...

Rents & Service Charges

Sections 5.14 to 5.20 including:--

5.14 The HAT is responsible for reviewing and determining its rent levels. Rents in North Hull and Waltham Forest HATs have been frozen following undertakings given to tenants. As Sir George Young made clear when he wrote to the Liverpool tenants on 28 February 1992, this approach is in line with government policy on HATs. The shadow chair, Paula Ridley, has said that she would expect a Liverpool HAT to follow suit and freeze rents until properties have been improved.

5.17 When improvements have been completed, Paul Ridley has indicated, in line with the Government's declared policy, that she would expect the Liverpool HAT to peg rent to a level equivalent to the average of those rents charged by local authorities in the Merseyside Region for similar tower block properties. The HAT would have the option of introducing these increases immediately upon completion. There will be no obligation on the HAT to 'phase in' increases once

the freeze ends. However, to soften the impact of the rise in rents at the end of the freeze, the HAT will discuss the possibility of offering tenants the option of making additional payments, during the period of the freeze into a savings scheme. Tenants will be given at least six months notice of the introduction of the new rent levels, and there will be the full consultation before they are introduced. During the period of the rent freeze, tenants will be given an annual indication of the rise in equivalent local authority rents.

5.18 Post-freeze, the new charges will clearly identify, as a matter of course, the rental and service charges. The guideline ceiling (of equivalent local authority rents) will be applied to the total charges, once again reflecting the Government's commitment on rents.

5.19 Currently, the city council does not distinguish the service charge element within rents charged. Service charges are, in any case, spread across the rental charges for the whole of the city's housing stock, rather than allocated only to those tenancies which incur them. For these reasons, prior to and for some time after transfer, it is unlikely that the HAT will be in a position to calculate reliably the cost of the service element. However, by the end of the first year and at subsequent annual intervals during the rent freeze, all tenants will be entitled to receive, on request, a breakdown of the charges payable for their flat (i.e., the rental; element and the service charge).

Rent Arrears

Sections 5.21 to 5.24.

Rent Arrears at Transfer

Sections 5.25 & 5.26 including:--

5.25 The city council will retain responsibility for the collection of arrears of rents and service charges until the properties are transferred to the HAT.

Housing Benefit

Section 5.27 including:--

5.27 Tenants transferring to the HAT will retain the same right to claim Housing Benefit as local authority tenants. The transfer process itself will not affect or delay any further the payment of Housing Benefit arrears already due to tenants ...

Adaptations

Section 5.28.

Decanting /Relocation

Section 5.29 including:--

5.29 Following designation, the HAT will, in consultation with tenants, draft a policy covering decanting/ relocation. The policy will be based on the following principles:--

- Where an improvement programme has been agreed, every effort will be made to plan and carry out works in such a way that decanting is unnecessary.
- In exceptional circumstances, however, the HAT and a tenant may agree that decanting is the only realistic option ...
- Any tenant who is decanted will have the right to return to his/her original dwelling without any change in the tenancy agreement.
- Tenants will also be offered the first refusal on the decant property. If they wish to stay, rather than move make to their original dwelling, this would not alter their existing tenancy rights.
- Where tenants are decanted, they will only pay the lower of the two rents of there is variance. If the tenant decides to stay in the decant property he/she will then pay the rent which is applicable.

- Where tenants are required to move, the HAT will meet the following reasonable costs:-- storage; removal; disconnections; reconnections; temporary re-siting of telephones; compensation for disturbances or for accidental damage to personal belongings; insurance of personal belongings.

Tenant Involvement

Sections 5.30 to 5.37 including:--

5.30 The HAT is committed to the principle that tenants should be involved in decisions which affect their homes. It believes that tenant involvement can lead to better decision making and more efficient use of resources. The HAT will ensure that its housing policies and procedures, staff training and management regime are conducive to tenants participation.

5.31 The HAT will also ensure that:--

- tenants are properly consulted on housing policy, management, maintenance, improvement, demolition, services, amenities and rents issues and about disposal to future landlords;
- tenants' groups wishing to participate in the management of their housing are encouraged and supported;
- there is a positive response to any tenants' groups which decides that it wants to take control of the management of its block /site, or even to consider long term ownership;
- tenants are kept properly informed of all decisions and activities that affect them;
- adequate resources and training are made available to tenants' groups, and to the HAT staff or agents, to ensure the full implementation of these policies; resource levels will be set taking into account the framework for Section 16 funding for similar initiatives.

5.32 In considering applications from prospective landlords to acquire and manage blocks post-HAT, both the HAT and its tenants will regard the landlord's proposed policies and tenant involvement as a key factor. Landlords will be required to provide full information on these policies as part of their application.

5.33 In providing information and carrying consultation, the HAT will use a range of methods including, for example, letters, leaflets, newsletters, block meetings and exhibitions. All written material will be in plain English.

5.34 The HAT will provide all tenants with an annual Performance Monitoring Report comprising clearly summarised statistics (costs, targets and outputs) under a number of headings - e.g., rent, repairs and maintenance, housing allocations, homelessness, development and management. The HAT will be prepared to provide information broken down to block or site level. Tenants will be consulted on the format, content and outputs of the reports.

5.35 The four tenant members on the HAT board will have, as part of their responsibilities as board members, a key role to play in reflecting tenants' views and concerns at board level. In addition, the HAT will support and consult, where appropriate, the High Rise Tenants' group as the organisation representing the common interests of tenants. On matters affecting individual blocks or sites, the HAT will work directly with the local tenants' groups. The HAT will encourage and support the establishment of a range of structures which will give tenants a choice about the level of participation or control that is most suited to their own local circumstances ...

5.36 The extent to which tenants want to become involved in decision making will vary from block to block and this will be reflected in the type of structure that may be set up. In order to respond to those tenants groups who wish to be heavily involved, the HAT will be prepared to share with tenants those decisions affecting their own blocks across the full range of management and development functions ...

5.37 The HAT is committed to provide adequate resources to promote, support, and develop tenant involvement and will make resources available in its budget for this purpose. The HAT will agree and publish a clear policy and procedure for the promotion and funding of tenant involvement.

Harassment

Sections 5.38 & 5.39.

Succession

Section 5.40.

Tenants' Complaints & Grievances

Sections 5.41 & 5.42.

HOUSING MANAGEMENT & MAINTENANCE

Principles of Customer Care

Sections 6.1 to 6.3 including:--

6.1 The HAT will face a housing management challenge which will probably be unique amongst social landlords in this country -- 71 tower blocks, widely dispersed, many of them standing alone and all requiring intensive, responsive management.

6.2 The HRTG and the HAT are aware of the potential problems of dealing with a landlord who is remote from the tenants and the dwellings it manages. By taking the tower blocks out of the surrounding council stock for separate management, there is a risk of creating a situation where blocks are isolated from their landlord ...

Localised Arrangements

Sections 6.4 to 6.9 including:--

6.4 The HAT's overriding approach will be to relate to tenants as valued customers. To this end, the HAT's management arrangements will be devised with regard to the advantages of, amongst other things:--

- local management offices to provide a convenient point of contact for tenants ...
- delegated authority to those local management offices ...
- a central office which co-ordinates and supports the local managers but is as small as possible and does not unduly interfere with their day-to-day management within agreed policies;
- Local arrangement for ordering repairs and inspections, with their housing managers enjoying clear and proper client control over the maintenance contractors and/or direct labour force and with local bases for maintenance teams;
- local arrangements for identifying, securing, repairing and re-letting empty dwellings;
- convenient rent collection facilities and money advice, including a facility for Giro payments;
- resident caretaking ...
- 24 hour concierge/ security services where requested and appropriate;
- provision of warden services for sheltered accommodation where requested and appropriate;
- adequate staff/tenant ratios;
- a commitment to customer care ...

6.5 The determination of the HAT's management arrangements will also take account of expected rental income and the levels of management and maintenance allowances necessary per unit to support a responsive and effective management service.

Repairs & Maintenance

Sections 6.10 & 6.11

Allocations

Sections 6.12 to 6.26

Dedicated Staff

Sections 6.27 to 6.29

Letting of Contracts

Sections 6.30 to 6.32

Unauthorised or Illegal Occupation

Sections 6.33 & 6.34

Arrangement for Owner Occupiers

Sections 6.35 to 6.41 including:--

6.37 Owner-occupiers (existing and new) will pay no more for services than tenants. When improvements are complete, charges for management and maintenance will be re-assessed in consultation with owner-occupiers to ensure that they reflect the costs of the services provided.

6.38 Owner-occupiers will have the option of having works carried out to the interior of their flats at an agreed price. Works for a whole block carried out to wiring, plumbing or heating services will include those flats belonging to owner-occupiers at no charge.

6.40 Owner-occupiers will be fully consulted about the form of housing management to be provided and about improvement options.

DEVELOPMENT PROGRAMME

General Principles

Sections 7.1 to 7.10 including:--

7.1 The HAT is committed to tenant involvement in planning and carrying out both the overall development programme and the detailed proposals for each site. At each stage, consultation will take place between the HAT and the appropriate tenants' organisations.

7.2 The base-line for consultations will be the range of improvements identified in the city council's feasibility report. Subsequent informal discussions between the HAT and tenants indicate that the following improvements have, broadly speaking, the highest priority:-- roof repair/ replacement; window replacement; security enhancement (either to individual blocks or sites); heating replacement to affordable standards; lift replacement/ refurbishment; upgrading of communal areas.

7.3 Secondary but still important priorities are:-- replacement of kitchen and bathroom fittings; re-wiring; insulation; plumbing modifications (communal); environmental enhancement.

7.5 The HAT accepts that following further feasibility studies, structural surveys and consultation, the improvement proposals for individual sites and blocks may be different to those outlined in the city council's feasibility report. The HAT will work to ensure that the appropriate additional funding - where the HAT in consultation with tenants considers such funding to be necessary - is provided to carry the programme which are finally agreed. The government has guaranteed that, over the period of the HAT's life, sufficient funding will be made available to make the HAT a success.

7.6 The HAT recognises that it could be some time before full improvements are carried out across the whole stock. It will therefore consider carefully with tenants the option of an emergency repairs programme (e.g., window replacement, heating system) for all blocks as a first step, and whether this would be a cost-effective and sensible way of proceeding. The HAT recognises that tenants feel strongly that this should be a first priority.

7.8 The HAT undertakes to discuss with the HRTG the development policy framework which will determine the order in which the sites /blocks are improved ...

Site /Block Improvements

7.11 The HAT will involve a properly representative, local tenants' organisation in the planning of the improvement programmes for each site /block, including the commissioning of surveys to establish options. Tenant debate on the options will be encouraged, and full written information provided to all tenants on the package which is fully agreed. During the building phase, regular reports will be made to tenants and a policy of minimum disruption will be applied; the HAT is very much aware that a majority of the tenants is elderly.

Scale of Development /Resources

Sections 7.12 to 7.13 including:--

7.12 The HAT recognises that tenants will have views on, for example, demolition and new build options, and on letting policies for their sites/ blocks (e.g., whether a block should be sheltered). It undertakes to consult fully on these issues.

7.13 The HAT recognises and will take into account the HRTG's concerns about the scale of development requirements and the likely level of resources needed. These concerns, which have partly emerged from a block by block survey carried out by Tenants' Friends, are set out in Appendix 4. The Appendix includes a specification of improvements which tenants believe need to be carried out in addition to those identified in the city council's feasibility report. This Appendix represents the tenants' assessment but not necessarily the HAT's.

New Build

7.14 In carrying out any new build on or around those sites which transfer to the HAT, the HAT's concern will be to meet the housing needs of its existing tenants and others on low incomes who are in housing need. New build is likely to be, therefore, either for rent or, in particular where existing tenants need to transfer to different accommodation and also wish to buy, for low-cost home ownership.

Letting of Contracts

Section 7.15

JOBS & ENTERPRISE

Sections 8.1 to 8.5 including:--

8.1 The HAT will have a responsibility to maximise local training and employment opportunities during all phases of its existence. It will be committed to promoting those opportunities for people living in the tower blocks and in the neighbourhoods around them. This commitment applies equally to directly employed labour and to work contracted out. To achieve this, the HAT will aim to be not just a housing project but also to help regenerate the local economy, increase employment and improve social conditions.

EQUAL OPPORTUNITIES

Policy

Section 9.1.

Monitoring

Section 9.2.

WHAT WILL HAPPEN AT THE END OF THE HAT

Choice of future landlord /ownership

Sections 10.1 to 10.4 including:--

10.1 Once homes have been improved, and the HAT is satisfied that it no longer needs to retain the properties, the HAT will consult tenants fully about their preferences for the future ownership and management of their properties. Options will include:-- a return to the council; right to buy; transfer to a local housing association; setting up one or more new tenant co-operatives or community-based housing associations.

10.2 Disposals will be considered on a site by site basis. The tenants' representatives will be fully involved on decisions about the timing of any disposals to new landlords.

10.3 The wishes of tenants should be respected as far as possible where, for example, they request a delayed disposals to allow time to remedy defects or carry out additional works, or where they prefer a prompt disposal.

10.4 Tenants representatives will be involved in the process of ensuring that alternative responsible social landlords are available for each site before consultation with tenants.

The disposal problem

Sections 10.5 to 10.11 including:--

10.5 Disposals can only be made with the consent of the Secretary of State, and prospective landlords other than local authorities must be approved by the Housing Corporation. The criteria for approval are likely to be similar to those already adopted by the Corporation for Tenants' Choice landlords.

10.6 The HAT will itself wish to be satisfied that prospective landlords:- are up to the job of owning and managing rented housing in a responsible way; will use the housing for long-term renting to people in need at rents with this the reach of those in low-paid employment; will meet professional standards of housing management and repairs.

10.7 The HAT will make available adequate and, if the tenants wish, independent advice during the disposal process (and be prepared to finance it). This will include, if tenants require it, advice on how to set up tenant co-operatives, community-based housing associations or companies as alternative options for acquiring and managing their housing.

10.8 As part of the process, there will be independently supervised secret postal ballot to determine tenants' wishes for the disposal of each site and a minimum period of six months for providing information and for consultation prior to any ballot. Tenants also have the right to initiate Tenants' Choice procedures.

10.9 The HAT will inform each tenant about all the landlords interested in acquiring his/her home. Each prospective landlord will be required to give tenants full information, according to a code of practice laid down by the HAT.

10.10 Before the HAT can transfer any property subject to a secure tenancy, it must, by law, ask the city council whether it is willing to take the property back. Liverpool city council has said that it would be prepared to take back any or all of the sites in the HAT, should the tenants so wish.

10.11 Owner-occupiers will enjoy the same entitlements as secure tenants in terms of consultation and ballots.

Tenants' rights at transfer

Sections 10.12 to 10.14 including:--

10.12 Tenants of dwellings transferred to housing associations or other landlords will retain their right to buy.

10.13 The other rights which tenants enjoy on transfer to a new landlord will, broadly speaking, depend on the statutory position of that particular landlord and its tenants. In the case of housing associations, for example, tenants will have the statutory rights of assured tenants supplemented by the Tenants' Guarantee. Prospective landlords will be required to provide tenants with full information on their future rights (including security of tenure) in the run-up to the pre-disposal ballot for each site.

10.14 The HAT may, however, as part of the terms of disposal/ transfer to the new landlord, negotiate additional contractual rights, for example, in respect of initial rent levels, arrangements for rent review, or a framework for tenant consultation.

Transfer at the end of the HAT

Sections 10.15 to 10.18.

Financial Arrangements for Disposals

10.19 It is intended that disposals will be at tenanted market value. The terms of disposal, including valuation, will be determined by the HAT and DoE, with the consent of the Treasury. The overall terms will need to recognise that prospective non-city council landlords should be able to put forward proposals on the basis of a long-term financial package which produces affordable levels of rent at disposal and thereafter. In the case of transfers back to the city council, the Secretary of State would make available to the council Supplementary Credit Approvals (SCA) covering the entire cost to the council of borrowing to pay for such transfers, and the full costs of servicing the loans would feed directly into the calculation of Housing Revenue Account (HRA) Subsidy entitlement. These additional credit approvals would not be offset against the council's Annual Capital Guideline (ACG), Basic Credit Approval (BCA) or other Supplementary Credit Approvals.

